

Marketing strategy analysis of Thailand's tourism during covid-19 pandemic: a case study on Phuket Sandbox

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Sandbox**



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จุฬาลงกรณ์มหาวิทยาลัย  
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By	Miss Michela Pia Di Cecco Dortona
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บทความนี้ใช้เครื่องมือทางการตลาดสามอย่างเพื่อระบุกลยุทธ์ทางการตลาดของ  
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**Phuket Sandbox**

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Michela Pia Di Cecco Dortona : Marketing strategy analysis of Thailand's tourism during covid-19 pandemic: a case study on Phuket Sandbox . Advisor: Asst. Prof. Prof. NIPIT WONGPUNYA, Ph.D.

This paper utilizes three marketing tools in order to identify the marketing strategy of the Phuket Sandbox scheme. It aims to discover the target group of consumers, strengths and weaknesses of the scheme, and the type of tourism products that the Phuket Sandbox has to offer to tourists. The main findings are that the destination is strong in its medical and cultural tourism products but may suffer from crime events and degradation of tourism resources. Another finding suggests that tourists who visit Phuket through the Phuket sandbox scheme falls into the middle and upper class category within generations Z, Y, X, and Baby boomers. Phuket island also offers various types of tourism products such as beach, historical, cultural, and gastronomy tourism. The finding suggests that all of these aspects obtained from the marketing analysis, have affected the policies and marketing strategy of the Phuket Sandbox scheme.

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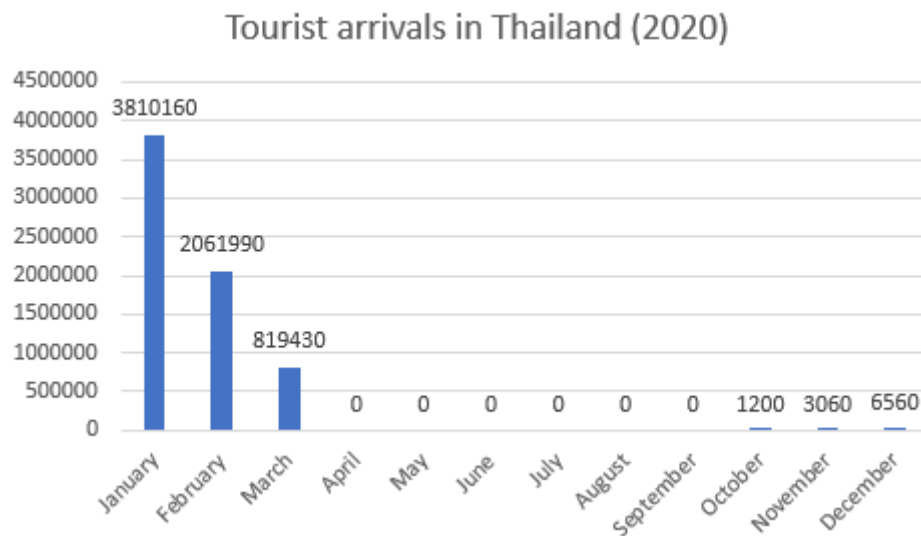
# 1. Introduction

## 1.1 Research Background

Tourism is considered to be an important industry which drives many of the world's economies. It is known to provide various benefits such as exchange of culture, improvement of infrastructure, and contributes to a large number of jobs for the local community, therefore it is considered to be an engine for economic growth. In Thailand, the tourism industry has always had a positive impact on the economy by attracting investments and creating jobs (Krasae-in, Rodjanathum, 2018). From the famous southern beach town of Phuket to the northern city of Chiang Mai, tourism has consistently created a source of income to the country. Prior to the Covid-19 pandemic, Thailand's tourist arrival reached an all-time high of 39,916,251 tourists in 2019, contributing around 20% to Thailand's GDP<sup>1</sup>. However, shortly after the arrival of the pandemic in 2020, the Thai tourism industry has been severely affected in a negative way, such as a dramatic drop in tourist arrivals, which has led to economic consequences within the country. Figure 1 illustrates the tourist arrivals in Thailand during the year 2020, which was at the beginning of the Covid-19 pandemic and the year where the rigid travel restrictions were implemented. Figure 1 shows that tourist arrivals were starting to decrease during the first three months of 2020 due to the spread of the Covid-19. After that, during the months of April to September, there were no tourist arrivals to Thailand due to a total shutdown. Moreover, starting from October, tourists were able to travel to Thailand but were required to complete a 14 days quarantine upon arrival; however, the number of arrivals were extremely low when compared to January 2020.

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<sup>1</sup> Information from Tourism receipts from International tourist arrivals Q1-Q4 2019 by the Ministry of Tourism and Sports ([https://www.mots.go.th/more\\_news\\_new.php?cid=615](https://www.mots.go.th/more_news_new.php?cid=615))

**Figure 1:** Tourist Arrivals to Thailand during 2020

Source: Economic Tourism and Sport Division, Ministry of Tourism and Sports

Despite that, in the past, the Tourism authority of Thailand (TAT) always had to place close attention to the world's current trends in order to design proper marketing tactics and to reach potential travelers effectively. Therefore, the marketing strategies that the Tourism Authority of Thailand (TAT) chooses to utilize are extremely crucial in determining the image and success of Thailand's tourism. This means that, as the pandemic evolved, the tourist's behavior and travel trends have certainly been transformed. Some noticeable changes in travel trends included social distancing (De Vos, 2020), short trips, and seeking for safe and quality hotels. As a result, several changes were essential in the marketing and new positioning strategies when promoting Thailand as a destination.

Furthermore, this paper aims to use the Phuket sandbox scheme as a case study to focus on due to the fact that Phuket Island has been one of the top destinations for tourism in Thailand. In 2014, Phuket welcomed approximately 11 million tourists whose revenue generated around 50% of Thailand's revenue for the tourism industry (National Statistics Office, 2016). During the easing of lockdowns of the covid-29 pandemic, the Tourism Authority of Thailand (TAT) has selected Phuket to be the first destination to reopen to vaccinated tourists without the need of quarantine, while other

provinces still required a 7 day quarantine. This has led to the creation of the Phuket Sandbox, which is considered to be a tourism promotion scheme. The scheme initially started on July 1<sup>st</sup> 2021 for vaccinated tourists and a mandatory quarantine of 14 days was no longer needed; however, tourists were required to stay and travel in Phuket for at least 7 days before traveling to any other province in Thailand. All tourists had to take a RT-PCR covid-19 test on their first day and an ATK covid-19 test on their fifth day. In February 2022, the Tourism Authority of Thailand (TAT) director announced that a total of 331,365 tourists have arrived to Phuket through the Phuket Sandbox scheme, generating approximately 43.52 billion baht for the Thai economy.

## **1.2 Research objective**

Firstly, this paper will focus on identifying the Phuket Sandbox target group of consumers. Secondly, Phuket's sandbox strong aspects and weaknesses will be discovered. Thirdly, the paper will focus on finding the type of tourism products that the Phuket Sandbox offers. This paper will be useful to the local and international businesses operating in Phuket's tourism sector due to the fact that they can identify the new way of how the island is being promoted as a tourism destination and they could utilize this information to adapt it to their future business strategies and decisions in order to survive in the new normal.

