# ENHANCING GEORGETOWN'S HERITAGE BOUTIQUE HOTEL MARKETING STRATEGIES: THE CASE OF 1881 CHONG TIAN CULTURAL HOTEL

BY:

AMALINA MAHMOOD      P-GSM0307/11
MALINI VENUGOPAL     P-GSM0186/11
NAJ RIZAL ROSLAN     P-GSM0220/11

PROJECT SUPERVISOR:
TUAN HAJI NOOR NASIR KADER ALI

A dissertation submitted in fulfillment of the requirements for the degree of Master's in Business Administration (Service Science, Management & Engineering), Universiti Sains Malaysia

2014

# ACKNOWLEDGEMENT

**DECLARATION**

We hereby declare that the project is based on our original work except for quotations and citation which have been duly acknowledged.  We also declare that it has not been previously or concurrently submitted for any other degree at USM or any other institutions.

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# ABSTRAK

1881 Chong Tian Cultural Hotel dikenal pasti telah beroperasi dalam kerugian sejak penubuhannya iaitu kerugian kira-kira USD53.7k pada tahun 2011. Semua isu yang wujud dalam perniagaan perlu ditangani untuk mengurangkan kadar kerugian sebelum ia menjadi lebih buruk dan memberi kesan kepada perniagaan. Berdasarkan kajian yang dijalankan, punca utama kerugian ini adalah disebabkan oleh kurangnya nilai kebudayaan dalam perkhidmatan dan kelemahan dalam strategi pemasaran.Hotel ini tidak berjaya dalam mempamerkan nilai kesenian dan kebudayaan yang sebenar dari segi persekitaran hotel, perkhidmatan dan infrastuktur kebudayaan. Ia juga gagal dalam strategi pemasarannya kerana tidak menggunakan penyelesaian teknologi dan pengurusan perhubungan pelanggan ( CRM) yang tidak efektif. Cadangan penyelesaian bagi kualiti dalam perkhidmatan kebudayaan meliputi persekitaran , keunikan budaya dan keunggulan imej kebudayaan yang kukuh dalam infrastrukturnya. Dari segi persekitaran , pemilihan muzik, pakaian dan ucapan aluan yang tepat adalah penting untuk dijadikan sebagai pengalaman kepada pelanggan. Pihak hotel seharusnya menganjurkan aktiviti kebudayaan yang unik supaya pelanggan dapat merasai pengalaman sebenar seperti malaksanakan upacara minum teh berdasarkan kebudayaan masyarakat cina dan makan malam kebudayaan. Cadangan-cadangan lain juga termasuk penyelesian melalui penggunaan teknologi maklumat seperti laman sesawang dan media sosial untuk membantu usaha pemasaran. Di samping itu, hotel seharusnya melaksanakan pengurusan perkhidmatan pelanggan yang berkesan seperti perkhidmatan susulan dan selepas jualan yang akan mewujudkan interaksi yang baik dengan pelanggan. Dengan perlaksanaan yang efektif, hotel ini akan dapat melihat peningkatan dalam

keuntungan perniagaan kerana dengan perlaksanaan ini ia dapat memudahkan hotel untuk mendekati pelanggan dengan keupayaannya untuk menawarkan perkhidmatan kebudayaan yang berkualiti yang turut berfungsi sebagai strategi pembezaan ; yang seterusnya menjadi promosi pemasaran dari mulut ke mulut.

# ABSTRACT

1881 Chong Tian Cultural Hotel business is identified to be running in loss since it's establishment; loss about USD53.7k in year 2011. The business issue needs to be addressed in order to reduce the losses before it become worsen and impacts the business as overall. Based on the research done, the main root causes are due to poor cultural service quality and poor marketing strategies. The hotel had failed to reflect the uniqueness of the heritage and cultural values in its service delivery in terms of the hotel's ambience, cultural service and cultural infrastructure. The hotel had failed on it's marketing strategy as well because the hotel failed to adopt technological solutions and effective customer relationship management (CRM) in reaching and engaging the customers. The proposed solutions for cultural service quality cover the cultural ambiance, unique cultural service and solid cultural image in it's infrastructures. In terms of creating the ambiance, it is important to have the right music, clothing and greeting to elevate the culture for the hotel guests to experience. The hotel should organize unique cultural activities such as Chinese Tea ceremony and cultural dinner to elevate the experience. The other recommendations include the usage of information technologies solutions such as website and social media sites to facilitate marketing efforts. In addition, the hotel should implement effective CRM such as execution of follow up and after sales service which will create positive customer engagement. Once implemented effectively, the hotel should observed increase in profit as it is easier to reach the customers with it's capability in offering cultural service quality that serves as differentiation strategy; which eventually become word of mouth.

