

# HYBRID COMPETITIVE STRATEGY OF HOMESTAY: THEORETICAL PERSPECTIVES AND EMPIRICAL EVIDENCE IN THAILAND

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## ABSTRACT

*The present study was aimed at studying competitive strategies and hybrid competitive strategy using multiple-case studies design in Samut Songkhram Province, Thailand. The samples were homestay entrepreneurs in Samut Songkhram Province, Thailand. The data of each case were collected using semi-structured interviews and direct observations. The collected data were analyzed using Yin's (2011) five-phased cycle. The results indicated that the entrepreneurs mainly used overall cost leadership and differentiation seriously, and used focus least. According to the results, it can be concluded that the entrepreneurs have applied the hybrid competitive strategy to their firms. The paper offers managerial implications that whether a firm chooses to pursue competitive strategies or hybrid competitive strategy for high firm performance. In addition, the results of the present study indicated that the competitive strategies introduced by Porter in 1980 might be being developed to hybrid competitive strategy for the sustainable success of homestay business.*

**Keywords:** Competitive Strategies, Hybrid Competitive Strategy, Homestay, Thailand.

## INTRODUCTION

Small and Medium Enterprises (SMEs) play an important role in the global economy, especially economy in developing countries or emerging economies (Ghani et al., 2019; Jermstittiparsert et al., 2019). It was found that Formal SMEs contributed to 40% increment in Gross Domestic Product: GDP (World Bank, 2020). Thailand's SMEs have been greatly promoted by public sector since Thailand's economic crisis in 1997 (Office of Small and Medium Enterprise Promotion, 2019). Since then, SMEs have become an important force in driving Thailand's economy (Department of Industrial Promotion, 2011), and have played a major role in Thailand's economic system (Office of Small and Medium Enterprise Promotion, 2019; Chetthamrongchai & Jermstittiparsert, 2020). This could be seen from the Gross Domestic Product: GDP of SMEs in 2020, which was 5,960,000 million Baht, 35.3% of Thailand GDP. In this amount, the number of lodgings and restaurants was on the first rank, up to 28.1% (Office of Small and Medium Enterprise Promotion, 2019). However, Thailand is still a middle-income country. SMEs should be greatly promoted in 5 years (2017-2021) to develop Thailand to a higher-income country. In addition, there should be a promotion of innovativeness to develop Thailand's economy to innovation-driven economy. Moreover, stronger SMEs economy should be developed (Office of Small and Medium Enterprise Promotion, 2019).

There are various types of tourism. Homestay tourism is one of them. It falls under the category of community-based tourism (Jamal et al., 2011) or community-based ecotourism: CBT, which develops economy and local communities (Pröbstl-Haider et al., 2014). Homestay tourism is different from other types of tourism. It is an arrangement in which tourists stay with entrepreneurs or homestay owners. They will have an opportunity to learn about the local people's way of life, cultures and nature. Moreover, the homestay entrepreneurs always prepare cultural or agricultural activities etc. for the tourists. Similar to other types of tourisms,

the homestay tourism puts an emphasis on tourist satisfaction and tourist re-visit using various strategies.

Therefore, this research aimed to study the homestay businesses that have been operated for not less than 10 years in Samut Songkhram province. Samut Songkhram province was selected because of the following reasons: 1) It is famous for homestay tourism, and there are a lot of homestay businesses (approximately 275 homestay owners) operated in this province (Samut Songkhram Provincial Office, 2019). 2) The homestay businesses cover the major area of the province (the total area of the three districts of Samut Songkhram province is 416.7 km<sup>2</sup>) (There are approximately 57 homestay businesses in Mueang Samut Songkhram district, 164 homestay businesses in Amphawa district and 54 homestay businesses in Bang Khon Thi district). 3) Samut Songkhram province is rich in physical environment and natural resource. It is on the Mae Klong River to the Gulf of Thailand. There are many canals and orchards of various kinds of fruits. Also, it conserves local people's traditional way of life. These support community-based ecotourism well. 4) This province is not far from Bangkok, the capital city of Thailand. From Bangkok, the tourists can travel by cars or use public transportation. It will take around 2-3 hours. 5) This province has famous tourist attractions such as Talad Rom Hub (Maeklong Railway Market), Amphawa Floating Market, Petch Samut Wora Wiharn Temple, King Rama II Memorial Park and Klong Kone Mangrove Forest etc. 6) This province created the concrete strategy to promote and develop the province to be the center of sustainable community-based ecotourism. This includes the promotion and development of local and elderly people's quality of life. The highest goal is to allow them to live their lives following the King Bhumibol's Philosophy of Sufficiency Economy (Samut Songkhram Provincial Office, 2019).

