



PLANNING MALAYSIA:
Journal of the Malaysian Institute of Planners
VOLUME 22 ISSUE 2 (2024), Page 235 – 247

THE FACTORS INFLUENCING THE SUCCESS OF BOUTIQUE HOTELS IN KLANG VALLEY, MALAYSIA

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Abstract

Boutique hotels, despite not matching the service level of 5-star counterparts, remain a flourishing presence in the hospitality industry, drawing a substantial influx of visitors. This study is dedicated to dissecting the contributory impact factors driving the triumph of boutique hotels in Malaysia. Delving into seven primary dimensions, these are further elaborated into a comprehensive framework of 28 sub-factors. Collated through a 210-strong questionnaire survey, the data collection was centred on patrons of boutique hotels situated in Malaysia's Klang Valley region. Employing inferential analysis techniques, the research probes the significance of these factors in shaping the fortunes of boutique hotels in the Malaysian context. The dataset underwent Chi-Square analysis to ascertain the noteworthy significance attached to each sub-factor. Notably, findings underscore that among the 28 scrutinised sub-factors, a notable set of 17 sub-factors establish a substantial correlation with visitor preferences, exerting a pivotal role in the overarching triumph of boutique hotels within Malaysia.

Keywords: Impact factors, Success, Boutique hotels, Visitor preference

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INTRODUCTION

The success of a hotel's operations is generally determined by the number of guests who opt to stay in its rooms (Arifin et al, 2018). Generally, boutique hotels possess specific property characteristics, offering a relatively small number of room units while providing a moderate level of amenities akin to those found in 5-star hotels.

The absence of facilities and services comparable to those of 5-star hotels has been perceived as a drawback potentially challenging the sustainability of boutique hotels within the market. Indeed, a significant number of boutique hotels, particularly those situated in central business districts and pre-existing before the pandemic, have ceased their operations. Nevertheless, in specific regions like the Klang Valley, boutique hotels continue to function actively. This observation suggests the presence of specific factors that wield substantial influence over the triumph of boutique hotels in the market, even in the absence of 5-star services. Consequently, this study was undertaken to investigate the primary determinants underpinning the success of boutique hotels in the Klang Valley region.

LITERATURE REVIEW

Boutique hotels fall under the category of small-scale establishments, characterised by independent management that prioritises the surrounding environment (Moraleda et al, 2019; Ahmad, 2017). These hotels are renowned for their elevated levels of design, ambience, and personalised service (Rogerson, 2010). Despite not providing services on par with 5-star hotels, boutique hotels continue to be favoured by visitors due to their gratifying environment. As highlighted by Mohajerani & Miremadi (2012), customer satisfaction hinges upon meeting or surpassing expectations, an essential factor for the hotel's sustainability (Franco et al, 2021). In general, sustainability plays a pivotal role in ensuring the smooth operation of the hotel property for investors (Basrah et al., 2021; Thiele, 2016). The concept of sustainability is reinforced by various property features that effortlessly attract visitors (Del Chiappa et al., 2016; Said et al, 2016, 2017, 2020, 2022). Hence, hotel management must gain a comprehensive understanding of the features that captivate guests and entice them to choose boutique hotels, despite their relative disparity in comparison to luxury establishments.

Location

The location of a hotel has emerged as the primary and pivotal factor in influencing visitors' choice of accommodation (Anhar, 2001). As highlighted by Chick (2014), location remains a crucial element for leisure travellers. Consequently, hotels situated in close proximity to city centres (Yang et al, 2012),

popular attractions, and equipped with excellent facilities and amenities hold a significant appeal for visitors (Ahmad et al, 2017; Yang et al., 2012).

Room Rate

According to Law (2017), price is identified as a crucial factor that impacts customers' decision-making process. Offering a reasonable rental price for hotel rooms within visitors' budgetary constraints has emerged as the primary motivation for selecting hotel accommodations (Mim et al., 2020; Yang et al., 2017). Additionally, providing a room rate that offers value for money also influences customers' inclination to stay at a particular establishment (Rajaguru & Rajesh, 2016).

Facilities provided

Facilities play a crucial and multifaceted role in ensuring hotel sustainability, particularly in delivering exceptional services to guests. Yang et al. (2017) emphasises the significance of tangible elements that customers can visually perceive, physically experience, and interact with in hotel facilities. Moreover, since boutique hotels operate independently, owners have the flexibility to modify furnishings and upgrade facilities according to their discretion. In simpler terms, it is common for boutique hotels to not provide the full range of amenities typically found in standard and conventional hotels.