# EXECUTIVE SUMMARY

1881 Chong Tian Cultural Hotel is one of the boutique hotels in Georgetown, Penang that offers Chinese tradition, heritage and cultural experience in promoting it's hotel domestically and globally. Despite of all promising outlook of Malaysia and Penang tourism industry, 1881 Chong Tian Cultural Hotel is reported running in loss as the company is experiencing poor sales on it's room occupancy and F&B activities which affects the company's business financial performance.

Methods of analysis used consist of surveys, observations, interviews with multiple stakeholders and documentation reviews and journals. The symptom versus problem (SVP) framework analysis is used to analyze the case issue. It graphically illustrates the relationship between a given outcome and all the factors that influence the outcome. SVP is used, preferred over fish bone because it identifies the relationship between the symptoms, root causes, variables, elements, contributing factors and the ultimate problems.

The reasons 1881 Chong Tian Cultural Hotel running in loss is due to it's poor cultural service quality and poor marketing strategies. The services that the hotel provides does not reflect the uniqueness of cultural and heritage concept, which leads to the inability of the business to stand out in the market as a heritage and cultural icon in the industry. The ambience does not elevate the cultural experience that the hotel wishes for. The products and services provided do not tie to the cultural and heritage values. The problems impacted the hotel through unable to acquire new customers and has low preposition values. In related to marketing strategies, the

hotel does not have comprehensive and organized marketing plans to promote the hotel globally. Key findings related to poor technological adoption in marketing that affects the capability to attract customers. Through the study, three problems namely ineffective website, insufficient search engine optimization and ineffective social media usage have been identified as key factors. Other findings related to customer relationship management (CRM) issue faced by the company which significantly impacts the company's business performance. Based on research done, there are four major problems that have not been addressed namely ineffective customer satisfaction survey, inappropriate promotional channel, unresponsive towards online customer feedback and inadequate follow up service.

The recommended solutions are affordable and customized based on the hotel's needs and expectations to eventually improve sales and gain profits. The solutions covers the three main aspects; ambience, services and products. All three comprehend each other to offer a complete elevating experience for the hotel guest – an experience to feel how it's like to live in history.  For example, the hotel could have a representative wearing an imperial costume waiting for the hotel guest right at the airport; bring them to allocated airport taxi limo directly to the hotel. Upon reaching the hotel, the guest is culturally greeted. The hotel guest continues to be celebrated through a unique cultural dinner that has live instrumental musical show for the guest to experience.

The solutions discussed from the technology point of view can be categorized into 3 parts namely website enhancement, SEO optimization, and social media utilization. These recommended solutions intended to resolve and overcome the management's

lack of awareness on the importance and capability of Information Technology (IT) based solutions as a marketing tool to promote the uniqueness of heritage hotel services. From CRM perspective, the hotel should understand the customers' needs and reach them through appropriate channels, response towards feedbacks and perform follow up services to close the relationship loop.

The paper believes that by implementing the proposed recommendations effectively, 1881 Chong Tian Cultural Hotel will be able to improve it's financial performance. The profit is expected to increase as it is easier to reach the customers; increase it's visibility in the market above it's competitors. The hotel's capability in offering unique cultural services will elevate the experience of a life time for the hotel guests, making them to continue talking about it – becoming word of mouth which eventually works as marketing strategy on it's own.

The study of the case is limited to Georgetown's Heritage boutique hotels only. The case analysis and recommendations are constructed based on the information shared during the interviews and discussions with the respective primary stakeholders of the case. Observations and documentation reviews were made to strengthen the case study. In the future, a similar study should be carried out on big chain hotels that face the same symptoms and problems. It might lead to a different analysis and recommendations.

## 1.0 INTRODUCTION

1881 Chong Tian Cultural Hotel is one of the players in the hospitality industry in Penang. Operating with Chinese tradition, cultural and heritage theme, this hotel is getting tourist attention to the uniqueness and impressive infrastructure set on the hotel premise. The company had started its business in late 2011 after the recognition of Georgetown as World UNESCO heritage city in 2008 offering eleven types of rooms and restaurant as part of its service.

Recognition of Georgetown as World UNESCO had helped to promote Penang as tourist attraction place and attract domestic and foreign tourist to Penang. Since 2005, the number of tourists visited Penang had increased by 56% as well as increasing on tourist spending by 104%. As a result, this improvement has boosted not only the tourism industry in Penang but also hospitality industry to accommodate the high demand on hotel accommodation to support the tourism industry, which the hospitality industry contribution towards Malaysia GDP had significantly increased by 72%.

1881 Chong Tian Cultural hotel, located at the strategic location in UNESCO area, the company is expected to receive a lot of tourists to the company in line with the encouraging number of tourist arrival to Penang as well as positive growth on average occupancy rate in Penang hotel's every year which reported to be increased by 3.8% since 2010.