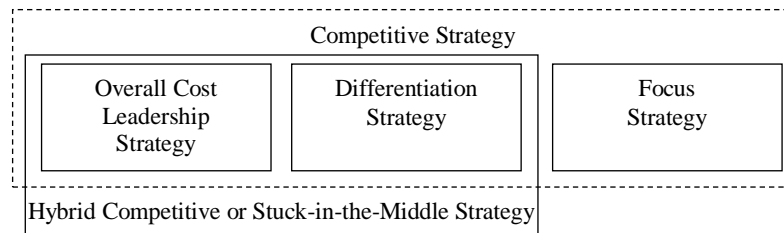
This study emphasized the competitive strategies (differentiation or innovation strategy, overall cost leadership strategy, and focus strategy). The research objectives were 1) to study main competitive strategies that the entrepreneurs who have been doing the homestay businesses in Samut Songkhram for more than 10 years, and 2) to investigate how homestay entrepreneurs use the competitive strategies

## LITERATURE REVIEW

### Hybrid Competitive Strategy

Similar to the stuck-in-the-middle strategy, the hybrid competitive strategy is originated because of an attempt to combine the overall cost leadership strategy with the differentiation strategy (Pertusa-Ortega et al., 2009; Gopalakrishna & Subramanian, 2001). However, Salavou (2015) mentioned that this strategy is different from the stuck-in-the-middle strategy. The hybrid competitive strategy emphasizes both overall cost leadership and differentiation highly and simultaneously (Acquaah & Yasai-Ardekani, 2008) (Figure 1) in order to collect competitive advantages of both overall cost leadership and differentiation (Proff, 2000). Apparently, this hybrid strategy provides higher performance than those single strategies (Kim et al., 2004). In addition, the hybrid competitive strategy is originated because of the following reasons: 1) emphasizing on only one strategy may not correspond to the market change properly (Salavou, 2015), 2) being proficient in only one strategy may create a gap or serious weakness in presenting products and an ignorance of customers' important needs, 3) using only one strategy is easy for the competitors to copy (Salavou, 2015; Claver-Cortés et al., 2012) focusing on only one strategy is difficult to reach high performance (Acquaah & Yasai-Ardekani, 2008). Hence, it is suggested that the hybrid competitive strategy should be used instead of other single strategies. The hybrid strategy is also called hybrid strategy/hybrid competitive strategy (Claver-Cortés et al., 2012; Gopalakrishna & Subramanian, 2001; Pertusa-Ortega et al., 2009; Spanos et al., 2004; Salavou, 2013), combination strategy/combination competitive strategy

(Acquaah & Yasai-Ardekani, 2008; Leitner & Guldenberg, 2010), or integrated strategy (Kim et al., 2004).



**FIGURE 1**  
**HYBRID COMPETITIVE OR STUCK-IN-THE-MIDDLE STRATEGY**

### Competitive Strategy, Hybrid Competitive Strategy, and Firm Performance

The competitive strategy, hybrid competitive strategy and firm performance were studied and reported in the previous studies. First, regarding the overall cost leadership strategy, Powers & Hahn's (2004) empirical research found that the overall cost leadership strategy provided higher performance advantages than the stuck-in-the-middle strategy. Ortega (2010) revealed that the overall cost leadership strategy that emphasized cost orientation had a positive relationship with firm performance; however, the overall cost leadership strategy that emphasized process improvement orientation had no positive relationship with firm performance. The study of Teeratansirikool et al. (2013) found that the overall cost leadership strategy had no relationship with firm performance. Second, regarding the differentiation strategy, Ortega's (2010) empirical study revealed that the differentiation strategy that emphasized marketing orientation had a positive relationship with firm performance; however, the differentiation strategy that emphasized quality orientation had no positive relationship with firm performance. The study of Teeratansirikool et al. (2013) found that the differentiation strategy had a relationship with firm performance. Finally, regarding the hybrid competitive strategy, Gopalakrishna & Subramanian's (2001) empirical study revealed that the organizations that used hybrid strategy had higher performance than the organizations that used only overall cost leadership strategy or differentiation strategy. Acquaah & Yasai-Ardekani (2008) found that the performance of the firms that used combination strategy tended to increase higher than the firms that used the stuck-in-the-middle strategy and overall cost leadership strategy. The study of Spanos et al. (2004) revealed that it was obvious that the firms that used hybrid strategy performed better than the firms that used only one single strategy. Pertusa-Ortega et al. (2009) found that the hybrid strategy had a strong relationship with the firm's performance. Leitner & Guldenberg (2010) found that SMEs that used the combination strategy had a higher profitability and growth than the SMEs that did not use the generic strategy, and had a higher benefit than the SMEs that used the differentiation strategy only. Claver-Cortés et al. (2012) found that the hybrid strategy had a direct influence on firm performance. Moreover, Salavou (2013) found that the hybrid strategy was the best strategy for food manufactures in increasing their competitive advantages.