Rooms Condition

Room condition serves as a primary enticing feature for hotel visitors. While boutique hotels typically offer smaller rooms that may not fully meet all visitor preferences, guests often prioritise other aspects such as wardrobe size, curtain colour, bed comfort, the presence of a desk, the availability of amenities like television and Wi-Fi connection, and the overall cleanliness level (Anastasiia, 2021; Almeida & Pelissari, 2019).

Hotel's appearance

Ahmad et al. (2017) assert that boutique hotels specifically target visitors seeking a distinctive and exceptional experience throughout their stay, which revolves around the unique themes offered by each hotel. Noteworthy attributes of boutique hotels include elegant and one-of-a-kind architecture as well as original interior design, setting them apart from other establishments. Furthermore, the undeniable allure of boutique hotels lies in their aesthetic appeal, with emphasis on artistic elements, distinct interior design, and architectural concepts (Khosravi et al, 2014). These hotels create an ambience characterised by warmth, distinction, intimacy, and style, achieved through thoughtful design and architectural concepts (Ahmad et al., 2017).

Hotel Staff

Personalised service plays a vital role in fostering customer appreciation, satisfaction, and loyalty (Zhang, 2018; Osunsanmi et al, 2020). As highlighted by Jonathan & Oct (2018), the recruitment of suitable and competent employees significantly enhances the quality of service offered to visitors, setting boutique hotels apart from their competitors. Establishing a positive rapport between hotel staff and guests is of utmost importance (Khosravi et al., 2014). When the right individuals are employed, with a shared vision for the hotel's operations and an entrepreneurial mindset, the service quality provided to guests is more likely to excel, thereby showcasing the distinctive level of service offered by boutique hotels (Jonathan & Oct, 2018). Thus, it is crucial to carefully select and hire personnel who contribute to the hotel's unique identity and operational ethos.

Online review

Previous research has demonstrated the significant impact of online reviews on the decision-making process of hotel visitors (Chan et al., 2021). Furthermore, customers now have easy access to essential information such as service quality, reputation, star ratings, cleanliness, comfort, and security, enabling them to make informed decisions when selecting their preferred hotel accommodations (Kouzmal et al, 2020). Prospective visitors often rely on the perceptions and feedback shared by previous guests to evaluate the performance of a hotel (Lai, 2019). Additionally, both star ratings and online reviews hold sway over potential visitors, influencing their decision-making process. Based on the aforementioned discussion, it is evident that these seven factors play a crucial role in the success of boutique hotel operations in Malaysia. Consequently, a further in-depth investigation has been conducted to identify which factors hold the highest level of significance in the context of boutique hotels.

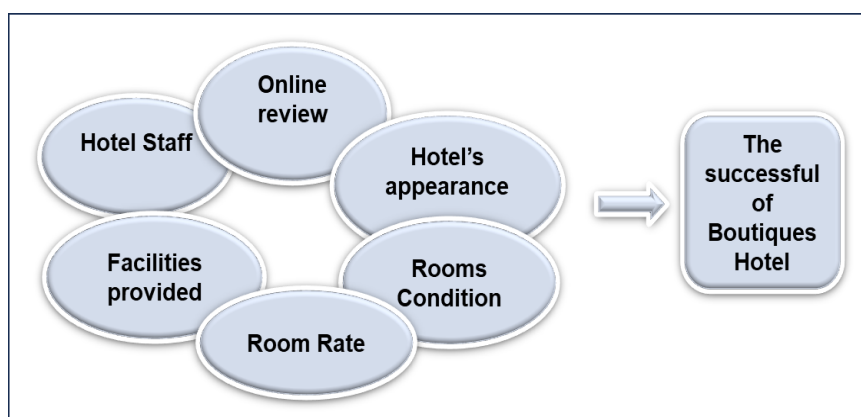


Figure 1: The Potential Impact Factors for the Success of Boutique Hotels in Malaysia

RESEARCH METHODOLOGY

This research study employs a quantitative approach, utilising a questionnaire to gather data. A total of 210 respondents, selected through stratified random sampling, were surveyed from 14 trendy boutique hotels located in the Klang Valley area. The research instrument focuses on seven main factors, namely Location, Room Rate, Provided Facilities, Room Condition, Hotel Uniqueness, Hotel Staff, and Online Reviews by previous customers. These factors are further expanded into 28 sub-factors, highlighting their potential significance in determining the sustainability of boutique hotels in Malaysia. The choice of the Klang Valley as the case study area is attributed to its reputation for housing numerous operational boutique hotels in the industry. To ensure data reliability, a reliability test was conducted on all dependent variables. Data analysis involved the application of Pearson correlation to assess the extent to which these factors contribute to the success of boutique hotels in Malaysia.