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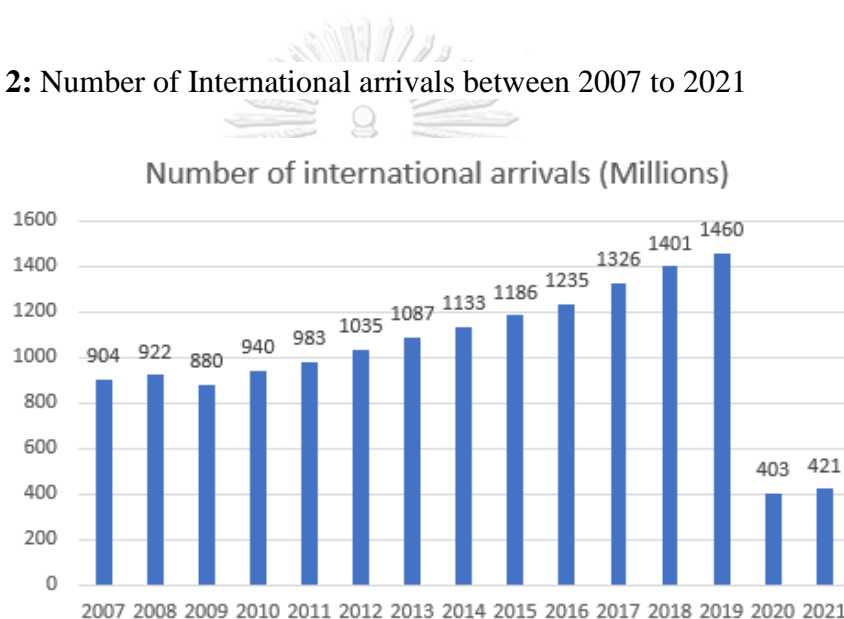
## **2. Tourism Industry Analysis**

### **2.1 Global tourism**

Back in the 1950s, tourism was considered to be an activity for the upper class; whereas in the 21st century, it has become an activity that the majority of people can afford. There are various factors that have led to this transition. The creation of the World Wide Web or also known as the internet, has completely altered the way tourism

used to work. Nowadays, people can simply purchase flight tickets or reserve accommodation through the airline or hotel website instead of visiting a travel agency, therefore the level of convenience has increased for pre-travel planning. In addition to that, the establishment of low cost carriers have also led to more affordable flight fares for tourists, therefore people with a lower budget are also given the opportunity to travel. Figure 2 illustrates the world's international tourist arrivals between the periods of 2007 to 2021. Looking at the graph, it can be seen that the tourist arrival was on an upward trend from 2009 to 2019, and experienced an unprecedented drastic drop in 2020.

**Figure 2:** Number of International arrivals between 2007 to 2021



Source: World Trade Organization (UNWTO)

The years 2007 and 2008 experienced a growth in world tourism due to increased travel demands and arrivals accounted for 904 million (UNWTO Tourism Highlights, 2008) and 922 million (UNWTO Tourism Highlights, 2009) respectively. After that, 2009 was known to be a tragic year that experienced a reduction to 880 million arrivals from 922 million in 2008 due to the mortgage crisis and A (H1N1) influenza (UNWTO Tourism Highlights, 2010). Between 2010 and 2011, the tourism arrivals gradually continued to recover from the setbacks that took place in 2009 until reaching the highest number at 1035 million global tourist arrivals in 2012 contributing 6% to world's exports (UNWTO Tourism Highlights, 2013).

For the following years from 2013 until 2019, the figure for the world's tourism arrivals kept rising and reaching new all-time highs. In 2014, it was considered to be the 5th year of continuous growth after the recovery from the financial crisis, therefore tourist arrivals reached 1133 million despite several political disputes occurring (UNWTO Tourism Highlights, 2015). In 2015, tourism arrivals reached 1186 million with a growth of 4.6% and it is known that the tourism industry was affected by exchange rate uncertainty. In 2016, lower airfares has led global tourist arrivals to increase to 1234 million tourists (UNWTO Tourism Highlights, 2017). The year of 2017 experienced the largest tourist arrival growth of 7.0% and accounted for 1326 million tourists (UNWTO Tourism Highlights, 2018). In 2019, the number of tourist arrivals reached its highest figure at 1460 million tourists before the Covid-19 pandemic affected the tourism industry. Once travel restrictions in order to prevent the spread of the virus were implemented, the tourism arrivals dropped sharply to 403 million 2020 (UNWTO World Tourism Barometer and Statistical Annex, August/September 2020). Lastly, tourism arrivals have risen slightly to 421 million in 2021; however, the recovery rate was affected by the Omicron variant in early 2022.

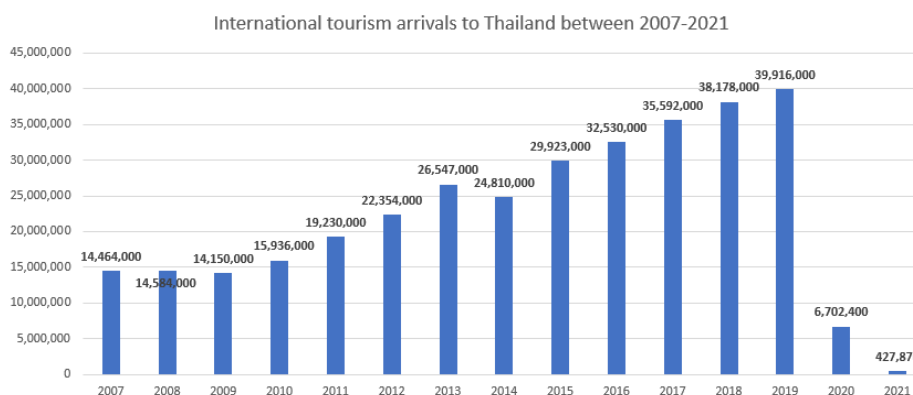
## **2.2 Tourism in Thailand**

Thailand is known to be one of the most popular south-east asian tourist destinations in the world. It started to gain popularity back in the 1960s and nowadays, tourism constitutes a major role for the Thai economy. Thailand's success with tourism is due to its geographical location, unique cultural heritage, and tourism attractions (Liu et al., 2018). Figure 3 illustrates the number of international tourist arrivals yearly between the periods of 2007 to 2021.

In 2007, the international arrivals accounted for 14,464,000 tourists which was an increase from 13,821,000 tourists in 2006 due to the launching of Suvarnabhumi airport on September 28th 2006 (Chayakul, 2017). In 2008, Thailand experienced little to no growth in tourism arrivals and the figure was 14,584,000 tourist arrivals due to the political disputes which then led to the temporary closure of Don Muang and Suvarnabhumi International airport. A slight reduction occurred during the year 2009

due to the financial crisis of the subprime mortgage. By 2010, Thailand was experiencing a growth in the number of international tourist arrivals due to the release of the Chinese movie called “Lost in Thailand” which has significantly caught the attention of many tourists from East Asian countries and attracted them to travel to Thailand (Chayakul, 2017). Between 2011 to 2013, the tourism arrivals to Thailand continued to rise despite the political disputes and flooding. Furthermore, the ongoing political issues in the first quarter of 2014 has affected the number of arrivals for the year which have dropped to 24,810,000 tourists from 26,547,000 in 2013. From 2015 onwards, Chinese tourists brought hope back into Thailand’s tourism and the trend was upward by reaching an all-time high of 38,916,000 arrivals in 2019. However, the number of arrivals between 2018 and 2019 slowed down due to an accident that occurred with Chinese tourists in Phuket during a boat excursion. In 2020, due to the travel restrictions from the Covid-19 pandemic, the arrivals dropped dramatically to 6,702,400. Due to the total shutdown of Thailand, therefore tourism was not available to foreign visitors has led to a further reduction in 2021. However, on July 1st 2021, the Tourism Authority of Thailand (TAT) launched the Phuket Sandbox as a scheme to allow vaccinated tourists and Thais to enter the kingdom from abroad but a mandatory 14 days quarantine was needed, therefore the arrivals for the year accounted for 427,870 (TAT Newsroom, 2021). During the first quarter of 2022, Thailand’s tourism arrivals accounted for approximately 700,000 tourists so far, with April being the month that experienced the highest number of arrivals (Bangkok Post, 2022).

