

POTENTIALS OF BOUTIQUE HOTEL: THE CASE OF PENANG ISLAND, MALAYSIA

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Abstract: Recently, Malaysian contemporary hotel industry is experiencing an increased differentiation of new products' offerings due to a high level of demands. This study aims to investigate what are the factors attracting guests to boutique hotels, to define how such factors fulfil guests' special inclinations, and finally to understand the potential of boutique hotels as attractions in Penang Island/ Malaysia. The study's methods included a review of the literature and a survey of boutique hotel consumers in Penang Island. The findings supported those of previous studies and may assist boutique hotels' owners and operators to satisfy guests' needs more effectively. Moreover, practical suggestions are made for boutique hotel operators and those wishing and willing to enter the market. Furthermore, the outcomes of this study may help the Tourism Ministry of Malaysia and other relevant associations to finalize an adequate grading system for boutique hotels, and gain substantial insight in order to market and promote this particular segment of the accommodation industry in Malaysia.

Keywords: Potential, Boutique Hotels, Hotel attributes, Penang Island

INTRODUCTION

Boutique hotels were created to meet the needs of those travellers who were tired of sleeping in similar rooms with similar furnishings in every city they visited. Boutique hotels are indeed a sub kind of those hotels, and are increasingly becoming a destination themselves. Besides, boutique hotels, besides offering a place to sleep, provide a dreamy experience by means of their

locations, design, services, amenities and present unique, personalized environments with an emphasis on comfort and service. This research has been conducted in Penang Island within the accommodation sector to the purpose of investigating and studying boutique hotels. According to the official website of the Tourism Ministry of Malaysia (2010), there are about 40 hotels with different levels of facilities and services provided in Penang Island, and among them there are 8 hotels which have officially labelled themselves as boutique hotels.

LITERATURE REVIEW

What does Boutique actually mean? "Boutique" stands for a small shop selling fashionable clothes (Lim & Endean, 2008); however, there are no specific definitions of Boutique hotels (Teo, Chia & Khoo, 1998; Van Hartesvelt, 2006). The phrase "Boutique hotel" was coined in the 1980s to define the smaller, stylish hotels that had begun to appear on the market (Olga, 2009). Horner and Swarbrooke (2004) described Boutique hotels as an unknowable segment of the accommodation industry. It is not an easy task to define exactly what "boutique hotel" means today, as the term has an unclear definition. For some operators it stands for town house, for others it means Boutique, and for most of them it represents design-led hotels. Some people recognize a "boutique hotel" as an establishment with less than 150 rooms, while others consider the location, the decor and feel of the hotel. However, the term "Boutique" generally describes smaller, modern hotels offering personalised services, greater locations, unique design and different existent amenities. Boutique hotels have a tendency to be

lifestyle focused and try to be what traditional hotel chains are not.

The Anouschka Hempel's Blakes Hotel in London (1981) and Ian Schrager's Morgans Hotel in New York (1984), both designed by French stylist Andree Putnam, were recognized among the first Boutique hotels. By the 1990s, in a time when hotels around the world had already diversified their product and services, some tourists with unusually "cool" habits started to spend their holidays in cities instead of beaches, sanctioning the start of the Boutique hotels' age (Olga, 2009).

According to Agget (2007), Boutique hotels are considered as modern and very stylish hotels with up to 100 bedrooms furnished with exceptional personalized services and high-tech facilities. Further, as Olga (2009) mentioned, in terms of architecture and design, the specific characteristics of Boutique hotels are style, uniqueness, warmth, and intimacy. Most Boutique hotels are capable of introducing different themes in each guestroom in order to make every single stay unique, even for their returning guests. Another factor making Boutique hotels more specific from standardized hotels is the establishment of a friendly atmosphere between guests and host. Olga (2009) observed that, in general, Boutique hotels are the favorite target for tourists in the early 20s to mid 50s age range, with middle to upper income averages. Further, Olga added that Boutique hotels mostly appeal to leisure and business travelers in term of generous amenities and unlimited entertainment such as easy access to the internet, live music and performances, hip restaurants, lounge, and bars with impressive decorations. The increasing interest in art, culture and history (typical models of the concept behind Boutique or design hotels) are those factors boosting the motivation for choosing this type of accommodation as a place for rest and relaxation (Freund de Klumbis & Munsters, 2005).

Furthermore, Aggett (2007) argued that uniqueness and design elements such as specific interior design, architecture and unique pieces of furniture - are also considered as very important attraction factors. Five other attributes have been outlined; four of these factors have been explained by McIntosh and Siggs (2005) as "location, quality, personalized services and uniqueness", while the fifth was identified by Aggett (2007) as "the actual services provided". Previous studies have employed the mentioned attributes as the most important attractive factors for boutique hotels' customers.