However, despite of all promising outlook of Penang hospitality industry, 1881 Chong Tian Cultural hotel is still running its business at a loss as the company is experiencing poor sales on its room occupancy and F& B activities which generally affected the company's overall business performance. Based on the Suruhanjaya Syarikat Malaysia (SSM) reports, the company has reported its average financial loss of USD53.7k in 2011 and reported similar amount of financial loss in 2013.

*Research Objective*

In response to the issue, the paper aims to overcome the issue and problem with the following objective:

1. Identify the major issues contributing to the losses incurred by 1881 Chong Tian Cultural Hotel.

2. Analyze the contributing factors to the losses affecting the hotel's operations and its impact towards revenue generation.

3. Recommend effective practical solutions that can overcome the problems contributing to the business losses.

4. Identify the constraints to execute in comparison to current available.

The paper will also look into three different dimensions, namely service quality, technology and customer relationship management (CRM) in providing in depth practical solutions and recommendations to the company to assist the company to improve its company financial performance at least to achieve break even on its investment.

*Research Question*

In addressing the issue and problems in the company, this paper will be guided by research questions that will be answered throughout this paper. The research questions that will be covered in the paper are:

1. What are the major issues contributing to the losses incurred by 1881 Chong Tian Cultural Hotel?

2. How does the contributing factors to the losses affecting the hotel's operations and its impact to the revenue generation?

3. What are the recommended effective practical solutions that can overcome the problems contributing to the business losses?

4. What are the constraints to execute the recommended solution based on available resources?

The research paper will gives significant impact not only to 1881 Chong Tian Cultural Hotel but also significantly impact the hospitality industry in Malaysia specifically to hotel's that offering cultural and heritage theme.

In addition, the study done through the research also provides added value to the company as it changes the overall spectrum of service delivery process by incorporating heritage service solutions throughout the overall service delivery in the company.

The solutions and recommendation provided in the paper are very practical and suitable to be implemented in any cultural and heritage hotels in Malaysia. It serves as a services blueprint for cultural and heritage hotel in Malaysia as the solution

given in the paper provides guideline for the actual service that need to be included in cultural and heritage based hotel.

## 1.1 Company Profile

1881 Chong Tian Cultural Hotel is one of the players in the hospitality industry in Penang that offers Chinese traditional, heritage and cultural as prominent concept and idea in promoting its hotel domestically and globally. The company is registered under 1881 Chong Tian Venture Sdn. Bhd. in year 2010 and running its business operation in late 2011. The hotel is located in buffer area of Georgetown heritage area which was recognized as one of World UNESCO area in 2008.

The original building of 1881 Chong Tian Cultural Hotel was earlier in year 1800's used as an established hotel to cater well to do merchants that come to Penang for purposed of trade. With a huge amount of investment channel for massive renovation and refurbishment, the 130 years old building which comprises of triple story, three unit pre-war shop houses had been transformed to be an exclusive heritage and cultural hotel that can accommodate the total number of eleven rooms. Eventhough the building had undergone major renovation, the existing structure and layout of the original building are still being maintained in order to ensure the originality identity of the building is being preserved. According to Cultural Heritage Advisory group member and project consultant, "19th Century building had many unique features including Venetian window and intricate Chinese motif of peonies, dragon, and cockerels on the facade". With this unique structure of an existing old building, it

place crucial and concrete reason to maintain its originality to reflect the actual architecture of the Chinese building structure.

Based on press report in New Straits Times dated August 6, 2013, it stated that the owner, Mr. Seah Kok Heng and the partners took seven years and USD4 Million to turn 1881 Chong Tian into what it is today. 1881 Chong Tian Cultural Hotel is part of the owner's idea to develop and promote Chinese tradition and culture to local people and tourist. The original idea of the owner is to make the hotel as correct platform for the public to feel the real experience of Chinese tradition and cultural through the hotel service in terms of ambience, antiques, decoration on Chinese traditions from various dynasties such as Tang, Ming, Qing and others. The uniqueness of the hotel are presented in the way that all the rooms which comprise of eleven rooms been decorated differently to create more excitement to the tourist that stay in the hotel.

According to State Local Government, Traffic Management and Flood Mitigation committee Chairman through an interview with Star Newspaper mentioned that most visitors that walk through the doors of 1881 Chong Tian Cultural Hotel will be amazed by its ambience. In 2013, 1881 Chong Tian Cultural hotel has been rewarded as the winner of "The most Cultural hotel" by category of online travel and accommodation portal Asiaroom.com's Hotel Awards for Asia Pacific region.