**Figure 3: Number of international arrivals to Thailand (2007-2021)**



Source: World Trade Organization Yearbook of Tourism Statistics, Compendium of tourism statistics and data file

### 3. Literature Review and related theories

#### 3.1 Tourism in Phuket, Thailand

Phuket Island is located in the southern part of Thailand and it is considered to be the largest island in Thailand with an area of 570 square kilometers (Phuket Provincial Governor's Office, 2001). Figure 3 illustrates the location of Phuket Island. We can see that it is located in the Andaman Sea on Thailand's west side. The island is known to be a popular tourist destination due to its 3S motto- Sea, Sand, and Sun and also for its renowned stunning beaches with crystal clear water and natural landscape (Kontogeorgopoulos, 2005). Some of the island's most popular beaches include Freedom Beach, Kata Noi Beach, and Nai Harn Beach. Phuket relies heavily on tourism and it has a variety of touristic products to offer to travelers such as recreational activities, shopping, and beaches (Manui, 2018).

Other than Phuket's primary product which include beaches, diving, and surfing (Martin & Assenov 2015), Phuket has also been popular as a gastronomy tourism destination. In 2016, Phuket was awarded as a UNESCO creative City of Gastronomy (Krasae-in, Rodjanathum, 2018). The uniqueness of the Phuket's cuisine is that it is a combination of southern Thai with Hokkien Chinese food, which explains its sweet



taste rather than the typical spicy flavor in the traditional Thai cuisine. Some of the most popular dishes are Mee Hokkien and Moo Hong (Krasae-in, Rodjanathum, 2018).

On the other hand, Cultural tourism is also popular in Phuket. Cultural tourism is defined as the movement of people who are interested in the history, artistic values, and lifestyle heritage of a host community (Silberg, 1995, p.361 cited in du Cros, 2001). According to (Božić,Vujičić,Kennell, Besermenji,Solarević, 2018), the most popular cultural attractions in Phuket are the Big Buddha statue, Wat Chalong, Jui Tui temple, Sri Soonton temple, Wat Phra Thong, and Phuket Old Town.

**Figure 4:** Map of Phuket, Thailand



### 3.2 Tourism trends during the New Normal

The New Normal is defined as the new way of living and procedures in order to prevent the spread of the Covid-19 while also restarting the social and economic sectors (Jamaludin et al., 2020). Social distancing is considered to be one of the core aspects of the new normal, which is maintaining a distance between individuals during interactions in order to prevent the transmission of the Covid-19 virus (De vos, 2020). In addition to that, the pandemic has also affected the way individuals work, due to the pandemic “work from home” has gained large popularity (Shamshiripour et al., 2020).

Since the new normal has altered our living habits, there is no doubt that the travel trends of travelers have also been affected. Since traveling has resumed, travelers have become more focused on hygiene and international tourists tend to opt for familiar and trusted travel styles (Surawattananon et al., 2021). According to a report published by the Bank of Thailand, the travel trends during the New Normal will lean towards Niche Tourism, Safety travel, and Digitalization. This means that travelers are seeking to travel in smaller groups in order to reduce interactions with large numbers of people and travel to destinations that are closer to home due to the safety driven mindset (Surawattananon et al., 2021). In addition to that, digital innovation will also be another trend during the post pandemic tourism and some aspects of it consist of online payments and virtual queuing (Surawattananon et al., 2021).

### **3.3 Tourism Marketing in Thailand prior to the pandemic**

Nowadays, the promotion and marketing of a tourist destination is very important as it promotes the image of the destination and influences the decision making of the traveler (Zhang, Xu, Lu, & Lei, 2015). It also leads to a more in depth understanding of the destination such as the geography and details of the tourist attractions. Therefore, it has been proven that the marketing of a tourism location will lead to a competitive advantage (Aureli & Forlani, 2016). This means that it is vital that the tourism authorities of a certain country design a strategic marketing strategy for its destination in order to attract tourists (Liu & Chou, 2016; Pike, 2005).

The promotion of the tourism industry in Thailand is the duty of the Tourism Authority of Thailand (TAT), which is an organization that belongs to the Ministry of Tourism and Sports. In 2013, a campaign called “Amazing Thailand: it begins with people” was established by the TAT. This campaign focused on the uniqueness of Thai people’s hospitality and mentality. After that, in 2015, the Tourism Authority of Thailand (TAT) launched a new global tourism marketing campaign called “Discover Thainess” to promote Thai heritage to travelers who are interested in visiting Thailand. According to Mr.Yuthasak, who is the director of the TAT, the Discover Thainess campaign is targeted to attract international tourists to travel to Thailand and to explore the uniqueness of Thai culture and heritage. The Discover Thainess campaign included

12 of the Thai core values in order to promote and preserve Thai culture (TAT, 2015). In 2018, the TAT launched the “Thailand Shopping and Dining Paradise” campaign targeted towards international tourists (ASEAN, East Asia, South Asia, and Oceania) and domestic Thai visitors. The main goal of the campaign was to stimulate economic activities in secondary tourist cities. The focus of the program was to emphasize Thai street food and fine-dining. In 2019, the “Happy Shopping” campaign was launched to target inbound travelers from East Asian countries such as China, Japan, Taiwan, South Korea, and Hong kong (TAT, 2019). The reason why East Asian tourists were chosen as the target group was because they are known to spend a fair amount when shopping in Thailand. To illustrate this, Chinese tourists are likely to spend most of their money on shopping items for third parties, and their spending on shopping may take over roughly 70% of their trip budget (Hung, Ren, Qiu, 2021). Furthermore, the campaign offered special deals on tourism-related products, duty-free, and restaurants.

### **3.4 Covid-19 impact on the tourism industry**

Since the arrival of the Covid-19, the tourism industry has become one of the most severely affected industries in the world (Henseler et al., 2022). The negative impact was considered to be larger on countries whose economy relies heavily on the tourism industry as a source of income, such as Thailand. Regarding macroeconomics impact, a drop in the labor demand from the tourism industry, will lead to a lower amount of income for individuals, consequently it will reduce their level of consumption caused by lower purchasing power (Henseler et al., 2022). Also, due to travel restrictions, many businesses operating in the tourism industry had to face the issue of laying off their workers due to extreme drop in revenue. Unlike other black swan events such as the 9/11 attack and the 2003 Sars, which mostly experienced decreasing tourist arrivals, the Covid-19 pandemic caused on top of that, a drastic drop in GDP, household consumption, and labor demand (Henseler et al., 2022)

### **3.5 Related theories**

#### **3.5.1 STP analysis**

STP analysis stands for Segmentation, Targeting, and positioning analysis. It is known to be a modern way of conducting marketing strategy. In brief, STP analysis

helps firms to analyze their products or services and to create a unique way of communicating the message to their selected target group of consumers. Table 1 illustrates the components and method of conducting a STP analysis.

