

EVALUATING CONSUMER'S PERCEIVED VALUE OF URBAN BOUTIQUE  
HOTEL UNIQUENESS TOWARDS WILLINGNESS TO PURCHASE  
INTENTION  
CASE STUDY : ARTOTEL JAKARTA

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**Abstract-** The purpose of this research is to evaluate consumer's perceived value of urban hotel uniqueness toward purchase intention. Boutique hotel is now competing strictly. They find a way to attract travelers with various ways from promotion, marketing strategy, holiday discount, and recently interior design and art is one of the factors they consider to be an added value. The case study in this research is ARTOTEL, an urban boutique hotel located in the center of Jakarta. ARTOTEL distinguished itself from any other hotel by having its wall hand-painted by Indonesia's local artists. ARTOTEL wants to be the place for artists to express themselves through hotel elements, this is a good message delivered to the consumer of local artists' appreciation. Each floor provides different experience as product distinctiveness that lead to create a strong identity. It shows that today, servicescape or physical surrounding plays a big role in consumer's mind. Distinctiveness is what people seek these days to get away from their routines. Emotional factor and core value also considered as a strong component in consumer's purchase intention in deciding among product choices.

**Keywords:** marketing, servicescape, hotel uniqueness, boutique hotel

## INTRODUCTION

Servicescape, as commonly known as physical surrounding plays a very important role in business industry these days. In order to get consumer's attention, a brand must play their strategy to meet consumer demand. Strong concept, design element, and interior design are the elements of a servicescape that can be determined as the easiest things to distinguish from the competitor. When most hotel provides a monotonous servicescape, one of the most interesting thing is hospitality industry is boutique hotel. Boutique hotel gives a lot more to see, especially when it is combined with an unusual concept.

Boutique hotel is now competing strictly. They find a way to attract travelers with various ways from promotion, marketing strategy, holiday discount, and recently interior design and art is one of the factors they consider to be an added value. Hotel business is taking to the next level. Today, hotel is not just a bed and breakfast anymore. If the hotel is able to effectively live up to their concept and intended feel, it gives the guest an illusion of escapism to a reality conceived by the guest's own fantasies and obsession.

## Existing Condition

As reported by Harian Suara Karya (May 16, 2013), the Institute for Research and Consulting Coldwell Banker Indonesia through their research manager said that by 2014 the supply of new hotels in Jabodetabek area would reach 2000 rooms. Five-star hotel in Jakarta is expected to increase 2337 rooms in the same year.

Hotel business is taking to the next level. Today, hotel is not just a bed and breakfast anymore. Some facilities such as restaurants, sports facilities, entertainment, and swimming pool are a must. Even other external facilities such as airport shuttle and city tour is also a part that must be considered. This occurs in addition to the change in lifestyle, as well as the growing middle class segment in Indonesia. The development of lifestyle caused hotel is no longer only serves as a place to stay, but also as a place for recreation. Recreation answers the fact that in foreign country, designer's products such as Gucci, Bvlgari, Yves Saint Laurent are integrating their designs into the hotel industry to create extra revenues for the companies. It's about personal style, choosing a concept that fits into one's sense of self and making a statement. Consumers will be looking to brands as partners to get them to a personalized, custom service or product.

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## ARTOTEL Jakarta

ARTOTEL Jakarta, which is a case study of this thesis, is a very artsy urban boutique hotel located exactly in the heart of Jakarta (JI Sunda no.3, Thamrin – Jakarta Pusat). ARTOTEL itself stands for 'art' and hotel'. This hotel created a new innovation that combining contemporary art in hospitality industry. All the walls in this hotel are hand-painted by the talented Indonesia's local artists. ARTOTEL Indonesia has 2 branches, which are ARTOTEL Surabaya (started from July 2012), ARTOTEL Jakarta – Thamrin (started October 2013), and soon will open at Cikarang (2014) and Bali (2015). ARTOTEL also recently won Indonesia Leading Lifestyle Hotel by Indonesia Travel and Tourism Award (ITTA) 2013. It is interesting because there's a side of a big appreciation on Indonesian contemporary arts through this hotel, specifically there is a 'message' that created an added value of a hotel experience that not just an ordinary hotel. This very creative idea can be an interesting point to see consumer's market and perception of a boutique hotel experience.