## RESEARCH METHODOLOGY

### Measurement Criteria

The measurement criteria for overall cost leadership strategy in homestay businesses were designed based on the previous studies of Weerasai (2012), Acquaah & Yasai-Ardekani (2008), and Ward & Duray (2000), and an interview of professionals in homestay business. The criteria consisted of four measuring points: 1) saving cost from purchasing methods and

purchasing sources, 2) building only necessary facilities, 3) purchasing only necessary facilities and 4) controlling fixed expenses strictly.

The measurement criteria for differentiation strategy in homestay businesses were designed based on the previous studies of Acquaaah & Yasai-Ardekani (2008), and Ward & Duray (2000), and an interview of professionals in homestay business. The criteria consisted of three measuring points: 1) creating unique products or services, 2) creating valuable products or services and 3) being willing to pay for product and service development.

The measurement criteria for focus strategy in homestay businesses were designed based on the previous studies of Segev (1989) and an interview of professionals in homestay business. The criteria consisted of three measuring points: 1) focusing on one particular distributional channel, 2) focusing on one particular market and 3) focusing on one particular group of customers.

The measurement criteria for stuck-in-the-middle strategy in homestay businesses were designed based on the previous studies of Kim et al. (2004) and Porter (1980 & 1998). The criteria consisted of two measuring points: 1) using overall cost leadership strategy and differentiation strategy simultaneously and 2) using overall cost leadership strategy and differentiation strategy vaguely.

The measurement criteria for hybrid competitive strategy in homestay businesses were designed based on the previous studies of Salavou (2015), Pertusa-Ortega et al. (2009), Gopalakrishna & Subramanian (2001). The criteria consisted of two measuring points: 1) using overall cost leadership strategy and differentiation strategy simultaneously and 2) using overall cost leadership strategy and using differentiation strategy seriously.

## **Case Selection**

The present research used the case study approach in investigating a contemporary phenomenon (Yin, 1981) to answer the in-depth research questions regarding the competitive strategies the homestay entrepreneurs in Samut Songkhram province, which is famous for homestay businesses in Thailand, use and how they use those strategies. The case study strategy was applied in the present study because it is suitable for collecting in-depth information (Wang et al., 2012), answering “*How*” questions (Yin, 2003) and understanding the similarities and differences of between the cases (Baxter & Jack, 2008). There were two steps of selecting informants: 1) selecting a case study and 2) selecting a sampling in the case study randomly (Merriam, 2009) (Table 1).

## **Data Collection**

The present study used interview and observation methods in collecting data from each informant of each case study (Yin, 2003). The type of the interview was a face-to-face interview (Wang et al., 2012). The type of the observation was a direct observation (Yin, 2003). The face-to-face interviews and direct observations were conducted in March 2019. The interview and observation of each case study had been hold for more than two hours. Before the interviews and observations began, the researchers asked the interviewees for permission to record their voice and take notes during the interviews. All of them permitted. Then, the researchers took notes and recorded their voice digitally. The semi-structured interviews, which were most appropriate for the case studies, were conducted (Hancock & Algozzine, 2006). This method was chosen because the researchers could compare and contrast the information from an informant with those from the others (Dawson, 2002: 28). The interview questions covered all research questions. The questions inquired about 1) the background information of the case studies and interviewees, 2) whether and how the homestay entrepreneurs reduced the cost to be lower than the competitors, 3) whether and how the homestay entrepreneurs created the differences from the competitors and 4) whether and how

the homestay entrepreneurs focused on one particular market, one particular channel and/or one particular group of customers.