**Table 1:** Components of the STP analysis

Segmenting	The stage of diving consumers into groups based on specific criterias such as Geographic location (country), demographics (age and gender), Behavior characteristics, and psychographic characteristics (hobbies and lifestyle)
Targeting	The process of identifying which segment created in the segmenting stage will produce the highest return and is worth targeting. Some factors that need to be taken into consideration include the size of the segment, profitability from the segment, and accessibility.
Positioning	The last stage is the positioning step which is to differentiate from competitors in the market. It is important to find a unique selling point in order to look different from the other products in the market. Some popular examples are symbolic positioning (self-image), functional positioning (solving consumers issues), and experiential positioning (consumer's emotions)

### 3.5.2 SWOT analysis

The SWOT analysis consists of Strength, Weaknesses, Opportunities, and Threats. It is a popular way to measure the position of the firm within a market in terms of competitiveness. This method can also be used prior to making important business decisions or to identify the current position of the firm in order to come up with effective ways to improve its strategy and to perform well within the industry. During a SWOT analysis, it is important for a firm to communicate with all its employees in order to collect as much information as possible which will be useful in analyzing the firm from various angles. The analysis is divided into 2 parts- internal environment and external

environment. Regarding the internal environment, the strengths and weaknesses of the firm will be identified, whereas the external environment focuses on examining the opportunities and threats within the industry. Table 2 illustrates the various elements of a SWOT analysis model and the characteristics of each element.

**Table 2:** SWOT analysis model

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>● Identifies the strong aspects of a firm.</li> <li>● Factors behind a firm's success.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>● Aspects of the firm that needs to be identified and improved.</li> <li>● Areas where outsiders might view as a weakness.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Market opportunities that the firm could use as an advantage.</li> <li>● Ways that the firm could utilize its strengths as opportunities.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● External aspects that may pose a threat to the business.</li> <li>● Strong aspects that competitors in the market possess.</li> </ul>

### 3.5.3 4P Marketing Mix

The 4Ps marketing mix theory was created by Jerome McCarthy in the 1960s. The theory was used to conduct market research and consumer behavior analysis. The 4Ps marketing mix is divided into 4 main categories- product, price, place, and promotion.

1. Product - Tangible and intangible products that are produced by a firm in order to be served to customers. The firm may want to focus on marketing strategies such as product features, packaging, and quality.
2. Price - The value that customers pay in order to purchase the goods and it may affect the value of the product that is perceived by consumers. Firms may utilize pricing strategies in order to attract consumers, such as psychological pricing strategy or market penetration pricing strategy.
3. Place - It is the place/channel where consumers are able to access the product and considered to be the middle place between the firm and buyers. Convenience is a crucial factor when deciding the marketing channel of the product.

4. Promotion - The way that the firm aims to communicate to its target group of consumers. Various channels of implementation may be used for the promotion of a product such as conducting advertisement, direct, and sales promotion. This factor is important as it will create a sense of awareness and attract consumers to purchasing the product.

## **4. Methodology**

### **4.1 Methodology**

The paper will utilize qualitative research methods to examine the current marketing strategy of Phuket sandbox tourism. Firstly, the paper will utilize the STP analysis to examine the internal condition by identifying the market segmentation, market targeting, and market positioning and image. Secondly, the SWOT analysis will be implemented in order to find the strength, weakness, opportunities, and threats of the current marketing strategy of the Phuket Sandbox. Lastly, we will apply the 4P (Product, Price, Place, and Promotion) marketing mix analysis.

### **4.2 Data**

This paper will utilize secondary information gathered from several reliable sources such as the Tourism Authority of Thailand (TAT) official website, Thai Embassy official website, the Ministry of Sports and Tourism official website, Bank of Thailand official website, and The World Trade Organization (UNWTO).

## **5. Segmenting, Targeting, and Positioning Analysis**

The STP analysis will help to dissect the way the TAT chose its group of potential travelers to target and the way they communicate to these groups for the Phuket Sandbox scheme. The analysis will be divided into three main segments. Firstly, Market Segmentation, which consists of 4 main criteria- Geographic, Demographic, Behavioral, and Psychographic, of which will help to segment consumers into segments.

## 5.1 Market Segmentation

**Table 3:** Consumer Market Segmentation

Consumer Criteria	Features
Geographic segmentation	<ul style="list-style-type: none"> <li>● Russia, Sweden, Germany, United States, United Kingdom.</li> <li>● Bubble tourism with India</li> <li>● Bubble tourism with China and Malaysia (Under negotiation)</li> </ul>
Demographic segmentation	<ul style="list-style-type: none"> <li>● Income: Upper middle class to upper class.</li> <li>● Age: Gen Z, Gen Y, Gen X, and baby boomers.</li> <li>● Nationality: European and American visitors for long-term expats (baby boomers).</li> </ul>
Behavioral segmentation	<ul style="list-style-type: none"> <li>● Travel behavior: Tourists prefer to travel as a FIT or through privately customized tours rather than as a large group.</li> <li>● Traveling within one's own country is preferred over going abroad.</li> <li>● Travelers opt to avoid crowded tourist attractions.</li> <li>● Tourists prefer to visit first and second-tier cities and peripheral areas.</li> </ul>
Psychographic segmentation	<ul style="list-style-type: none"> <li>● Type of travelers: Leisure, Regional, and business.</li> <li>● Interest: Tourists who seek a vacation with the minimum risk. Also Thai tourists have become more interested in the environment after the relaxation of the lockdowns.</li> <li>● Attitude: Tourists who are interested in premium services such as golfing, medical tourism, and scuba diving. Tourists also have a higher health and hygiene standard.</li> </ul>

Source: Bank of Thailand report "Revitalizing Thailand's tourism sector" (June 2021)

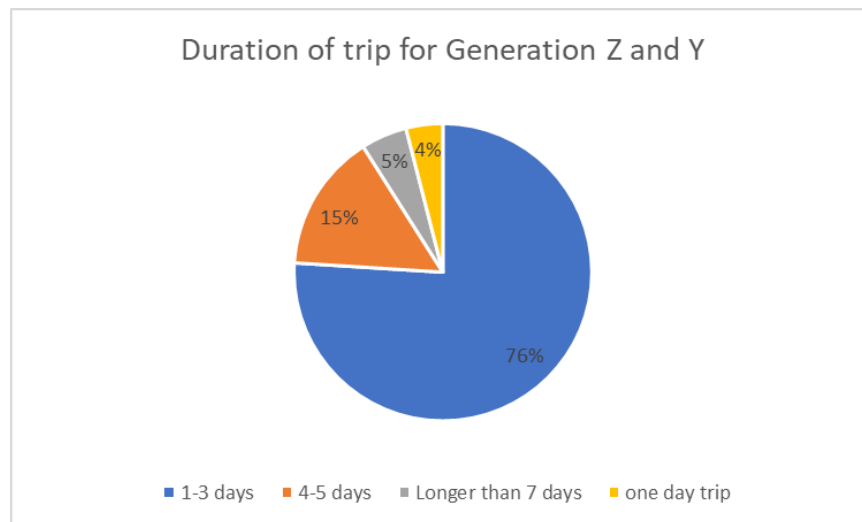
The market segmentation for the Phuket sandbox scheme can be divided into 4 segments- Geographic, Demographic, Behavioral, and Psychographic. From table 3, we can summarize that the Phuket Sandbox Scheme's tourists are mostly from Russia, Sweden, Germany, United States, and the United Kingdom. Also, Thailand has installed travel bubbles with countries such as India in March 2022, therefore Indian tourists have been arriving to Phuket, and travel bubbles with China and Malaysia are currently being negotiated. A travel bubble allows visitors from two countries to travel to one another. Regarding the tourists who come to Thailand through the Phuket Sandbox scheme, they are mostly upper middle class and upper class and the age category usually falls into Generation Z, Generation Y, Generation X, and baby boomers. In addition to that, it has been found that there are a large number of tourists from European countries and the United States that move to Phuket for several months in order to escape from the harsh winter months and the age group mostly falls into the baby boomer generation. As for the behavioral segmentation, tourists who travel through the Phuket Sandbox rather travel as frequent individual travelers (FIT) or with private tours instead of a large group tour with many tourists, which was popular during the covid-19 pandemic. Furthermore, individuals tend to opt for domestic traveling instead of going abroad, therefore this had led the number of Thai traveler's arrivals to increase during the Phuket Sandbox scheme. Moreover, travelers seem to prefer tourist attractions that are lesser known in order to avoid the large crowds of tourists and opt to visit first tier, second tier, and peripheral cities, whereas in the past, first-tier cities were the main destinations. Regarding the last segment which accounts for psychographic aspects, the most common type of tourists are leisure, business, and regional travelers. Many have shown their interest in taking a vacation with the lowest amount of risk possible with getting infected with the Covid-19 virus. Also, after the relaxation of various lockdown measures, Thai tourists have become keen towards visiting natural attractions, such as natural resource tourism and community based tourism. Lastly, regarding their attitude, tourists traveling during the covid-19 have become interested in premium services such as medical treatments, golfing, and scuba diving.