ANALYSIS AND DISCUSSION

Table 1 presents the profile characteristics of the respondents, encompassing five criteria: age, marital status, citizenship status, employment status, and monthly income. The majority of respondents fall within the age range of 25 –44 years old, accounting for over 50% of the total. Of the respondents, 53% are married. Malaysian citizens constitute 90% of the participant pool. In terms of employment status, 53.4% are currently employed, while only 0.5% are retired. Regarding monthly income, 28.1% of respondents earn less than RM2500 per month.

Table 1: Respondent Profile

		Male	Female	Overall
Age Group	Below 18	0.0%	1.9%	100%
	18 - 24	10.5%	12.9%	
	25 - 34	9.5%	17.6%	
	35 - 44	17.6%	9.5%	
	45 - 54	11.4%	2.4%	
	Above 54	2.9%	3.8%	
Marital Status	Single	19.5%	21.0%	100%
	Married	30.0%	23.3%	
	Divorced	0.5%	1.4%	
	Rather not to say	1.9%	2.4%	
Nationality	Malaysian	45.2%	44.8%	100%
	Non-Malaysian	6.7%	3.3%	
Occupation Status	Employed	31.0%	22.4%	100%
	Unemployed	0.5%	6.7%	
	Government Officer	1.4%	2.9%	

	Private Officer	0.0%	1.4%	
	Self-Employed	12.9%	4.8%	
	Retired	0.5%	0.0%	
	Student	3.3%	8.1%	
Current monthly income	Less than RM2,500	10.0%	18.0%	100%
	RM 2,500 - RM 5,000	13.8%	11.0%	
	RM 5,001 - RM 7,500	4.8%	2.9%	
	Rather not to say	23.3%	16.2%	
Reason for visitation	Family activities	15.2%	22.9%	100%
	Business activities	21.4%	13.3%	
	Education activities	2.9%	2.9%	
	Visiting friends/ relatives	12.4%	7.6%	
	Alumni activities	0.0%	1.4%	

Table 2 presents the results of the feasibility test conducted on the 28 sub-factors under study. The Cronbach's Alpha value obtained for these sub-factors was 0.89, surpassing the recommended threshold of 0.75. This indicates that all 28 aspects presented to the respondents were comprehensible and suitable for further analysis.

Table 2: Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
0.890	28

Table 3 displays that 17 of the 28 sub-factors studied present a significant status with an Asymptotic Significance (2-sided) value of 0.000 to 0.021, which is below 0.05. Seven (7) sub-factors, such as four (4) items from the room rate factor, one (1) item from facilities provided, four (4) items from Room Condition, and eight (8) items from hotel appearance and the hotel staff has significant on visitor visitation which has potential towards the successful of a boutique hotel.

Table 4 displays the 17 significant sub-factors that were further analysed using Pearson Correlation Analysis to determine their respective contributions to the success of boutique hotels in the hospitality industry. The Pearson Chi-Square Values for these sub-factors ranged from 16.535a (Hotel's staff) to 54.774a (Room Rate), reflecting the influence of these factors on visitors' decisions to stay at boutique hotels and the frequency of their choice in accommodation. Among the respondents, the majority (38%) indicated that they stayed at boutique hotels for family vacation purposes, while 36% visited for business-related reasons. Additionally, 20% chose boutique hotels to celebrate and socialize with friends, with only 1% visiting for alumni activities and 5% for

educational purposes. Notably, 47% of the respondents had their first experience staying at boutique hotels, and 36% planned to visit once a year, primarily during school holidays with their families.

Table 3: Significance of Sub-factors for Boutique Hotel Sustainability

Main Factors	No	Sub Factors	Asymptotic Significance (2 sided)
Location	1	The hotel is located in popular places	.041
	2	The hotel is close to the town	.156
	3	The hotel is located not far from other facilities	.196
	4	The hotel has easy access from the main road.	.220
Room Rate	5	The room rate per night is a reasonable price	.000
	6	The room rate is within my budget	.000
	7	The room rate is value for my money.	.000
Facilities Provided	8	The hotel provides comfortable and safe facilities	.000
	9	The hotel provides access to WI-FI internet	.130
	10	The hotel provides a restaurant/ cafe	.000
	11	The hotel provides a spacious number of car parking	.163
Rooms Condition	12	Small and cosy place.	.005
	13	The room has offer various types	.019
	14	The room has been completed with good facilities.	.009
	15	The room is in clean condition	.170
	16	The room has equipped with good furniture	.004
Hotel's Appearance	17	The hotel has presented a good interior design	.017
	18	The hotel has presented nice decorations	.021
	19	The hotel has been painted with nice colour	.009
	20	The hotel has presented a nice theme.	.002
Hotel's Staff	21	The hotel provides an excellent personalized service	.011
	22	The hotel's staff are polite and	.000