Image 1.1 ARTOTEL façade



Image 1.2 ARTOTEL room



Image 1.3 ARTOTEL lobby

ARTOTEL Indonesia is offering a brand new concept of an art boutique hotel that never existed before in Jakarta. The author wants to investigate more about hotel distinctiveness and how consumer react to the unique product offerings that ARTOTEL provide. So the problem chosen is how consumer perceived the uniqueness of ARTOTEL towards willingness to purchase intention?

This journal discuss about:

1. Evaluating the importance of hotel servicescape generally
2. Evaluating consumer's perception of a well-design servicescape of a boutique hotel towards purchase intention.
3. Studying the effectiveness whether the message of the hotel through art and design delivered well to the consumer; this leads to consumer's appreciation to Indonesian artist that involved in ARTOTEL

According to the problem stated, the problem should be solved with the research question as the guideline for the research. The research questions are:

1. What is the servicescape element role in boutique hotel?
2. What is consumer's perception of ARTOTEL uniqueness?
3. What consumer thinks of local artist appreciation?

## THEORITICAL FOUNDATION

Blue oceans strategy, written by W. Chan Kim and Renée Mauborgne, denote all the industries not in existence today – the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid. In blue oceans, competition is irrelevant because the rules of the game are waiting to be set because of the leap in value for both the company and consumer. Blue ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored. It is suitable for creative industry because it values diversity in product offered.

Servicescape is the physical surrounding where consumer and employee interact. Statistics tells that 65% are visual, so good environment can influence consumer's emotionally to good intention of perceived value. Beside servicescape, atmosphere in a space can affect consumer more than the product itself. Kotler continues to argue that the atmosphere is a "silent language" in communication. A case in point is to describe the atmosphere of a restaurant, it can be a "good", a "busy" or a "depressing" atmosphere. The atmosphere can be used as a marketing tool, especially when the products are aimed at a distinct social class or a life style costumer. Kotler tried to interpret how the atmosphere can influence the behaviour of the costumers. He found three effects that atmosphere can have on the costumers' purchase behaviour. And also, the most potent expression of a brand and that ultimately bringing powerful ideas to life through design is the best way to create a lasting link between a manufacturer of retailer to the consumer – it is a proof that design creates emotions, sensory experiences, and, ultimately, sales.

Hotel marketing today for business travellers must function effectively as fully networked workplaces and they must offer a wide range of relaxation possibilities. Hotel industry has a different characteristic than any other known industry, where consumer buys the service in short-term, affected by emotional aspect. Boutique hotel characteristics is less than 100 rooms, located in suburban area or city center, and has a personalized design. Hotel uniqueness must create a memorable experience so guest wants to spend more time and frequent it more often. According to Kotler (1997) product differentiation is the key to a competitive advantage. A way to stick out and (be unique is essential to be profitable in relation to the competitors.

Perceived value is what consumer think of what they will get when they are buying the product. Purchase intention is consumer decision whether the product is worth to buy or not.

## METHODOLOGY

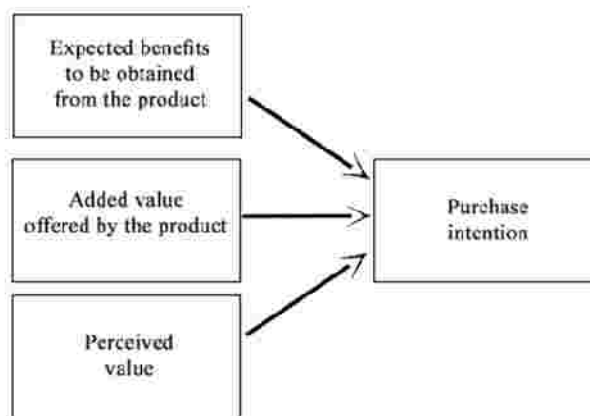


### 1. Locating and Defining Issues or Problems

In defining the issues or problems, the author should take into account the purpose of the study, the relevant background information, what information is needed, and how it will be used in making the decision.

2. Designing the research project  
This step is focused on created a research plan or overall approach on how author going to solve the issue or problem identified. It details the procedures necessary for obtaining the required information, and its purpose is to design a study that will test the hypotheses of interest, determine possible answers to the research questions, and provide the information needed for decision making.
3. Collecting Data  
This step revolved around obtaining the information that you will need to solve the issue or problem identified. Data collection involves a field force or staff that operates either in the field, as in the case of personal interviewing, from an office by telephone, or through mail.
4. Interpreting Research Data  
This step is focuses on testing the data and coming up with a conclusion that solves the problem.
5. Reporting Research Findings  
The final step is to report the research findings to those who need the data to make decisions. The findings should be presented in a comprehensible format so that they can be readily used in the decision making process.