## 5.2 Market Targeting

### 5.2.1 Age groups

During the early stages of the Phuket Sandbox Scheme, the targeted group of tourists were generation Z and Y tourists which fell into the category of 9-24 and 25-40 year olds respectively. The reason why these groups were targeted is because they are mostly likely to be less worried about getting infected with the Covid-19 virus when compared to older generations such as baby boomers. In addition to that, they are the age groups that are most likely to return to traveling once travel restrictions have been relaxed. However, tourists from the generation Z and Y tend to have a limited amount of budget towards traveling, which would lead them to spending an average of 1-3 days. Figure 4 illustrates that 76% of tourists from these two age groups are between 1-3 nights. However, regarding the length of stay for Generation Z and Y, some pricing strategies and promotions could be implemented in order to lengthen their duration of stay for these groups to 4-5 days. Thus, this is why baby boomers should also be targeted because they tend to opt for longer stays due to their high purchasing power. Therefore, in order to also persuade baby boomers to travel to Thailand, some health safety and regulations were applied, such as SHA, in order to ensure maximum safety to all travelers visiting Thailand. The SHA is a document issued by the Tourism Authority of Thailand that ensures that a hotel meets with the health and safety standards during the pandemic.

**Figure 5:** Duration of trip for Generation Z and Y

Source: Thailand Tourism Council, Krungsri Research

### 5.3.3 Niche tourism

Thai tourism and Phuket Sandbox scheme is aimed at free individual travelers (FIT) with an interest in niche tourism, which is an interest in tourism products or services shared among a small group of people. Some popular niche purposes of why travelers travel to Thailand are medical tourism, Golf, scuba diving, Muay Thai, and adventure. Table 4 illustrates the estimated average spending per tourist based on each activity. The reason why niche tourism travelers were selected is due to the fact that they often have a higher spending power when compared to tourists who travel with a group tour company. According to a report published by the Bank of Thailand in 2021, tourists who travel to Thailand with a group tour spend an average of approximately 36,000 THB whereas a free individual traveler (FIT) would spend around 51,000 THB. As a result, by targeting niche tourism travelers will help to increase the spending per trip and the rise the growth of travel receipt. In addition to that, tourists who have specific interests when visiting Thailand may opt for 2nd tier cities in order to avoid areas with large amounts of people, therefore this may also help to distribute an income and increase spending to local businesses in those cities.

**Table 4:** Average spending of Niche travelers based on activity

Activity	Average spending (Thai baht, thousands)
Medical Tourism	41.0
Golf	13.8
Scuba Diving	10.5
Muay Thai	2.7
Adventure	2.7

Source: Ministry of tourism and sports and Tourism Authority of Thailand

### 5.3 Market Positioning

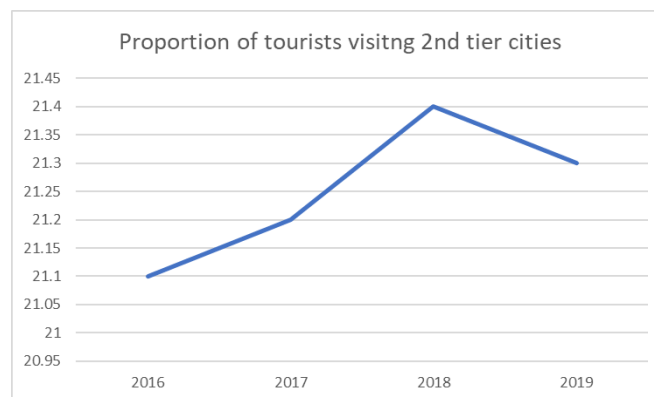
Since the arrival of the Covid-19 pandemic, changes are necessary in order to survive the challenges that the tourism industry is facing. It is important that the Thai tourism industry utilizes its core strengths to adapt to the current global demands. Thailand should position itself in a way that still focuses on FIT and group tours, but also aims to attract travelers with a higher spending power in themes of health and medical tourism, eco-tourism, business travelers, and domestic tourists. The main goal of the new positioning is to provide a stable income for the Thai tourism industry, distribute income to 2nd tier cities, and to reduce over-tourism during specific seasons.

Firstly, the goal of a stable income can be reached by focusing on free individual travelers (FIT) and niche tourism travelers as they are known to spend a larger amount of money while traveling when compared to the traditional group tour travelers. In addition to that, Thailand could try to reach short-haul travelers who have the opportunity to travel to Thailand during all of the months of the year. This will help to compensate for the lower number of travelers during the low season and smoothing out the seasonal index.

Secondly, Thailand's tourism industry wants to focus on solving the income distribution issue. Before the pandemic, we can see from figure 5 that the percentage of

tourists visiting secondary cities in Thailand accounted for around 20%. However, the pandemic has led people's interest to shift to being less interested in crowded areas and to become keener towards nature based tourism. Therefore, there could be potential for the figure for tourists visiting secondary cities to rise, leading to a higher source of income to businesses located in those areas.

**Figure 6:** Proportion of tourists visiting 2nd tier cities



Source: Bank of Thailand Report “Revitalizing Thailand’s tourism sector”

As for the Phuket Sandbox scheme, they tried to also use symbolic and experiential positioning to position themselves as a destination that prioritizes health and safety by imposing several requirements on visitors. Some of the requirements that were mandatory when the Phuket Sandbox was launched were vaccinations with one of the World Health Organization (WTO) approved vaccines, accommodation at SHA + approved hotels, travel insurance, and mandatory quarantine. This procedure allowed many tourists who were extremely cautious about getting transmitted with the virus to feel safe and confident about their health and safety when visiting Phuket Island. In addition to that, SHA + is a certificate given to hotels that shows that 70% of their employees have been vaccinated and safety and cleanliness meets the Covid-19 standards.

## **6. SWOT Analysis**

This part of the paper will focus on identifying the strengths, weaknesses, opportunities, and threats of the Phuket Sandbox scheme.