**1.2 Company Structure**

1881 Chong Tian Cultural Hotel is a private limited company owned by Mr. Seah Kok Heng and Ms. Chan Chwee Chwee. The hotel is being managed by Mr. Seah Kok Heng as the company Managing director. Even though hotel is managed by one of the owners, both of the directors have control over the decision making process in the hotel business operation. The business operation in the hotel is supported by thirty employees reported to hotel manager which in charge of overall hotel management. The hotel manager also will also manage administration works which include of various functions such as human resources and finance. There are two supervisors report directly to hotel manager that will in charge of day to day business operation in the hotel as well as manage two groups of employees as the hotel is operating in two alternate shifts. The rest of the employees are waiter, waitress, room service, chef, and others. The hotel owner through the interview mentioned that at beginning stage of hotel operation, there are about sixty employees but the number of employees was reduced to thirty employees due to cost concern.

Reduction on the number of employees was also due to changes in hotel business operations from three shifts which required more employees as compare to current hotel operation that operating in two shifts. The current practices have resulted in more proactive staff allocation and therefore enhance productivity of each employee.
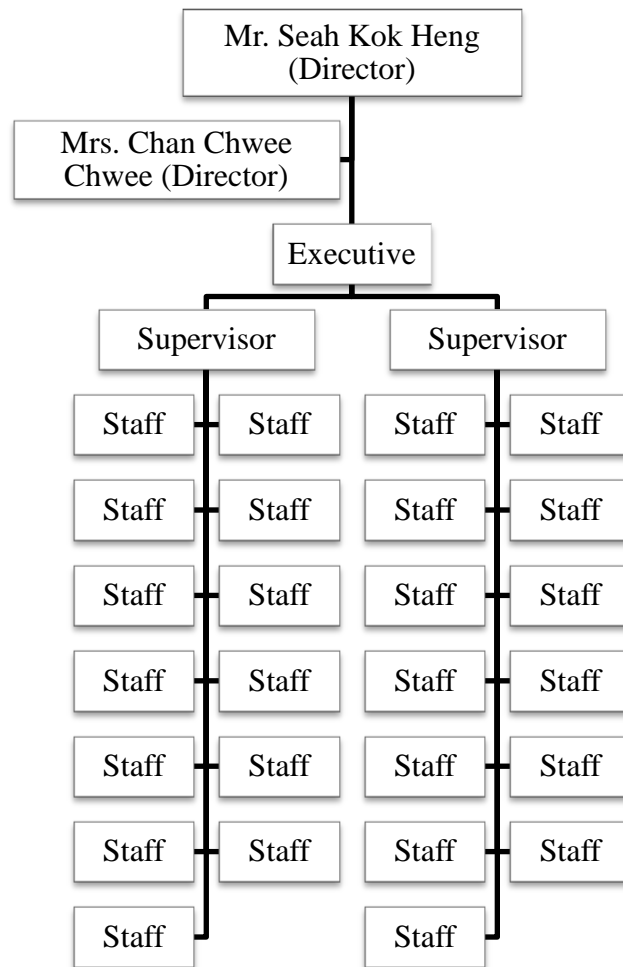
Figure 1.1: 1881 Chong Tian Cultural Hotel's Organization Chart

## 1.3 Vision, Mission and Tagline

Vision is not only a critical element in company strategic planning, but also being identified as owner's dreams which eventually been incorporate in company mission and vision and finally been identify as company culture.

1881 Chong Tian Cultural hotel's vision is "Elevating Chinese culture and its heritage internationally".

Based on the interview with the hotel's owner, he mentioned that it is his passionate to let people know about Chinese culture that drive him to start his business in heritage hotel line.

Mission the other hand is a short term strategy is set by the company to assist in achieving its long term strategy. In other words, it can be used as tools and enabler for the company to achieve its company vision.

1881 Chong Tian Cultural Hotel's mission had been classified into four which are:

1. To preserve Chinese heritage, culture and tradition.

2. To become the leader in heritage hospitality in the region.

3. To create public awareness on the existence of Penang cultural and heritage hotel.

4. To enhance the total customer experience in Chinese tradition through real experience.

As one of the effort of 1881 Chong Tian Cultural Hotel to capture public attention on its existence in Penang, the company had chosen "First and the only traditional Chinese heritage hotel in Malaysia" as the company tagline. It is at time same time promoting its brand name in Chinese heritage and cultural.

**1.4 Product and Services**

1881 Chon Tian Cultural Hotel offers various services to its customers. To enhance customers experience during their stay, this hotel also offers various services such as eleven hotel rooms, restaurant, museum and meeting hall.

*Hotel rooms*

There are eleven rooms in this hotel. Every room is very different as it gives different experience to customers. This is because, every rooms been decorated differently in terms of antique/furniture used, interior design and the layout of the rooms. It is design in such a way that the customers able to feel the real experience in Chinese tradition, cultural and heritage.