**Table 1**  
**THE PERSONAL BACKGROUND OF THE INFORMANT OF EACH CASE STUDY (COLLECTED IN 2019)**

| Firm | Position     | Gender | Age | Education   | Workforce     |                   | Length of business operation (years) | Approx. value of permanent asset (Baht) |
|------|--------------|--------|-----|-------------|---------------|-------------------|--------------------------------------|---|
|      |              |        |     |             | Family member | Non family member |                                      |   |
| 1    | Entrepreneur | Female | 58  | Bachelor    | 3             | 2                 | 13                                   | 45 million                              |
| 2    | Entrepreneur | Male   | 45  | Bachelor    | 1             | 0                 | 10                                   | 2 million                               |
| 3    | Entrepreneur | Female | 65  | Bachelor    | 1             | 0                 | 11                                   | 5 million                               |
| 4    | Entrepreneur | Male   | 65  | Bachelor    | 3             | 0                 | 13                                   | 35 million                              |
| 5    | Entrepreneur | Female | 71  | Bachelor    | 2             | 0                 | 15                                   | 5 million                               |
| 6    | Entrepreneur | Female | 60  | High school | 1             | 6                 | 14                                   | 30 million                              |
| 7    | Entrepreneur | Female | 65  | Bachelor    | 3             | 0                 | 14                                   | 7 million                               |
| 8    | Entrepreneur | Female | 65  | Primary     | 1             | 0                 | 10                                   | 3 million                               |
| 9    | Entrepreneur | Male   | 65  | Primary     | 1             | 0                 | 10                                   | 5 million                               |
| 10   | Entrepreneur | Male   | 57  | Primary     | 1             | 0                 | 10                                   | 7 million                               |
| 11   | Entrepreneur | Female | 57  | Bachelor    | 3             | 1                 | 13                                   | 4 million                               |

### Data Analysis

The present study used five-phased cycle based on Yin (2011) in analyzing data. The cycle consisted of 1) compiling, 2) disassembling, 3) reassembling (and arraying), 4) interpreting and 5) concluding. The researchers followed these steps strictly. The details were as follows: 1) compiling – the researchers compiled and classified the field notes from the fieldwork every day after collecting the data from the informants, 2) disassembling – the researchers disassembled the data into small segments according to the three themes which were the three competitive strategies: the overall cost leadership strategy, differentiation strategy and focus strategy, 3) reassembling (and arraying) - the researchers assembled and arrayed the data into different themes, 4) interpreting - the researchers interpreted the reassembled data using the inductive approach, description type which was the main type of interpretation. The researchers interpreted the data with completeness, equity, empirical validity, value-added and reliability, and 5) concluding – the researchers concluded the results of the study from both the interpreted data and the key data of the study to propose a new notion.

### Reliability and Validity

This study applied Yin's (2009) notion in increasing the quality of research design and findings. It consisted of 1) construct validity, 2) external validity and 3) reliability. The internal validity was excluded because it was not suitable for the descriptive study (Yin, 2009). The details were as follows: 1) construct validity – the researcher used multiple sources of evidence (the interviews and observations were used in collecting the data), created chain of evidence (the external observers who were keen in competitive strategies and homestay businesses were requested to review the present research including case study questions and case study report, and used the draft case study report (the homestay entrepreneurs who were the key informants were requested to verify the draft of the present study), 2) external validity – the researchers used multiple case studies in investigating the contemporary phenomenon, and 3) reliability – the researchers used case study protocol (the protocol was used as a tool, method and regulation in collecting data), and developed case study database (the staff of the Samut Songkhram Provincial Office of Tourism and Sports were discussed).

## RESEARCH FINDINGS

There are two major findings in this research. The findings from the case studies revealed that most homestay entrepreneurs used both the overall cost leadership strategy and differentiation strategy seriously and simultaneously. They used the focus strategy least. Consequently, it could be concluded that most entrepreneurs used the hybrid competitive strategy with their businesses (Table 2A & B). Other findings from the developed case studies revealed the details of how the homestay entrepreneurs used the stated competitive strategies.

First, the homestay entrepreneurs used the overall cost leadership strategy by applying four methods as follows:

The homestay entrepreneurs saved cost by purchasing methods and purchasing sources: The large homestay firms purchased goods especially bedding and kitchen utensils e.g. mattresses, bed sheets, blankets, pillowcases, glasses, plates, bowls and silverware etc. in bulk and directly from the manufacturers or salespersons to receive a wholesale price or discount. Some homestay firms bought a roll of fabric and made the bed sheets and pillowcases by themselves. For fresh food, they calculated and bought the vegetables, fruits and meat etc. in an appropriate amount for their customers. In addition, they bought food from the nearby market where they knew the venders well to receive a low price and fresh produce. Besides, they bought the consumables e.g. drinking water, coffee, cocoa and tissue paper etc. in bulk and directly from the wholesale suppliers. However, the small homestay firms did not hoard goods and produce; they only bought when it was necessary. The examples were as follows:

| <b>Table 2A</b>   |                      |                      |                      |                      |                        |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|----------------------|
| <b>THE FINDINGS FROM THE CASE STUDIES</b>   |                      |                      |                      |                      |                        |                      |                      |
| <b>Firms</b>  | <b>Cost</b>          |                      |                      |                      | <b>Differentiation</b> |                      |                      |
|   | <b>1<sup>1</sup></b> | <b>2<sup>1</sup></b> | <b>3<sup>1</sup></b> | <b>4<sup>1</sup></b> | <b>1<sup>2</sup></b>   | <b>2<sup>2</sup></b> | <b>3<sup>2</sup></b> |
| 1   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 2   |                      | ✓                    | ✓                    |                      |                        | ✓                    |                      |
| 3   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 4   | ✓                    |                      |                      |                      | ✓                      | ✓                    | ✓                    |
| 5   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 6   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 7   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 8   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 9   | ✓                    | ✓                    | ✓                    | ✓                    | ✓                      | ✓                    | ✓                    |
| 10  | ✓                    | ✓                    |                      |                      | ✓                      |                      |                      |
| 11  | ✓                    |                      |                      |                      | ✓                      |                      | ✓                    |
| Remark: <sup>1,2,3,4,5</sup> The details were demonstrated in Measurement Criteria. |                      |                      |                      |                      |                        |                      |                      |

| <b>Table 2B</b>   |                      |                      |                      |                            |                      |                           |                      |
|---|----------------------|----------------------|----------------------|----------------------------|----------------------|---------------------------|----------------------|
| <b>THE FINDINGS FROM THE CASE STUDIES</b>   |                      |                      |                      |                            |                      |                           |                      |
| <b>Firms</b>  | <b>Focus</b>         |                      |                      | <b>Stuck-in-the-Middle</b> |                      | <b>Hybrid Competitive</b> |                      |
|   | <b>1<sup>3</sup></b> | <b>2<sup>3</sup></b> | <b>3<sup>3</sup></b> | <b>1<sup>4</sup></b>       | <b>2<sup>4</sup></b> | <b>1<sup>5</sup></b>      | <b>2<sup>5</sup></b> |
| 1   | ✓                    |                      |                      |                            |                      | ✓                         | ✓                    |
| 2   | ✓                    | ✓                    |                      | ✓                          | ✓                    |                           |                      |
| 3   |                      |                      |                      |                            |                      | ✓                         | ✓                    |
| 4   |                      | ✓                    |                      | ✓                          | ✓                    |                           |                      |
| 5   | ✓                    |                      |                      |                            |                      | ✓                         | ✓                    |
| 6   |                      |                      |                      |                            |                      | ✓                         | ✓                    |
| 7   |                      | ✓                    |                      |                            |                      | ✓                         | ✓                    |
| 8   |                      | ✓                    |                      |                            |                      | ✓                         | ✓                    |
| 9   |                      |                      |                      |                            |                      | ✓                         | ✓                    |
| 10  |                      |                      |                      | ✓                          | ✓                    |                           |                      |
| 11  |                      |                      |                      | ✓                          | ✓                    |                           |                      |
| Remark: <sup>1,2,3,4,5</sup> The details were demonstrated in Measurement Criteria. |                      |                      |                      |                            |                      |                           |                      |

Firm 1 “...In purchasing, we would contact the manufacturer or salespersons of the bedding to receive a wholesale price or discount...” “...Buying vegetables from the nearby market were cheaper, or the extra amount was given...?”

Observer “Most homestay firms stocked a lot of bedsheets, pillowcases, blankets, bowls, silverwares, tissue papers, coffee and Ovaltine”.

The homestay entrepreneurs built necessary facilities only: These homestay firms built the facilities e.g. buildings, rooms, restrooms and conference rooms just enough for their customers. They built and enlarged or added more facilities gradually according to the customers’ needs without taking out a loan; they spent their profit on the construction. Some homestay entrepreneurs had their own materials such as antique wood which helped them save cost. The examples were as follows:

Firm 2 “...We started by building only one building, and when we had more budget we built the second and the third building without taking a loan...”

Observer “Most homestay firms built their buildings and rooms using antique wood and inexpensive materials. Moreover, they did not build many buildings.”