METHODOLOGY

To accomplish the objective of this study, quantitative research methods were used as academic

approach. A survey questionnaire was employed as an instrument to collect and analyze data. The questionnaire was designed based on 5-points Likert scales in order to let the respondents rate their level of agreement. The five points rate from "strongly disagree" (1) to "strongly agree" (5). The first part of the questionnaire included eight factors connected to the personal characteristics employed as demographics. The second part of the questionnaire included two questions related to the travelling purposes of the respondents, and how the individuals got this particular kind of travel information. The third part of the questionnaire included 17 specific elements identified as the most attractive attributes of boutique hotels.

This study employed simple random sampling which is a method in which individuals are randomly selected from a group or list. Consequently, respondents were selected among guests of boutique hotels in Penang Island. The population was classified based on boutique hotels and the establishments' occupancy rate during year 2009. The survey was conducted for 25 days, from the 5th to the 30th of December 2010. A total number of 390 questionnaires were sent to the front office of the five boutique hotels considered in this study. However, the hotels' management only accepted to help distributing a total of 300 questionnaires due to their lack of free time during the busy New Year holiday seasons. Out of 300 questionnaires, a total number of 195 completed questionnaires were collected from the respondents, totalling a 65% return rate. However, among the 195 returned questionnaires, only 133 could be used in the data analysis' process, as 62 questionnaires contained either incomplete or improper answers. Data was analysed using the Statistical Package for the Social Sciences software (SPSS) version 17.0.

FINDINGS

In order to gather relevant findings, the following statistical analyses were carried out; descriptive analysis, factor analysis, descriptive statistics and reliability test. The following sections describe the findings in deeper detail.

Socio-demographic Variables and Purpose of Travel

The findings indicate that the majority of respondents were female (53.4 %), Malaysian citizens (29%), married (63.2%), between the age of 25 to 34 years old, and bachelor degree holders (39.8 %). Moreover, most of respondents declared to earn less than 7500 USD per month. The main travel motivation of the respondents was rest and relaxation (35%), followed by business purposes (24%).

Table 1: Results of the Factor Analysis of Important Attributes in Boutique Hotels

Variables	Components			
	1	2	3	4
Special Services				
Individualized and personalized services	.189	.206	.710	.295
Friendly staff	.260	.191	.850	.002
Homely environment	.086	.179	.778	.325
Mini , Hi-Tech				
High tech facilities in the room	.405	.134	.351	.707
Being in small and cozy place	.322	.087	.336	.758
Convenience				
Entertainment (night life, bar, lounge etc)	.734	.013	.147	.460
Variety of activities offered by the hotel (special tours, etc)	.752	.108	.013	.302
Price of accommodation	.671	.172	.316	.005
Convenience to downtown	.700	.250	.176	.155
Convenience to airport	.781	.219	.139	.055
Hotel Design				
Aesthetic	.165	.760	.257	.024
Unique architecture of the hotel (façade, entrance)	.173	.893	.185	.088
Uniquely interior design of the hotel (lobby, room, facilities)	.325	.623	.423	-.039
Quality	.141	.798	.073	.089
Eigenvalue	7.497	2.017	1.335	1.112
Variance Explained [%] – Total 70.24%	20.59	20.51	16.01	13.12

Table 2: Reliability Statistics of the Factors

Constructs	No of Items Remain	Cronbach Alpha	n
Special Services	3	.706	133
Mini , Hi-Tech	2	.883	133
Convenience	5	.907	133
Hotel design	4	.914	133

Table 3: Result of the Factor Analysis of the Exceptional Attributes in Penang Boutique Hotels

Variables	Components			
	1	2	3	4
Special Services				
Individualized and Personal Services	-.101	.391	.086	.656
Friendly Staff	.285	.200	.096	.721
Homely Environment	.336	-.010	.189	.800
Hotel Facilities				
High Tech Facilities in the Room	.151	.826	-.066	.269
Being in a Small and Cozy Place	.125	.816	-.071	.284
Food and Beverage (restaurant, bar, etc)	.220	.739	.099	.081
Entertainment (night life, bar, lounge etc)	-.022	.842	.295	-.066
Variety of Activities Offered by the Hotel (special tours, etc)	.085	.748	.415	.072
Price & Location				
Price of Accommodation	.117	.086	.898	.183
Convenience to Downtown	.083	.142	.891	.049
Hotel Design & Image				
Size of Hotel	.594	.058	.328	.274
Aesthetic	.766	-.013	.120	.169
Unique Architecture of Hotel (façade, entrance)	.917	-.006	.014	.063
Uniquely Interior Design of Hotel	.887	.073	.047	.125
Reputation	.839	.231	.038	.025
Quality	.840	.291	.103	.102
Eigenvalue	6.401	2.910	1.731	1.292
Variance Explained [%] – Total 72.55%	26.40	21.14	13.44	11.56

Table 4: Reliability Statistics of the Factors

Constructs	No of Items Remain	Cronbach Alpha	n
Special Services	3	.839	133
Hotel Facilities	5	.939	133
Price & Location	2	.851	133
Hotel Design & Image	6	.876	133