### **6.1 Strength**

#### **6.1.1 Medical tourism**

Medical Tourism is defined as individuals traveling to a foreign country in order to utilize the country's medical care service while also combining a vacation (Cohen, 2008). In the past, many individuals from wealthy families in the Middle East would travel to the United States for some medical care while people in South-East Asian countries would travel to Singapore for it. However, the trend has completely changed (Cohen, 2008). Nowadays, individuals from developed countries tend to visit South-East Asian countries in order to seek good quality healthcare with reasonable prices. This has led Thailand to gain an extremely positive reputation within the medical and wellness field for its high quality treatments with top notch equipment at a considerably lower price compared to western countries. Thailand started to gain its popularity with medical tourism for its affordable dental treatments, but later on the popularity has spread to a plethora of other medical treatments. Tourists can easily purchase medical checkups and treatments due to the fact that various airlines have partnered with well-known hospitals in Thailand, therefore tourists can conveniently purchase a vacation and a medical treatment as a whole package from their local travel agent (Basset 2002). Free independent travelers (FIT) are the majority of travelers who visit the Phuket Sandbox for medical tourism. This is a great opportunity to enjoy Phuket's white sand beaches, the Sino-Portuguese architecture in Phuket Old Town while also benefiting from world class medical treatments.

#### **6.1.2 Rich in Tourism Resources**

Phuket is a destination that is rich and unique in culture and attractions for tourists from all over the world to enjoy. The area has been recognized as Thailand's most well-known tourist destination. It is also 1 hour away by airplane from Thailand's capital- Bangkok, therefore it can be easily accessed. Most importantly, it has cultural

tourist attractions that should be visited. Tourists can visit the Big Buddha, which is a 45 meter high buddha statue, built from marble donations which started in 2002. Tourists who decided to participate in the donation of a marble also had the opportunity to write their name on it. In addition to that, Wat Chalong Temple is one of the most historical attractions on the island. It is famous for its stupa building which accommodates a bone from the lord buddha. The Sino-Portuguese style buildings and community in the Phuket Old Town area are also an attraction that tourists enjoy to visit. It reflects the cultural and unique way of living of the Peranakan-Chinese community. In addition to that, the cuisine found in Phuket Old Town has been awarded by UNESCO as a city of gastronomy. Therefore, tourists can enjoy a range of dishes varying from breakfast to dessert. Lastly, Phuket is most famous for its stunning beaches, the island offers around 30 beaches. Some of the most popular beaches among tourists are Patong Beach, Kata Beach, and Nai Harn Beach.

### 6.1.3 Excellent Safety Standard

Since Phuket was the first destination in Thailand to reopen for tourist arrivals, it has implemented effective safety and health standards to prevent the spread of covid-19 from tourist arrivals. The program requires all tourists to have a vaccination proof that they have been vaccinated with a vaccine that is approved by the World Health Organization (WHO), to test negative with a RT-PCR covid-19 test 72 hours prior to departure, to hold a travel insurance covering covid-19 costs, Thailand pass, a confirmation letter from an SHA hotel. Therefore, this safety screening method will reduce the chances of an infected tourist entering Thailand through the Phuket Sandbox. As mentioned in the earlier parts, baby boomers tend to be a generation that is concerned with safety measures regarding the virus, this way of screening tourist arrivals will help to boost confidence in the level of safety among this generation.

## 6.2 Weakness

### 6.2.1 Political disputes

In 2020, there were several political events that took place in Thailand, one of which is the youth-led democracy protest. Several rounds of protests took place in Bangkok with the goal of dissolving the parliament and to stop the government's negative behavior towards people who express free speech (Humans right watch, 2020). Each protest got larger as time went by. Therefore, having such events occurring in the country will lead travelers to perceive Thailand as an unsafe tourist destination and divert their travel to other tourism destinations.

### 6.2.2 Sustainability issue

Tourism has led to an increase in Gross Domestic Product (GDP) for Thailand and also a source of income to the locals operating in the tourism cities such as Phuket. However, a consequence came in conjunction to that, due to the rise in number of tourist arrivals over the past years, Phuket has been facing sustainability issues. Many natural landscapes and areas are being used for the construction of tourism-related infrastructures (Das, 2016). In addition to that, traffic, waste dumping, and air pollution has worsened over the years due to tourism. As a result, this impacts the resources on the island in a negative way and may lead to degradation.

### 6.2.3 Crime events regarding tourists

Since the reopening of Thailand's tourism through the Phuket Sandbox, there have been several crime events that have negatively affected Phuket's reputation. Back in July 2021, shortly after the reopening to tourism, a Swiss tourist was robbed and murdered at a waterfall. Despite murder cases, excessive prices charged by taxi drivers have also been reported. A group of Australian tourists were charged 3000 Baht for a 50-kilometer trip from the Phuket International Airport to their accommodation. However, the most serious case was the murder of the Canadian gangster Jimi Sandhu, the body was found dead with 20 bullets in his body near his private villa in Rawai. The two murderers were believed to be Canadian citizens and were able to escape from

Thailand from Suvarnabhumi International Airport. All of these extreme events have led to a drastic drop in Phuket's reputation over the past year and will lead to tourists to think twice about the safety on the island.

### **6.3 Opportunities**

#### **6.3.1 Income distribution to 2nd tier cities**

As mentioned in previous parts, the travel behavior has changed in a way that tourists are seeking for travel destinations that are less crowded due to higher health and safety awareness. Therefore, it is more likely that 2nd tier tourism destinations will become more popular and experience a rise in tourist visits. This is a great opportunity to distribute the tourism expenditure to secondary cities in order to provide a good source of income from tourism to the businesses operating in those cities.

#### **6.3.2 Digitalization**

Thailand is currently using digitalization as a good opportunity to recover its tourism sector. Contactless payments have started to gain popularity over the last 2-3 years and have become extremely common during the Covid-19 pandemic. QR payments, Promptpay, and Wechat payments have increased the level of convenience for purchases. Therefore, this is a factor that will encourage tourists to increase their spending during their trip to Thailand due to the convenience of being a cashless society. Furthermore, the government has launched an app called Mor Chana, which helps to track where individuals check-in and their risk of getting infected with the Covid-19 virus depending on their location. As a result, this app helps to identify the areas where the majority of people who get infected would travel to.



## **6.4 Threats**

### **6.4.1 Competition with other tourist destinations**

Despite the fact that Phuket is a popular tourist destination in Thailand, the country itself may face some challenges regarding the competition among other tourism destinations. The main competitors are the other Asean countries whose economies rely on the tourism industry. The reason behind this is because they possess similar tourism characteristics to Thailand. Some of the countries that account for Thailand's tourism competitors are Vietnam and Cambodia (Hasayotin, 2020). Vietnam and Cambodia are considered to be peaceful and quiet destinations for travelers to visit while Thailand tends to have crowded tourist landmarks. Therefore individuals who are seeking for a vacation that is less crowded may opt for those two countries instead of Thailand. However, Thailand is considered to be an excellent tourist destination for its package deals and excellent food (Hasayotin, 2020).

## **7. Marketing Mix Analysis**

### **7.1 Product**

Phuket Island possesses a variety of tourism products ranging from nature to gastronomy for its visitors to enjoy. The beaches surrounding the island have been known to be the main feature that have attracted tourists for a long time (Kontogeorgopoulos, 2004). Despite that, there are also other tourism products on the island that have become popular over the years and have attracted various groups of tourists.

#### **7.1.1 Beach Tourism**

As mentioned earlier, beaches have been one of the key success factors for Phuket's tourism, as a large group of tourists visit the island for its stunning beaches. The island is surrounded by many beaches but the most popular ones among tourists are Kata, Patong, and Karon (Pongprayoon, 2006). Patong Beach is by far the most popular beach on the island due to its variety of activities and facilities surrounding the beach. Patong accommodates various 5 star hotels, two shopping malls, nightlife entertainment, and a plethora of restaurants for travelers to enjoy. There are also various

activities taking place at Patong Beach such as beach volleyball and jet skiing. On the other hand, tourists who are seeking for a quieter environment may opt for Kata and Karon Beach. These two beaches do not have as many activities and facilities when compared to Patong beach but its peacefulness, pristine white sand, and beauty is what mesmerizes visitors.