The homestay entrepreneurs bought necessary products only: These homestay firms bought the products such as beddings (mattresses, bed sheets, blankets and pillowcases), kitchen utensils (glasses, plates, bowls and silverware), bathroom appliances (water heaters) and electronic appliances (televisions, air conditioners, refrigerators and light bulbs) using different concepts. Some homestay accommodations were fully furnished; all rooms were well equipped with basic facilities. However, others might not. They might have an air conditioner and water heater in some rooms but not all according to the necessity and number of customers. The similar concept that they shared was that they stored up some beddings to use in case that the old customers checked out and the new customers check in at the same time, so the new customers would be able to use the rooms right away and did not get upset. The examples were as follows:

Firm 2 “...We bought the stuff just enough for use. I mean if we had three rooms, we would buy only three sets of beddings and stored up three more sets...”

Observer “Some homestay firms were fully equipped with the air-conditioners, water heaters, televisions and refrigerators etc. On the other hand, some other homestays only installed air-conditioners and water heaters in some of their rooms but not all.”

The homestay entrepreneurs controlled fixed expenses strictly: These homestay firms controlled the fixed expenses such as the use of tap water and electricity in the homestay’s public area strictly. However, they were not strict with the use of those facilities in the customers’ private rooms or conference rooms. To control the fixed expenses in the public area, they switched off the lights when they did not use the area, bought appliances with the Energy Efficiency Label No.5, checked the tap water and electricity bills of each month. This included switching off the main switch when there was no customer. The entrepreneurs were not strict with the customers’ use of facilities especially in their private rooms because the expenses were included in the costs they paid. The examples were as follows:

Firm 1 “...We had our own water tanks to keep water to use together with the tap water. For the electricity, we tried to switch off the lights in the public area such as at the sidewalk and balcony...”

Observer “Most homestays firms switched off the main switch in their guest rooms when they were not occupied, turned off the light in their public area when no one was around, and used the electric appliance with the Energy Efficiency Label No.5.”

Second, the homestay entrepreneurs used the differentiation strategy by applying three methods as follows:

The homestay entrepreneurs created unique products and services: These homestay firms created a uniqueness for their products and services for example, they prepared food for

customers to give to the monks in the morning, opened a large agro-tourism which consisted of twenty learning stations (e.g., organic agriculture, Thai traditional medicine, mushroom processing and salted-egg making), provided jet-skis for rent, provided a safe parking lot in the homestay area, built the accommodations in the fruit garden, built the accommodations by the river where customers could swim or row a boat, and built the Thai-style wooden buildings etc. The examples were as follows:

*Firm 9* “...Our accommodations were the Thai-style wooden houses with an open space under the house in the garden and by the canal...”

*Observer* “The homestay firms tried to be different by creating services such as preparing food for the customers to give to the monks, building a center for agro-tourism, providing jet-skis for rent, preparing a safe parking lot, building their homestay accommodations in the fruit orchards and by the river, and building their homestay accommodations in Thai-style etc.

The homestay entrepreneurs created valuable products or services: These homestay firms created valuable products and services such as presenting the products and services as a package, creating a good impression on the service, giving services and taking care of customers very well like they were the relatives which they could not find from any hotels or resorts, providing good security systems, and calling the customers, keeping the stuff and return them to the customers when they forgot. The examples were as follows:

*Firm 7* “...Some customers left their around 75.8 grams golden necklace in the restroom. I rushed to the restroom and kept it for them. In addition, some customers forgot their laptop and adapter, and I kept everything for them. If they did not call, I would call and inform them...”

*Observer* “The homestay firms emphasized selling their products and services as a package, creating a good impression in services and making close relationship with the customers like relatives did.

The homestay entrepreneurs were willing to pay for product and service development: These homestay firms were willing to pay for product and service development. For example, they were willing to invest gradually in beddings (e.g. bed sheets, pillowcases and blankets), electric appliances (e.g. water heaters, air conditioners) and wi-fi that have moderate quality and reasonable price. The examples were as follows:

*Firm 6* “...We invested bit by bit; not like the resorts and hotels which invested a lot at a time because they had a lot of budgets. Our group invested step by step. Recently, we spent around ten thousand Baht on Wi-Fi...”

*Observer* “The homestay firms stocked new beddings for their guests as well as providing water heaters, air-conditioners and Wi-Fi”.