Main Factors	No	Sub Factors	Asymptotic Significance (2 sided)
	23	friendly	
	24	The hotel's staff are helpful	.000
		The hotel's staff responded promptly	.001
Online Review	25	The hotel had a good reputation	.913
	26	The hotel indicates a high rating star	.741
	27	The hotel presents pleasant accommodation	.109
	28	The feedback on the comfort stays of the hotel	.880

Table 4: Pearson Correlation Values for Sub-factors of Boutique Hotel Sustainability

Main Factors	No	Sub Factors	Pearson Chi-Square Value
Room Rate	5	The room rate per night is a reasonable price	49.964 ^a
	6	The room rate is within my budget	54.774 ^a
	7	The room rate is value for my money.	45.719 ^a
Facilities Provided	8	The hotel provides comfortable and safe facilities	32.909 ^a
	10	The hotel provides a restaurant/ cafe	45.962 ^a
Rooms Condition	12	Small and cosy place.	28.455 ^a
	13	The room has offer various types	19.794 ^a
	14	The room has been completed with good facilities.	17.214 ^a
	16	The room has equipped with good furniture	29.274 ^a
Hotel's appearance	17	The hotel has presented a good interior design	20.106 ^a
	18	The hotel has presented nice decorations	23.917 ^a
	19	The hotel has been painted with nice colour	26.383 ^a
	20	The hotel has presented a nice theme.	25.750 ^a
Hotel's Staff	21	The hotel provides an excellent personalised service	16.535 ^a

Main Factors	Sub Factors	Pearson Chi-Square Value
	22 The hotel staff are polite and friendly	27.603 ^a
	23 The hotel staff are helpful	27.737 ^a
	24 The hotel staff responded promptly	22.615 ^a

Figure 2 illustrates the contribution rates of each studied aspect to the survival of Boutique Hotels within the hospitality industry. Among the seven factors examined, the room rate emerges as a crucial determinant in visitors' choice of these hotels. The three sub-factors analysed within this category demonstrate the highest percentage scores, ranging from 46% to 50%, indicating the importance of offering appropriate rental prices that align with visitors' budgets.

On the other hand, the remaining aspects, particularly those associated with hotel staff, hotel ambience, room conditions, and provided facilities, receive moderate scores ranging from 23% to 28%. Surprisingly, personalised service and superior facilities do not significantly contribute to visitors' preferences. However, the price factor, reflecting affordability for visitors, remains a crucial aspect that boutique hotels must consistently prioritise to retain their status as a preferred choice among hotel guests.