### 7.1.2 Cultural Tourism

Phuket also has various cultural attractions to offer to its visitors. As mentioned in previous parts, Wat Chalong and the Big Buddha remain one of the island's most popular Buddhist temples on the island. In addition to that, there is Jui Tui temple, which is a Chinese temple where the vegetarian festival in the month of September every year will take place. There is also Wat Phra Thong, which is known to be Phuket's first temple. It is famous because it hosts a golden buddha statue and also a museum of antiques.

### 7.1.3 Historical Tourism

Individuals who were born as Chinese Phuketians are known to be part of the Peranakan Culture. Nowadays, the remains of this community is mostly centered in the Phuket Old Town area, especially in Thalang road and Soi Rommanee. Tourists who visit these areas may have the opportunity to explore Sino-Portuguese architecture, which was the style of how homes were built in the Peranakan community. Nowadays, these homes are no longer used as residences because they have been transformed into boutiques and stylish coffee shops. In addition to that, tourists who are interested in seeing more about the Peranakan Culture, can also visit "Museum Phuket", which displays various objects that used to belong to the Peranakan families in the past.

#### 7.1.4 Gastronomy tourism

Phuket was awarded as a creative city of gastronomy by Unesco. Therefore, it has a variety of dishes for travelers to explore. Regarding savory dishes, “Hokkien noodles” are one of the most well-known dishes, which comprises yellow egg noodles, a variety of meat, soy sauce, and vegetables. As for dessert, the banana jelly “O-eaw” is a must try when visiting people. Locals usually consume O-aew on an extremely hot day as the banana jelly is known to alleviate heat within the body. Despite that, there are many more dishes that can be tried when visiting the island. Moreover, Phuket is also a place where cashew nuts are grown and processed. In addition to that, the prices of Phuket’s cashew nuts are relatively cheaper when compared to western’s cashew nuts.

#### 7.1.5 Nightlife and entertainment tourism

Phuket Island is also well known for the nightlife and entertainment that it has to offer to its travelers. Nightclubs and entertainment areas are mostly located in Patong Beach on a road called Bangla, which can also be known as “Patong Walking Street”. The road is approximately 400 meters long and it accommodates a large number of bars and nightclubs. This road is by far very popular among the younger tourist’s generation rather than the older generation. However, during the covid-19 pandemic, several measures have been implemented prior to entering Bangla road, such as a temperature check and alcohol gels are provided. This is to ensure that the proper level of safety is maintained to control the spread of the virus and to offer safety to tourists.

## 7.2 Price

According to the trip trends survey by TripBarometer 2016, travelers who belong to the baby boomer’s generation tend to pay less focus on seeking for low cost flights, and inexpensive promotional packages whereas a generation X tourist will opt for low cost airlines and the best deals for tour packages. Therefore this implies that the younger generation is known to be more price sensitive than the older generation.

Phuket can be visited in a variety of ways with various price ranges. Tour excursions are one popular way to visit Phuket as every aspect of the trip ranging from transportation to tour guidance are included in the package. According to Agoda, which is one popular platform to book for tourism products, the average cost of a tour excursion is during the covid-19 pandemic ranges between 2000-4000 Baht. Some of the most popular tour packages are Phi Phi Island adventure day trip, 1 day trip to James Bond Island, and Phuket City Tour.

Regarding the prices for accommodation, Phuket offers a variety of hotels ranging from hostels to world class 5 star hotels. Therefore, there are wide price variations depending on the traveler's budget. This means that it depends on the traveler to choose the type of accommodation that best suits their needs and lies within their budget.

### **7.3 Place**

There are various distribution channels where tourists are able to get access to Phuket's tourism products. Firstly, there are Online Travel Agents (OTA), which are platforms where tourists can easily purchase flight tickets and book their accommodation for their stay in Phuket. In addition to that, the benefits of booking air tickets and hotel rooms through an OTA is that tourists will be able to view a large variety of choices and find the best deal that suits their budget. Online Travel Agents are suitable and preferred by travelers who are generally young due to the need of using a technological device in order to access an online travel agent. Secondly, there are travel agents, who act as a medium that distributes tourism elements and packages to tourists. They offer products such as airfares, accommodation, and all-inclusive tour packages. Travel agents are usually preferred by individuals from an older generation such as Baby Boomers because there is no need to browse online and the traveler can just visit the travel agent office.

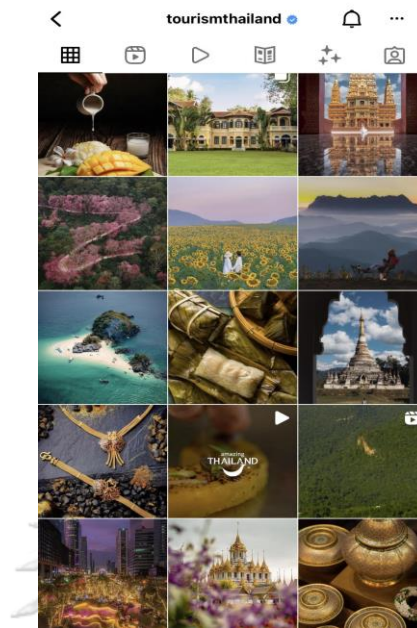
#### **7.4 Promotion**

Thailand as a destination is being officially promoted on the Tourism Authority of Thailand (TAT) website. Various news such as current covid-19 updates, entry requirements, promotional package deals are often posted onto the website newsroom in order to update tourists with the most recent information. The official TAT website also offers information and updates on the most popular tourism cities in Thailand which are Phuket, Chiang Mai, and Bangkok. In addition to that, various articles on Thai food, culture, and beaches are made available for tourists to enjoy reading. Most importantly, information about tourism attractions in terms of religion, festivals, outdoor nature, and food are made available on the website and this covers attractions for the whole country- Thailand. In addition to the TAT official website, other newspapers companies such as the Bangkok Post, The Thaiger, and Nation Thailand are also other sources for tourists to read the latest updates on Thailand's tourism.

Regarding social media, the Tourism Authority of Thailand (TAT) manages an instagram account under the name of "TourismThailand". The account consists of numerous professional photographs of Thailand's natural lands, gastronomy, and culture as illustrated in figure 6.

As for the Phuket Sandbox, there are updates that can be found on the Phuket News official website, which is Phuket's most popular newspaper among foreigners. In addition to that, as mentioned earlier, the TAT official website also dedicates a portion to Phuket, since it is a popular tourist destination in Thailand. Various types of information on Phuket can be found, such as annual festivals, activities in Phuket, transportation, accommodation, and spas.