Table 5: Descriptive Statistics

Important Boutique Hotels Attributes	Mean	Std. Deviation
Special Services	4.18	0.72
Mini , Hi-Tech	3.89	0.92
Convenience	3.78	0.80
Hotel design	4.03	0.76
Exceptional Attributes in Penang's Boutique Hotels	Mean	Std. Deviation
Special Services	4.07	0.59
Hotel Facilities	3.83	0.72
Price & location	3.56	0.84
Hotel Design & Image	4.08	0.71

Boutique Hotels Attractive Attributes

Factor analysis was performed on 17 questionnaire's items in order to categorize the most attractive attributes of boutique hotels from the guests' point of view. The results are shown in Table 1. The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) was 0.81 and the Bartlett's test of sphericity resulted significant at less than 1%. The anti-image correlation matrix ranged from 0.89 to 0.74, consequently proving sufficient correlations among the items. Four factors were extracted with 70.24% of the variance. The factors were labeled as Special Services, Mini Hi-Tech, Convenience, and Hotel Design. Overall, four attributes were extracted. Out of 17 items, three items were deleted due to loading problems.

Furthermore, Cronbach's alpha (α) was employed in order to analyze the reliability of the research's instruments. The results of this analysis are shown in Table 2. All the variables are accepted and have a good internal consistency based on the Cronbach's alpha score, resulting in scores above 0.70. In this study, the Cronbach's alpha scores range from 0.706 to 0.939, meaning that the reliability is "totally good" (Sekaran, 2003). Items were only dropped if their deletion would have substantially improved the Cronbach's coefficient alpha for that factor. However, since all constructs in this study had a Cronbach's alpha above 0.7, there was no need for deleting any items.

The Exceptional Attributes in Penang's Boutique Hotels

The results are presented in Table 3. The KMO was 0.82 and Bartlett's test of sphericity was significant at less than 1%. The anti-image correlation matrix ranged from 0.87 to 0.86, therefore sufficient correlations were found among the items. Four factors were extracted with 72.55% of the variance.

Factors were labelled as: Special Services, Hotel Facilities, Price and Location, and Hotel Design and Image. Overall, out of 16 items, four components were extracted, and only one item was deleted due to loading problems.

Cronbach's alpha (α) was used to analyze the reliability of the instruments. The results of this analysis are shown in Table 4. All variables are accepted and have a good internal consistency based on Cronbach's alpha coefficients scoring above 0.70. In this study, Cronbach's alpha ranges from 0.706 to 0.939. Items were only dropped if the deletion of those items would have substantially improved the Cronbach's coefficient alpha for that factor. However, since all constructs in this study had a Cronbach's alpha above 0.7, there was no need for deleting any of the items.

DESCRIPTIVE STATISTICS

Table 5 shows the means and standard deviations for each factor, which were computed in order to understand the variability of the subscales derived from the factor analyses. Regarding the importance of factors involved in a hotel choice, the results show that "Special services" (mean = 4.18) has the highest mean when compared to other factors. It means that hotel guests pay particular attention to the special services of a hotel when they want to choose a place to stay anywhere in the world, and consequently also in Penang. On the other hand, the descriptive statistics indicate that "convenient" has the lowest mean. This result outlines that the "convenience" factor is not that important for hotel guests. Moreover, the results have shown that hotel design and image (mean =4.08) are those factors that hotel guests highly care for.

CONCLUSION

The main factors individuated by guests as to support their preference in the choice of boutique accommodation consist of: individualization and personal services, the availability of ready help and the attention from friendly staff in a homely environment with unique architecture. These factors contrast with the services provided by traditional hotel accommodation. This factor may alert that the standard offer of traditional hotels is not attractive for those consumers seeking for alternative types of accommodation. In this study, the uniqueness of boutique hotels as cozy places with a specific architecture and special interior design is recognized as a differentiation strategy. This factor allows boutique hotels to compete with branded hotel chains, and consequently it is recommended that uniqueness should become the major driving force behind the consumer's decision towards Boutique accommodations.

Finding the driving attributes in boutique hotels will help supporting the growth of this sector. Moreover, such knowledge may come to be of particular interest to anyone willing to enter the market; consequently, the identification of such attributes may be helpful as it gives hotel managers and owners a better understanding of what a boutique hotel is, and what it requires in order to be a successful establishment. As an example, the aforementioned understanding may benefit those landlords with small properties or hotels in planning, in order to convert them into boutique hotels and maximise revenues. This research is of significant importance to the marketing and sales managers who are interested in understanding the consumers' desires and what factors are attracting them to this kind of hotels. This study's results may suggest to boutique hotels' owners and managers how to improve the design of their products and the level of provision of their services. The findings will also help boutique hotels' owners and managers to develop strategies in order to optimize their resources more efficiently. By obtaining the imperative information of why guests choose to stay at boutique hotels, hotel managers are able to recognize what attributes are driving the guests' purchasing decisions. Understanding the guests' needs and desires is very useful and helpful in the creation of appropriate strategies aimed at improving a company's image.

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