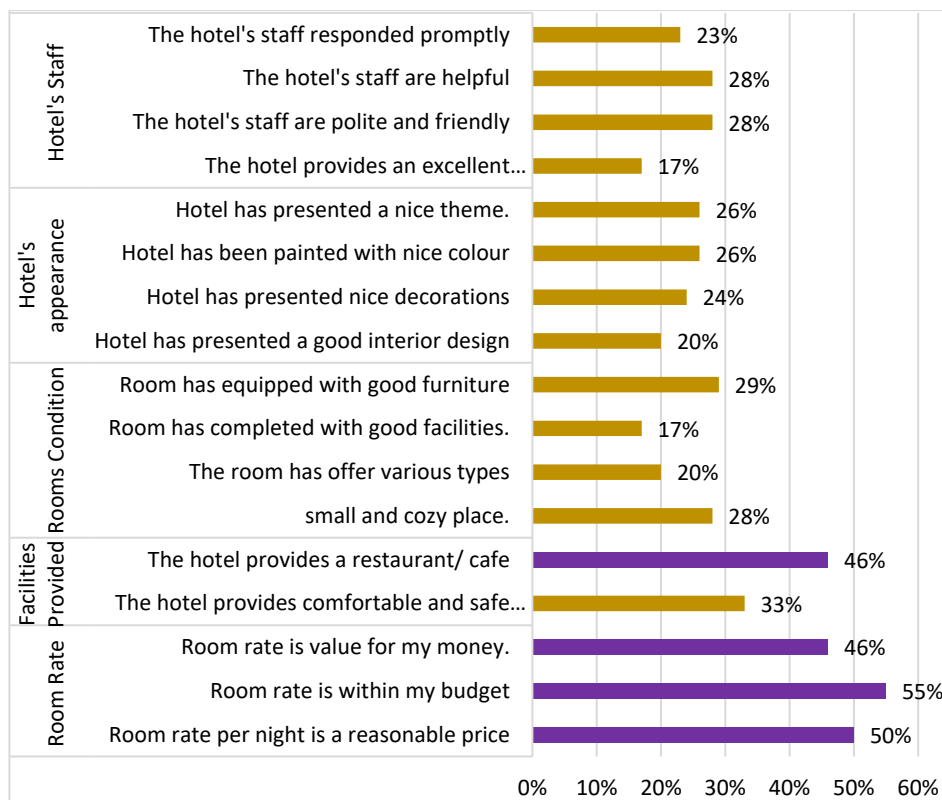


Figure 2: Contribution Rate of Subfactors to the Success of Boutique Hotels in Malaysia

Out of the 28 subfactors studied, only 17 were found to be significant in influencing visitors' choices regarding boutique hotels in Malaysia. Similarly, among the 7 main factors examined, only 5 displayed a positive impact on visitors at boutique hotels. These factors include hotel staff, room rate, hotel appearance, room conditions, and provided facilities. Notably, the room rate emerged as the high-impact factor, contributing significantly to the success of boutique hotels in Malaysia, with an impact rate of 29% (Figure 3).

This finding underscores the importance of the room rental rate offered by boutique hotels, as it serves as a key attraction for visitors. A lower rental rate enables customers to extend their stays and fully enjoy their activities, considering that most customers primarily utilise the hotel for overnight stays while engaging in work or other daytime commitments. Figure 2 highlights that a majority of visitors (54.8%) engage in business activities or visit friends, further reinforcing the significance of a reasonable room rate. This finding aligns with previous studies, which emphasise the influence of room rental rates on customers' choices (Law, 2017) and highlight it as a primary factor in visitors'

selection of boutique hotels as their preferred accommodations (Mim et al., 2020; Yang et al., 2017; Rajaguru & Rajesh, 2016).

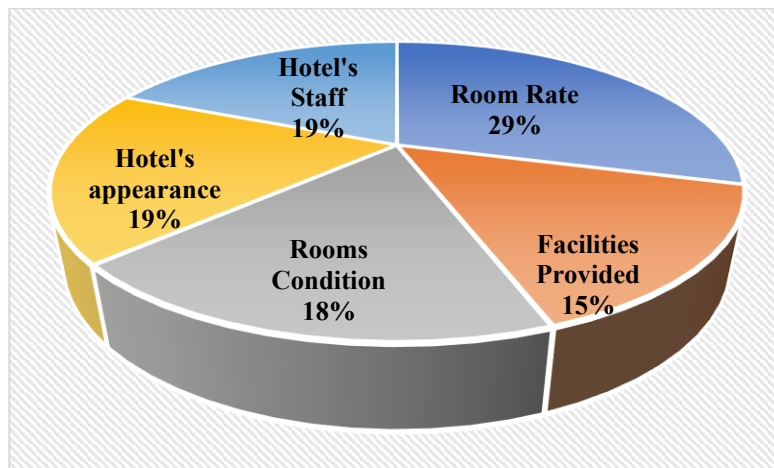


Figure 3: Impact of Main Factors on the Success of Boutique Hotels in Malaysia

CONCLUSION

In conclusion, the decision to stay in boutique hotels is influenced by a diverse range of factors contingent upon visitors' profiles. Despite not offering the most luxurious facilities, the significantly lower prices compared to upscale hotels are highly satisfying, particularly for middle-income earners. Interestingly, the location aspect, which is typically a priority for visitors, does not hold the same level of importance for boutique hotel guests, as their stays are usually for a specific period of time. If the operator emphasises other aspects such as, hotel's appearance and facility, it needs to be balanced with the rental rate that suits the visitor's preference. Therefore, in order to ensure the continued presence and stability of boutique hotels within the hospitality industry, the aspect of rental rates must be stressed as a crucial role in supporting their sustainability in Malaysia as stated by Mim et al., (2020) and Yang et al., (2017).

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Received: 28th Jan 2024. Accepted: 3rd May 2024