*Restaurant*

In order to ensure originality in presenting Chinese cultural and tradition to its hotel guest and tourist, only Chinese food been serve to preserve the Chinese concept in the hotel. The restaurant can cater around 200 people at one time. It serves symbolic group events such as wedding ceremony, corporate annual dinner, staff award ceremonies and many others.

*Museum*

Museum is located in level one of the hotel. It displays various owners' collections of antiques that come from various dynasties such as Tang, Ming, Chong and others. The museum is open for hotel guest as well as visitor.

*Meeting Hall*

Meeting hall is located in level one of the hotel building. It can occupy 40 people at one time. Mostly, this meeting hall is booked by the companies around Penang for the purpose of organizing corporate events such as job related courses and training. There are also some small and medium companies utilize the meeting hall in this hotel for their annual and extraordinary general meetings.

## 1.5 External Analysis: Porter Five Forces

*Threats of New Entrants*

Hospitality and tourism industry is one of the major contributors to Malaysia income. Despite its contribution to Malaysia Gross Domestic Product (GDP), this industry also promises a good business outlook as well as returns on investment for company that wiling to enter to the industry. However, there is still limited numbers of company that able to enter to this industry. This is due to the reason that, large capital requirement needed not only during the formulation of the business but also during the operation of the business.

Based on the interview with 1881 Chong Tian Cultural Hotel, the owner mentioned that he invested around RM 11 million to transform and refurbish the original building into what it is today. Because of the large capital requirement to open and operate this type of hotel, it has limits the number of potential new entrance to the industry. By having limited number of entrance to the industry, It is a good signal to 1881 Chong Tian Cultural hotel as this indicate less number of competitors in the market.

Recognition to Penang as UNESCO Heritage City had attracted many visitors and tourists to Penang. This recognition had given more business opportunity to local people as the recognition had contributed to increase in the number of visitors and tourists to Penang from year to year. The increasing had boosted some industry such as tourism and hospitality industry in Penang. On top of that, announcement of Visit Malaysia 2014 by Ministry of Tourism, Malaysia had also helped boosting the tourism industry in Penang. Being one of tourist attraction place in Malaysia, Penang never failed to promote its attraction on its traditional, cultural and heritage.

*Bargaining Power of Suppliers*

Suppliers play an important role in running business operation of the hotel. This is based on the fact that supplier help to supply necessary material and resources need to operate. The high bargaining power of suppliers will affect business operation of the hotel as it will indirectly increase operating cost of the hotel. For instance, if the suppliers increase the price of raw material used food preparation in 1881 Chong Tian Cultural hotel's restaurant, it will also affect the hotel's operating cost as the hotel need to pay extra to supplier for the same amount of raw material. This situation also will effect on profitability of the hotel.

*Bargaining Power of Buyers*

Bargaining power of buyer also plays significant contribution towards 1881 Chong Tian Cultural Hotel business operation. With the assistance of technology advancement, technology became an enabler for customers to get information about all of hotel available in the industry. It helps in the customer decision making process as customers will be able to gather information on pricing, location, service provided

and other related information about the hotels. By having all the information available to them, customers can compare and demand for better service and pricing from the hotel. For instance, technology had facilitated the customer to compare various hotels in Penang that offer the same products and services related to Chinese tradition and cultural concept. Having the high bargaining power of the buyer will affect hotel business as a customer will demand for better service and price as offered by other competitors in the market.

Most of the hotels in Penang are either located in town or beach area. Customers or tourist preference in the selection of hotel are depending on their purpose of their stay. Normally, if the purpose of staying is for business, they will prefer to stay in town area such as in Traders Hotel, City BayviewHotel, Gurney Hotel and others. For customers or the tourist that come for vacation, hotels that located in beach area such as Rasa Sayang Hotel, Bayview Beach Hotel and others become the main selection. Existence of a boutique hotel as result of 2008 recognition of Georgetown as UNESCO site had increase the hotel selection for tourist as this type of hotels offer traditional and heritage cultural concept to its customers. Availability of existing hotel reduced the chance and possibility of customers visiting 1881 Chong Tian Cultural hotel.

### Threats of Substitute Products

There are many hotels operating in Penang. Customers have various options for hotel depending on their preference. Existence of other competitors (Chain hotel/boutique hotel/budget hotel) such as E&O Hotel, Seven Terraces Hotel, Yeng Keng Hotel located in the Georgetown UNESCO area increase the chance of substitution. Large

number of substitute products available in the market increase chance of substitution to other competitor's hotel.

Looking at the price of the room as the tool for comparison, 1881 Chong Tian Hotel is charging the highest as compare to other peers in the industry. For instance, Yeng Keng Hotel can offer as low as RM335.00 for one night stay. Customers can easily change and switch to other competitors which offer lower room pricing with zero switching cost as other competitors are offering at a more affordable price.

