



## Designing lifestyle hotels



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### ABSTRACT

Art creates irreplaceable added value and serves as a source for satisfying the spiritual needs of hotel customers. To provide customers with memorable services, hotels not only need to continue improving their services (exploit), but also have to design artistic new services (explore). Thus, customer willingness to return to the hotel could be increased, enhancing customer loyalty. However, few hotels simultaneously implement these two types of trade-off activities (i.e., exploitation and exploration). According to the ambidexterity perspective, this study applied a case study approach to investigate the process through which hotel operators design lifestyle hotels. Moreover, this study involved constructing an operational framework that adopted art as the basis for differentiation. The research results revealed that in introducing art concepts into a hotel service system, hotels operators must attach a high level of importance to several key activities, including hiring a full-time executive artistic manager in the top management team to engage in innovation, integrating local culture and the natural environment into the design of an artistic servicescape, catering to customers' needs, and adopting high-performance human resource practices. These activities enable hotels to enhance their service capability in simultaneously implementing the two mutual trade-off activities, specifically designing new artistic services (explorative innovation) and continually improving their services (exploitative innovation).

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## 1. Introduction

Instead of selecting hotel accommodations according to prices, customers who seek spiritual satisfaction tend to favor a service design that accentuates their sensory experiences (Durna et al., 2015; Barsky and Nash, 2002), focus on artistic experiential activities, and prefer to undertake tourist activities that exhibit cultural authenticity (Aoyama, 2009). Especially, foreign customers who prefer to adapt in-depth travel way to experience local culture and lifestyles (Lee, 2011; Chick, 2009). To satisfy the needs of these customers, studies in international hotels field have begun exploring the use of elements such as nature, art, performance, and local culture in servicescape designs (Chang, 2016; Countryman and Jang, 2006). These elements provide customers with an authentic experience of local life-stylize services (Pizam, 2015; Jones et al., 2013), and can elicit specific emotions and behaviors (Durna et al., 2015; Lin, 2004).

Therefore, when designing services, an increasing number of hotels adopt the concept of art as the foundation for formulating unique operational strategies (Akoğlan Kozak and Acar Gürel, 2015; Strannegård and Strannegård, 2012) that are the keys to competing with international hotel chains (Ryan, 2015).

However, previous studies have overlooked how performing arts are incorporated into the service process design (Swanson and Davis, 2012). Although arts can create added value for the customer and help the hotel gain competitive advantage, the following problems still need to be clarified. First, previous studies have contended that developing art-oriented service innovations and improving existing services were trade-off actions because the knowledge, resources, and decision-making models required by the two actions were distinct (Tang, 2016). However, both practices can benefit a hotel's performance. For example, art-oriented service innovations provide customers with a sense of novelty and pleasure, but improvements to existing services enable customers to enjoy excellent service at lower prices. Thus, hotels that can simultaneously achieve these two seemingly contradictory goals can provide excellent service while controlling costs and elicit pleasure from customers by using art-oriented services. However, the researchers are still limited understanding of the factors that make the hotel become a dual one. Therefore, Tang (2014) urged more

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researchers to examine the factors that lead to the successful creation of ambidextrous hotels.

Second, even if the hotel's proper use of the artistic servicescape (include natural environment and local culture) can allow customers to experience the value of local lifestyles (Jones et al., 2013; Strannegård and Strannegård, 2012); this artistic servicescape requires soft resources in order to generate the greatest value. Both customer orientation and HPRPs are considered critical support resources in the hotel context. In the hotel industry, considerable differences in customer needs (Monroe, 1990), and with increasing length of stay, customers become more savvy, and pursue more reliable and superior services (Zhou et al., 2009). To overcome those challenge, customer orientation was recognized as a useful tool in helping hotels to satisfy customers' needs. Customer orientation can not only help hotels respond to the needs of current customers, but also expose hidden needs and help predict future demands (Zhou et al., 2009; Sin et al., 2005). However, the contribution of customer orientation to help hotels to take advantage of external resources is not often investigated. Therefore, this research aims to probe the customer orientation that hotels have prepared to maximize the value of the artistic servicescape.

Third, hotels' artistic service designs need to bear high costs and high failure rates (Akoğlan Kozak and Acar Gürel, 2015; Strannegård and Strannegård, 2012), which adds to the difficulty of offering artistic services. One challenge is to create attractive artistic services to offer customers at a cost that the hotel can afford. As such, in order to offer new performing arts activities for customers to experience and appreciate, while controlling costs, a hotel may choose to invest in developing the performance abilities of employees and avoid hiring external professional performers. The high-performance human resource practices (HPRPs) emphasize the alignment of HR activities, as promoting the quantity and quality of services that employees can offer is a tactic that helps hotels achieve more precise targets (Karatepe, 2013; Tang and Tang, 2012). Therefore, HPRPs may help hotels implement their artistic tactics, while simultaneously decreasing the costs of implementing artistic services.