The homestay entrepreneurs used both the overall cost leadership strategy and differentiation strategy. It was obvious that the overall cost leadership strategy made the homestay entrepreneurs offered the very lower price for their products and services than the hotels and resorts did. Also, some homestay entrepreneurs liked hosting a big group of more than ten customers over a small group or an individual guest because the big group could help them save cost and earned a lot at a time. The differentiation strategy did not really affect the offered price because the differences did not affect the net cost significantly (e.g. the homestay businesses emphasized their close relationship with the guests by taking care of the guests like they were the relatives, and offered free fruits from their gardens for the guests to eat.). Besides, they cost more from the customers for extra products or services (e.g. giving food to the monks in the morning and riding jet-skis). The examples were as follows:

*Firm 5* “...I took care of my customers similarly whether they came as a group of family, friends or colleagues for a seminar or study trip...” “...I did not charge them more. If they came in a group, I charged them 350 Baht/person including breakfast. If they came as a family, I charged them 1,000 Baht/house including breakfast. Do not forget that my homestay accommodations were very close to Amphawa Floating Market. If it was this close, the resorts would charge 2,000 Baht/night...”



*Firm 9 "...I didn't charge them much. If they came in a big group, I charged them 200 Baht/person including breakfast. If they came with a small group of 2-3 people (1 rooms), I charged them 600 baht/room including breakfast. I didn't want to make high profit because I didn't invest much like the hotels or resorts. The hotels and resorts invested a lot, so they would offer the rooms with high price. It could not be lower than 1,500 Baht..."*

Lastly, the homestay entrepreneurs used the focus strategy by applying two methods as follows:

The homestay entrepreneurs focused on one particular distributional channel: These homestay firms focused on one particular channel which was a website and Facebook application to advertise their homestay businesses and provide details regarding the rooms, locations and contact information. They used only one channel to advertise because they had limited number of rooms, staff and budget. Besides, most homestay firms were operated by the owners who wanted to earn extra money after retiring from their actual jobs. Spreading positive words of mouth was a popular strategy among the homestay entrepreneurs. The examples were as follows:

*Firm 5 "...I advertised both on the website and Facebook by providing phone numbers for the customers to contact. When the customers called, I could tell them if the rooms were available as well as inform them the room rate. After that, the customers must transfer the deposit to my account. Another method of advertising was the word of mouth..."*

*Observer "The homestay firms advertised their businesses and presented the details of their rooms, locations and phone numbers on their own websites and Facebook Applications as well as on those of the Samut Songkhram Provincial Office."*

The homestay entrepreneurs focused on one particular market: These homestay firms focused on Thai market or Thai customers rather than the foreign market or foreign customers such as the European, American, Chinese or Japanese markets because they had limited number of rooms, staff and budget. Besides, they did not have activities such as Thai cooking demonstration, Thai boxing and Thai traditional games which most foreign tourists were highly interested. In addition, most homestay entrepreneurs could not speak foreign languages, especially English which is an international language, therefore they were not interested in the foreign markets. For the markets in Thailand, the homestay entrepreneurs did not focus on any groups particularly. They tried to find and take all customers whether they came in as a family, group of friends and public or private organization. The examples were as follows

*Firm 8 "...I did not take any foreign customers because I could not communicate with them. However, I was quite okay if they came with their Thai friends and stayed together..."*

*Observer "Most of the customers were Thai".*

## CONCLUSION AND DISCUSSION

According to the current research, it could be concluded that the homestay firms which have been operated for more than ten years used both the overall cost leadership strategy and differentiation strategy seriously and simultaneously, or it was called hybrid competitive strategy. The entrepreneurs mainly used these strategies for keeping their business's permanence and satisfying performance. The result agreed with the previous studies. For example, Gopalakrishna & Subramanian (2001) found that the organizations that used hybrid strategy had higher performance than the organizations that used only overall cost leadership strategy or differentiation strategy. In addition, Acquaaah & Yasai-Ardekani (2008) revealed that the medium and large businesses that used combination strategy, which was another name of hybrid strategy, tended to increase their performance higher than the businesses that used stuck-in-the-middle strategy and the businesses that used only overall cost leadership strategy. Additionally, Spanos et al. (2004) found that the firms that used the hybrid strategy had better performance than when they used a particular strategy only. Furthermore, Leitner &

Guldenberg (2010) found that the SMEs that used combination strategy had higher performance than the others did that did not use the competitive strategies in terms of profitability and growth. Besides, the SMEs that used combination strategy made higher profit than the others did that used the differentiation strategy only. Moreover, Salavou (2013) revealed that hybrid strategy was the best strategy for increasing the competitive advantage for food manufacturers. Consequently, it could be summarized that the competitive strategies that were introduced by Michael E. Porter in 1980 were developed to hybrid competitive strategy for the sustainability of homestay businesses.