***Intensity of Rivalry among Competitors***

As people are becoming more Information Technology (IT) savvy, online booking had become a must and common in every hotel website. Customers are expecting online booking to be part of features on the company website so that they will be able to do direct booking once they decided to stay in the hotel. It gives more convenience and flexibility for prospect customers as they will be able to choose the type of the room and do the booking at their end according to their budget. However, it is not in the case of 1881 Chong Tian Cultural Hotel as a potential customer to the hotel is not able to do online booking from the company website. On top of that, the price of the published on the hotel website also is not updated for quite sometimes. It is different to other hotels such as Yeng Keng Hotel which allows its potential customers to do online booking through its company website. Online booking helps increasing chance of room booking as it is more convenient for customers to directly do the booking from company websites.

**1.6 Internal Analysis: SWOT Analysis**

One of important tool used by companies to measure its competency level against other competitors in the industry is by using SWOT analysis. Using SWOT analysis, the company will be able to use its internal strength in order to overcome it weakness to ensure the company able to stay competitive in the industry despite other threats. SWOT is the acronym for strength, weakness, opportunity and threats. Each categories been categorize into internal and external forces to company.

*Strength*

One of the strengths possess by 1881 Chong Tian is in terms of award and recognition. This hotel had received an award from Asia Room Hotel Award in 2013 as "The most cultural Hotel". With the award being given to the hotel, it helps in promoting 1881 Chong Tian Cultural hotel in the industry. Another strength that 1881 hotel has been, the hotel is using original antique items and furniture in decorating its hotel ambience. Most of the furniture is from the owner's own collection, which he collected from various dynasties such as Ming, Tang and others. All the antique items and furniture are easily being access to hotel guests as it is used as part of hotel decoration. It gives a unique experience to hotel guests as they will be able to experience it themselves.

*Weakness*

Some of the hotel weakness is in term of marketing strategy, lack of heritage culture concept and poor service quality. 1881 is having a weak marketing strategy. Having all facilities in place alone is not enough if the hotel's marketing strategy is weak.

One example of marketing tool to promote the hotel is through the hotel's official website. 1881 Chong Tian hotel website is not properly maintained, which cause some of the information published on the website is not relevant and not up to date. Some information such as room rate is not being updated for quite some time, which make the subsequently lead to wrong information being delivered to potential customers. Other than that, the hotel is lacking in its heritage concept. Even though the hotel is aiming to let its customers or hotel guests experience real Chinese tradition and heritage concept, the hotel is still not be able to deliver it in term of its service. The heritage concept is still merely on the name as it does not demonstrate actual heritage and tradition in overall service offered such as in staff clothing, ambient, food serves and others.

*Opportunity*

There are various external factors that positively influence 1881 Chong Tian Cultural Hotel business operations. Some of the external factors are; recognition of Georgetown as UNESCO World Heritage City in 2008. The recognition given help in attracting visitor and tourist to Penang which eventually lead to higher chances for tourist to stay in 1881 Chong Tian hotel. Other than that, Visit Malaysia 2014 promotion initiated by Tourism Malaysia is used as a medium to promote Malaysia in international level. By having this, government support through Visit Malaysia 2014, it will be an appropriate channel to promote Penang cultural and heritage globally, which is in line with 1881 Chong Tian Cultural hotel mission and vision.

*Threat*

There are a few external factors that negatively affect 1881 Chong Tian Cultural Hotel operation. Some of the threats are; global economic condition, rivalry among competitors, threats of substitute and bargaining power of buyer. External threats will hinder the hotel capabilities to expand further as all the external threats are beyond the hotel control. For instance, poor global economic condition will definitely affect the number of tourists that come to Penang. This is because, whenever country been hit by the global economic crisis, it will affect people expenditure in general. People will reduce on their expenses such on less important expense such as travelling in order to curb with the current economic crisis.

## 2.0 LITERATURE REVIEW

## 2.1 Boutique Hotels in Georgetown

Georgetown, Penang has become one of the popular travel destinations for both local and foreign tourists after its official recognition as the UNESCO World Heritage Site on 7th July 2008 due to its most stunning architectural and cultural townscape in East and Southeast Asia (Khoo, 2010). There are various restoration projects have been developed in the heritage town area resulting in many developments of boutique hotels such as 1881 Chong Tian Cultural Hotel. Basically boutique hotels have become a new trend of lodging business in the Georgetown Heritage area ever since the city has been officially recognized as a UNESCO World Heritage Site (Ng Kok Meng et. al, 2012).

## 2.1.1 Georgetown UNESCO Heritage City

Based on the interview with Mrs Noraini Bt. Jaafar, she mentioned that Georgetown makes a worthy recipient as a UNESCO World Cultural Heritage Site on 7th July 2008 because of the city two centuries of unique history and heritage. It began as the first British Straits Settlement in the late 18th century and long the last two centuries, Georgetown went through tremendous transformations; from a swampy frontier, to a bustling trading post and to the present city of living history.