Therefore, this study explored the experience value created by support resources (customer orientation and HPRPs) for the expansion of the artistic servicescape (natural environment and local culture) to provide support for contributions to the development of arts-oriented services by ambidextrous hotels. By integrating the servicescape theory and ambidexterity perspective, the present study adopted art concepts as the framework for developing hotel operational strategies. A case study approach was employed to analyze attractive services that hotels developed according to the art-oriented strategy. From multiple data sources, research data were collected, including expert performance from the managers, executives, customers, and experts, for verifying the research framework proposed in this study. The primary contribution of this study was determining the key factors in successfully introducing performing arts into a hotel's services.

## 2. Literature review

### 2.1. Using art as a competitive strategy

Experienced travelers seek an "on the road" style of service. Customers emphasize the emotional experiences produced through service contacts (Barsky and Nash, 2002) and the ambience design that generates art experiences (Weaver, 2009; Heide et al., 2007). Their passive participation in performing arts or art-oriented services relieves stress, alters their moods, and produces an emotional experience (Swanson and Davis, 2012).

To satisfy the needs of these customers, some hotels have integrated elements of a particular lifestyle into their service designs. Hotels that offer customers life-stylize experiences are called lifestyle hotels (Pizam, 2015; Jones et al., 2013). Jones et al. (2013) defined lifestyle hotels as small to medium sized hotels that provide innovative features and personalize service. Those hotels are more likely to have contemporary aesthetics, unusual designs and architecture, and high-level technology, and they are more likely to focus on wellness and life enrichment. This definition implies that hotels that offer immersion into an authentic local lifestyle are especially attractive to customers who pursue the fulfillment of self-actualization needs (Pizam, 2015; Jones et al., 2013).

Art is a medium that people adopt to exhibit their spiritual and individual characteristics, to convey affection, and to deeply experience local nature and cultural authenticity (Chick, 2009). The key to establishing lifestyle hotels is applying art elements with local culture (e.g., natural environment, images, and traditional culture) to service designs in the hotel management field (Rhodes, 1981).

Hotels can attract customer attention by adopting art-oriented operational strategies and leveraging local cultural resources (Aoyama, 2009). These practices provide hotels with a sustained competitive advantage and contribute to their profits (Akoğlan Kozak and Acar Gürel, 2015; Strannegård and Strannegård, 2012). Because, integrating artistic elements and unique local cultural into a service design not only emphasizes the individuality of a hotel (Lee, 2011; Aoyama, 2009) but also increases its experiential (Akoğlan Kozak and Acar Gürel, 2015; Strannegård and Strannegård, 2012) and functional value (Ryan, 2015; Tussyadiah, 2014). This integration relieves stress among customers, but more crucially, it alters their moods and produces emotional experiences, thereby increasing the experiential value perceived by customers. For example, Leader Village Taroko hotel uses wicker and cloth crafts of the local Taroko tribe as elements of its interior design and displays stone and wood installation art. This provides nonresident customers with an authentic experience of indigenous culture and relieves their daily stress.

The success of performing arts services was determined by abilities of hotels to evoke emotional and subjective responses of customers (Swanson and Davis, 2012). In particular, artfulness and authenticity are important factors to evoke emotional responses (Tussyadiah, 2014; Hume et al., 2006). In addition, Magelssen's (2003) researching upon Indian tribes discovered that if local architecture and handicrafts lack traditional elements, and contain excessive modern influences in their design, tourists will have difficulty experiencing past lifestyles. From customer orientation perspective, artistic services should be richly endowed with authentic, local cultural content if hotels try to stimulate emotions of customers.

### 2.2. Organizational innovation of TMT

Akoğlan Kozak and Acar Gürel (2015) emphasized that service design is a core ability necessary in hotel managers. However, a successful service design cannot be completed by a single person but requires the cooperative efforts of a team (Gruber et al., 2015; Hume et al., 2006). Thus, hotels create organizational innovations to more effectively implement art-oriented service processes (Akoğlan Kozak and Acar Gürel, 2015; Strannegård and Strannegård, 2012). Senior executives strive to bring together professionals with manage backgrounds and professionals with performing art backgrounds to form the top management team (TMT). Within this team, the managing director is responsible for business operations, including market positioning, implementing policy objectives, and activities to attract customers. The artistic director is responsible for artistic operations, including developing art-oriented services and human resources activities such as

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