### **Theoretical Implication**

The present study was advantageous to the notion of hybrid competitive strategy. The use of two competitive strategies simultaneously or hybrid competitive strategy (the use of the overall cost leadership strategy and the differentiation strategy simultaneously) in homestay businesses was not always considered the stuck-in-the-middle strategy of Porter (1980 & 1998). When the two strategies were used seriously and simultaneously, they were considered hybrid competitive strategy, which would make competitive advantages of the overall cost leadership and the differentiation (Proff, 2000). Moreover, the use of hybrid competitive strategy created differences, which made lower cost and sustainable competition. It was obvious that the hybrid competitive strategy provided higher performance than the single strategy (Kim et al., 2004). Furthermore, it made the businesses survive for a long time. Apart from the samples of this present study, there were samples in other studies that also supported the hybrid competitive strategy. For example, Toyota, the leading in car manufacturer, was successful in using the overall cost leadership strategy and differentiation strategy simultaneously (Wheelen & Hunger, 2008). Because of its efficient manufacturing system, Toyota could produce the products with low cost. In addition, it was different from its competitors; it had a better design and higher quality (Jones & George, 2009). Also, Zara, the leading in garment industry, was successful in using the overall cost leadership and differentiation strategy simultaneously. Therefore, it could sell its clothes at a low price successfully (Ireland et al., 2009).

### **Managerial Implication**

The present study provided suggestions and guidelines for homestay entrepreneurs in applying competitive strategies. According to the present study, the use of two strategies simultaneously or hybrid competitive strategy was appropriate for homestay businesses. The entrepreneurs should apply four methods when using the overall cost leadership strategy. The first method is *“the homestay entrepreneurs should save cost by purchasing methods and purchasing sources”*. The large homestay firms with many rooms should buy the stuff that can be used repeatedly such as mattresses, bed sheets, blankets, pillowcases, glasses, plates, bowls and silverware etc. in bulk and directly from the manufacturers or salespersons to receive a wholesale price or discount. For single-use items such as drinking water, coffee, cocoa and tissue paper etc., the homestay firms should also buy them in bulk and directly from the wholesale to receive a low price. For fresh food such as vegetables, fruits and meat etc., the homestay firms should buy them in an appropriate amount for their customers at that time and from a nearby market where they know the vendors well to receive a low price and fresh produce. In contrary, the small homestay firms with fewer rooms do not need to buy a large amount of stuff at a time. They should buy the stuff only when it is necessary. The second method is *“the homestay entrepreneurs should build necessary facilities such as buildings, rooms, restrooms and seminar rooms only”*. The construction or renovation should be done gradually according to the customers' needs. In addition, old materials such as antique wood should be used. Moreover, they should not take out a loan so they do not need to worry about paying the interest. The third method is *“the homestay entrepreneurs should buy products such*

as beddings (mattresses, bed sheets, blankets and pillowcases), kitchen utensils (glasses, plates, bowls and silverware), bathroom appliances (water heaters) and electronic appliances (televisions, air conditioners, refrigerators and light bulbs) according to the necessity. For the beddings, the homestay firms should store up some to use in case that the old customers checked out and the new customers check in at the same time. Other facilities such as air conditioners and water heaters can be installed only in some room. It is not necessary to install them in all rooms because the homestay accommodation area is full of big trees; the weather is cool at night but it is not too cold. The fourth method is “The homestay entrepreneurs should control fixed expenses which include tap water and electricity strictly. This is especially in the homestay’s public area by switching off the lights when they do not use the area, buy appliances with the Energy Efficiency Label No.5 and check the tap water and electricity bills of each month in comparing to numbers of customers. This included switching off the main switch when there was no customer. However, the entrepreneurs should not be strict with the customers while they are staying or using the facilities.

Additionally, the entrepreneurs should apply three methods when using the differentiation strategy. The first method is “*the homestay entrepreneurs should create unique products and services*”. For the products, the homestay accommodations should be in the fruit garden, by the river or built in Thai traditional style etc. For the service, the homestay entrepreneurs should prepare food for the customers to give to the monks in the morning, open a large center for agro-tourism, provide jet-skis for rent, provide boats for the customers to row, serve free fruits from their own gardens and/or provide a safe parking lot etc. The second method is “the homestay entrepreneurs should create valuable products or services”. For example, they should present their products and services as a package, create a good impression on the service, give services and take care of customers very well like they were the relatives which they could not find from any hotels or resorts, provide good security systems, and return the stuff that the customers forget etc. The third method is “the homestay entrepreneurs should be willing to pay for product and service development”. They should invest gradually in beddings (e.g. bed sheets, pillowcases and blankets), electric appliances (e.g. water heaters, air conditioners) and Wi-Fi that have moderate quality and reasonable price.

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