She added that this Historic City of Georgetown encompasses of rich collection of historic buildings in various styles. They include the Indo-Malay Palladian Style,

Anglo-Indian Bungalow, Early Shop houses, Early Transitional Style, Early Eclecticism Shop houses, Sino-Anglo Bungalows, New Classical Style, art Deco Style, Early Modern Style, Late Modern Style, as well as numerous religious buildings such as Mosques, Churches, Chinese and Indian Temples. These architectures which scatter along the many streets of Georgetown represent the various ethnicities that had settled in the city for the past two hundred years: Chinese, Indians, Arabs, local Malays, Acehnese from the Indonesian archipelago, Siamese, Burmese and Europeans. Each living out is a distinctive culture while co-existing harmoniously with one another. It is a testament to the vitality of peace and multi-culturalism.

## 2.2 Communicating and Presenting World Heritage

World Heritage listing is a global brand certifying properties possessing such valuable and irreplaceable heritage that they must be protected in perpetuity for the benefit of all humankind (Lisa M. King, 2012). It is important to understand and appreciate the World Heritage. Ng Kok Meng et. al (2012) research focused on the preference of tourist to stay at selected boutique hotels at Georgetown. The findings showed that the first element that influenced the purchasing decision of to stay at boutique hotels in Georgetown is the historical value. This substantiates the importance of the historical value of boutique hotels in Georgetown, Penang that was transformed from old heritage buildings as well as the distinctive atmosphere and good facilities. In this perspective, the hotel serves as the medium to bring visitors to the heritage of the world.

Lisa M. King, 2012 highlighted that there are two strategies one can employ to help build positive brand for the World Heritage concept. The first one is to develop a World Heritage visual identity guide. In order to build brand knowledge about the nature of the site, visitors must first be aware the site is a World Heritage Area. Thus, the World Heritage brand should be displayed prominently, consistently and repeatedly for the visitor to 'see' and become familiar with (King, 2010). The second strategy is to implement a World Heritage brand plan. The concept of World Heritage as well as the Outstanding Universal Value of the specific site should be expressed in terms that emotionally connect with the visitor and promote positive brand equity (Lisa M. King, 2012). To achieve this goal, one need to develop and implement a strategy called brand plan. The brand plan details which World Heritage brand messages will be communicated, how they will be communicated and where they will be delivered to the public.

Brand plans as indicated by Lisa M. King, 2012 should include how to convey the World Heritage story. One needs to communicate the story which led to the development of the World Heritage concept and consent of UNESCO's World Heritage Convention. Sharing this story helps visitors understand and appreciate the motivation behind the establishment of the World Heritage brand. The plan needs to include why the site is a World Heritage. Emphasize that World Heritage is the highest honor a protected area can receive as this appears to be a factor in building appreciation for the broader World Heritage concept (King, 2011). The other strategy includes creating the on-site experiences from the perspective of ambience feel. Develop or reorient public communications such as signage and visitor experiences to relate to the relevant world heritage criteria relevant to the site (Lisa M. King,

2012). In other words, design visitor experiences that reinforce the reasons the site was declared World Heritage and communicate that knowledge to the visitor to help build positive brand equity (King, 2011).

The study done Khosravi et al (2012) showed that the uniqueness of boutique hotels as cozy places with a specific architecture and special interior design is recognized as a differentiation strategy. The increasing interest in art, culture and history (typical models of the concept behind Boutique or design hotels) are the factors that boost the motivation for choosing this type of accommodation as a place for rest and relaxation. (Khosravi et al, 2012). This is aligned with Lisa M. King, 2012 justifications.

## 2.3 Service Quality

Service quality has emerged as an important area in the hotel industry since decades ago. It is essential that service providers in this case, the hotel management and staffs understand customer expectations and perceptions as well as the factors that influence their evaluation and satisfaction with the provided service (Farzaneh et al, 2011). According to Yeji Seo (2012), Parasuraman, Zeithaml, and Leonard (1988) defined service quality as the discrepancy between expected service and perceived service. The customers' perception of service quality is more important than the customers' perception driven by price (Yeji Seo, 2012). Therefore, satisfaction is a quality driven rather than cost driven. This is the value that the customer sees.