**Figure 7: Tourism Authority of Thailand (TAT) official instagram account.**



## 8. Strategic Marketing Analysis

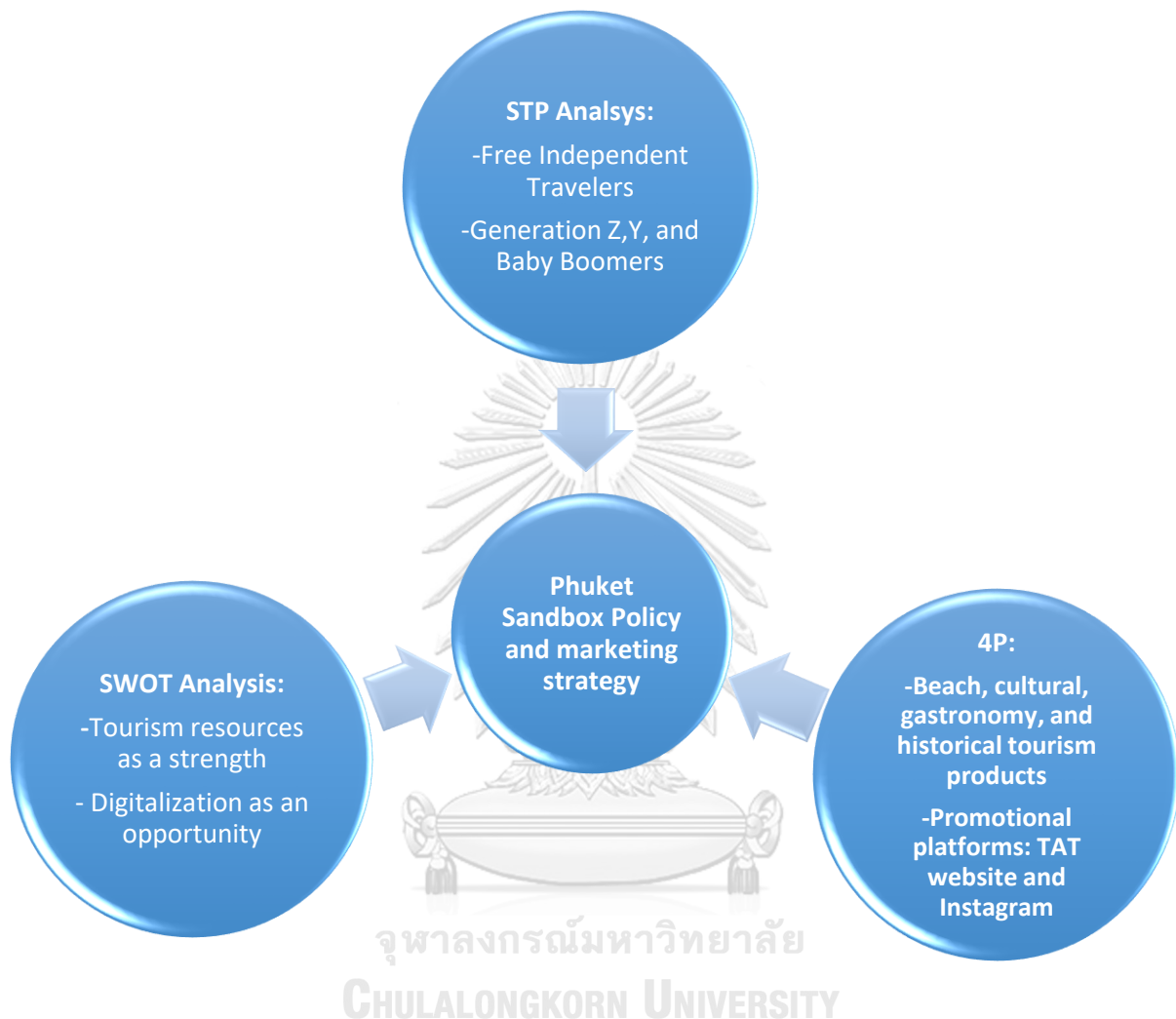
After gathering all of the most relevant and important findings from the three marketing tools mentioned above. We can explain the way these findings influence the policies and the chosen marketing strategy of the Phuket Sandbox scheme, which can be found in table 5. Firstly, the STP analysis suggests that the majority of the tourists who visit the Phuket Sandbox are Free Independent Travelers (FIT), which are tourists who do not travel with travel agents and tour groups. This characteristic matches with the scheme's policy because there are no arrangements to enter Thailand through the Phuket Sandbox with a tour program. In addition to that, the scheme aims to target tourists who belong in the generation Z and Y due to their lower concern of the Covid-19 virus while traveling; however due to their limited budget, Baby boomers were also included in the targeting. However, it is important to note that Baby Boomers tend to have more fear and worries of the virus while traveling. Therefore, this is why the Phuket Sandbox scheme was strict with its mandatory documents such as Thailand Pass, vaccination proof, and RT-PCR test prior to arrival, in order to boost the level of confidence within this group of target tourists.

The SWOT analysis's most important results also suggest that Phuket has its advantage in terms of unique tourism resources that it has to offer to its visitors. This factor can be linked with the 4P result in the product part, which identified Phuket's tourism products to be Beaches, culture, heritage, and gastronomy. Therefore, it is a positive attribute that the marketing strategy of the Phuket Sandbox utilizes to attract visitors to visit Thailand through this scheme. While promoting Phuket as a safe destination during covid-19 using the mandatory requirements, tourism resources are one of the most important motives of why tourists choose to visit Phuket and it is crucial for it to be portrayed in its marketing strategy. In addition to that, the increase popularity of digitalization within the country through the use of cashless payments and tracking applications such as Mor Chana may boost the confidence of a traveler when visiting Phuket. Although it may not be portrayed in its marketing strategy, but it may affect the experience of the traveler and level of satisfaction. Lastly, in order to reach all the target generations, the promotional activities of the Phuket Sandbox scheme are mainly posted on the TAT Official website in order to reach the older generation that is not active on social media, whereas the younger group of tourists who are active on social media, pictures of Phuket Island were also posted on Instagram in order to attract this group of travelers.

**Table 5: Phuket Sandbox Marketing Strategies**

1.	Focuses on targeting Free Independent Travelers (FIT).
2	Targets tourists from generation Z, Y, X, and Baby boomers.
3	Promotes itself as a safe destination to travel to during the Covid-19 pandemic.
4	Emphasizes on its tourism products while incorporating safety preventative measures.
5	Promotional activities through social media (Instagram) and TAT official website to grasp traveler's attention and to reach all target group of tourists.

**Figure 8: Phuket Sandbox’s marketing strategy and analysis findings**



## 9. Conclusion

In conclusion, to answer the research question of who are the Phuket Sandbox’s target group of consumers, there are several groups of target customers with different age groups. The main target groups account for generation Z, Generation Y, Generation X, and Baby Boomers. Each group will have different characteristics and mentality while traveling, therefore it has affected the strategy used in the promotion of the travel scheme in order to reach each target group of traveler. Also, the income level of the target group of consumers tend to belong to the middle and upper class. As for the second question regarding the Phuket Sandbox strong aspects, they accommodate excellent medical facilities, which attracts tourists from all over the world to enjoy their



high quality medical treatments at an affordable price. Also, Phuket has various tourist attractions to offer to its tourists, therefore it is rich in tourism attractions and making this as an important selling point used when promoting the island. Furthermore, it has had great safety standards during Covid-19, which helps travelers such as Baby boomer tourists to feel safe when traveling to Phuket and to also keep the transmission of the virus under control. However, the weaknesses of the Phuket Sandbox are the political disputes that have occurred throughout the country and crime events that took place in Phuket, which may cause tourists to feel that the country is unsafe. In addition to that, Phuket Island is experiencing sustainability issues which may lead to the degradation of tourism attractions and its charm. As for the last research question focusing on the types of tourism products that Phuket island has to offer, which are a variety such as beach tourism, cultural tourism, historical tourism, gastronomy tourism, and Nightlife and entertainment tourism, which is definitely used to attract tourists in its marketing strategy as mentioned previously. In terms of suggestions for Phuket's tourism in the future, I believe that they should focus on the sustainability of its tourism attractions by encouraging its tourists to recycle and to cherish the beauty of the attraction rather than exploiting it.

## REFERENCES



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