Basically marketers in service sectors need to be concerns with the four characteristic of service; intangibility, perish ability, inseparability and heterogeneity and these are essential to service as they lead to different consumer perceptions and behavior (Farzaneh et al, 2011). Sher Akbar et al. (2010) stated that Parasuraman, Zeithaml, & Berry (1988) highlighted that service providers are prone to errors mainly due to the unique characteristics of service intangibility, perishability, heterogeneity, and inseparability. These characteristic make it difficult to evaluate quality of service, in turn making it more complicated to achieve customer satisfaction and establishing competitive advantage. For example, heterogeneity, which refers to the inability of service producer to provide consistent performance and quality, is one of the most prevalent factors that cause a service breakdown. In the context of the hotel industry, service quality in terms of both customers' expectation and customers' perception could lead to customer loyalty, enhanced image, reduced costs and increased business performance (Dr, Sakun Boon-itt et al, 2012; Choi & Chu, 2001; Ramanathan & Ramanathan, 2011). The continual improvement of service quality is essential for the competitive advantage of a service business.

Different models of service quality have been introduced by different scholars. SERVQUAL, developed by scholars thought is the best known customer-oriented model used to measure service quality (Parasuraman, Zeithaml and Berry, 1988). The SERVQUAL Model is an empiric model to compare service quality performance with customer service quality needs. It is used to do a gap analysis of an organization's service quality performance against the service quality needs of its customers. That's why it's also called the GAP model. It takes into account the perceptions of customers of the relative importance of service attributes.

This allows an organization to prioritize. The main aspects of service quality are tangibles, reliability, responsiveness, empathy, assurance. Tangibles defined as the physical facilities, equipment and appearance of personnel. Reliability is about the ability to perform the promised service dependably and accurately. Responsiveness is the willingness to help customers and prompt services. Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy is about caring and ability to perform individualized attention to the customers (Parasuraman, Zeithaml and Berry, 1988).

Ng Kok Meng et. al (2012) through their research that focused on the preference of tourist to stay at selected boutique hotels at Georgetown shows that the other that historical value element that influenced the purchasing decision of to stay at boutique hotels in Georgetown is related to quality of service. These include staff friendliness, customized service, restaurant services and staff ability to share information and knowledge. Studies done by others supported these findings as well. Khosravi et al. (2012) stated that main factors to support guest choice to boutique hotel are the overall personalized services by friendly staff in a homely environment with unique architecture. Thus Khosravi et al (2012) finding suggested that boutique hotel's owners and managers need to improve the design of their products and the level of provision of their services. All of these make up of the uniqueness of boutique hotels within the area.

Service providers must face the fact that service requires both tangibles and intangibles aspect in order to satisfy customers during the business transactions. For this reason, hotel marketers and managers must try to understand customers'

expectations and perceptions regarding the quality of services and how it effect customer satisfaction. Hence, it suggests that because customers evaluate service quality in terms of their own expectations, customers' subjective perceptions have great impact on whether service is a success or failure.

## 2.4 Marketing Strategies

Khalaskar (2013) defined marketing as selling the right product, in the right place, at the right time, and at the right price. The activities of a company associated with buying and selling a product or service. Many people believe that marketing is just about advertising or sales. However, marketing is everything a company does to acquire customers and maintain a relationship with them. The ultimate goal of marketing is to match a company's products and services to the people who need and want them, thereby ensure profitability. From past few years the notion of product orientation has changed to customer orientation that is the focus of today's business is not on selling of the product but ensuring customer satisfaction. Therefore in today's marketing scenario one has to build good rapport with the customers, identify their needs and offer such goods and services which meet their requirements. Hence the market today is not about finding right customer for your product or services but providing the right product and services for the customer (Khalaskar, 2013)

Marketing strategies are the steps to be taken in order to achieve the marketing objectives. It guides and directs the firm to achieve its goal. Marketing strategies sets its target market and the marketing mix that it has to use. This marketing strategy is broken down into marketing plan which will be implemented according to the time

line set with a specified budget. Marketing strategies are developed based on market research which helps in identifying new and unique opportunities. Hence marketing strategies are developed keeping in mind the customers' needs, the firm's objectives and resources, and the competitor's strategies. Marketing strategies are determined by various factors like product diversity, quality, market segment, branding, firm's position in the market, innovation, pricing policy and relationship with its customers. Marketing strategies are being managed through multiple dimensions such as technology, customer relationship management, quality services and its process deliveries. In short strategies helps companies to understand their position today, where they want to reach, how they are going to reach there, and achieve the objectives.

## 2.5 Technology Adoption in Hotel Industry

Technology has long been a key component of service industries and has deeply affected the way service companies perform (Pearl Brewer et al., 2008). In recent years, the development of the internet dramatically and many countries in the world have been efforts to improve their Internet services (Khemthong et al., 2006). The development and commercialization of information through the internet has provoked tourism – related business to adjust their strategies in order to promote their products and services all over the world (Norman Au, 2009). Khemthong et al., 2006 suggests that the whole system of information technologies is being rapidly diffused throughout the tourism industry and no player will escape information technology impacts. Technology is the key to managing a guest's experience at all