#### Research Framework



Adopted from Charles M. Wood and Lisa K. Scheer (1996)

Various potential benefits could be examined, such as perceived quality (Dodds and Monroe 1985). Other benefits previously examined include product features (Wheatly, Walton, and Chiu 1977) and "desirability" (Berkowitz and Walton 1980). Porter (1985) argues that differentiation strategies are when a company seeks to be unique in its industry along with some of the dimensions that are of importance to the costumers. The company chooses the attributes that are perceived as important and unique. Porter also continues to state that each industry's differentiation is unique. The differentiations can be based on a wide range of other factors; the product itself, the delivery system by which it is sold or the marketing approach. A way to stick out and (be unique is essential to be profitable in relation to the competitors. The same author continues to state that a company needs to try to identify specific ways to differentiate itself or its products to obtain a competitive advantage.

- Independent Variable  
The expected benefit obtained from the product : Servicescape Elements (X1)  
Added value offered by the product : New Concept (X2)  
Perceived value : ARTOTEL Uniqueness (X3)

- **Dependent Variable**  
Purchase intention (Y) : Respondents' willingness to visit ARTOTEL based on the perceived value they answered in the question list.

Research framework shows this research investigated how X1, X2, and X3 affected to the Y

#### Data Collection Method

Data sources are divided into 2 : Primary data (observation, interviews, and questionnaire). Secondary Data is from books, journal, or another documents that related to the research topic

First is from questionnaire. Likert scale is being used (from 1 to 5).

Table questionnaire design:

Variable	Sub Variable	Indicator	Purchase Intention (Y)
Servicescape (X1)	Exterior design	<ul style="list-style-type: none"> <li>• Hotel architecture</li> <li>• Hotel size</li> </ul>	
	Parking	<ul style="list-style-type: none"> <li>• Convenient</li> </ul>	
	Surrounding environment	<ul style="list-style-type: none"> <li>• Convenient</li> </ul>	
	Interior design: lobby, room, restaurant	<ul style="list-style-type: none"> <li>• Size</li> <li>• Comfort &amp; well-maintained</li> <li>• Hotel aesthetic</li> </ul>	
	Signage	<ul style="list-style-type: none"> <li>• Visibility</li> </ul>	
New concept (X2)	Product differentiation	<ul style="list-style-type: none"> <li>• Distinctiveness</li> </ul>	
ARTOTEL uniqueness (X3)	Added value	<ul style="list-style-type: none"> <li>• Hand-painted wall</li> <li>• Local artist appreciation</li> <li>• Hotel aesthetic</li> </ul>	

Then interview was done to four key informants : Heni Juniarti (Public Relation Manager of ARTOTEL Jakarta), Safrie Effendi (Art Manager of ARTOTEL Indonesia), Mrs. Frances Affandi (hotel expertise), Syabanu Austin (ARTOTEL guest). Observation was done to know the condition of the hotel itself, guest who come, ARTOTEL daily activities, and to get all the detail about the room. The last one is literature review form published journal and books.

Method that used for quantitative analysis was SPSS and multiple linear regressions. In an attempt to answer the problems in this study, multiple linear regression analysis (multiple regression) is being used. Regression analysis is basically the study of the dependence of the dependent variable (bound) with one or more independent variables (explanatory variables / free), for the purpose of estimating and / or predicting the average population or values of the dependent variable based on the value of the independent variable is known (Ghozali, 2005).

#### DATA ANALYSIS

##### Qualitative Analysis

From the interview that conducted to four key informants, it can be concluded that ARTOTEL must provide different experience in each floor and each branch in order to avoid consumer's boredom. That's why in each floor has different theme; they aimed to breakthrough the conservativeness. Another reason is they want to be the place where artists express themselves and appreciated by the guest. ARTOTEL wants to show that Indonesia's artists are talented through hotel elements and give them opportunity to get known by the guest.

In fact, several guest asked to stay in a specific room based on their favorite artist. It means guest already aware with the difference atmosphere ARTOTEL offers in each floor. They usually look first on ARTOTEL website and they ask whether the room by artist A or B is available or not for them to stay. Even some of the guest who stays long enough wants to switch room over night so they can enjoy the ambience of different room. ARTOTEL allows them as long as the room is available.

The other activities that are allowed on physical excess ARTOTEL that accentuates the building are commercial shooting for a movie, TV, and photo shoot. It was actually part of ARTOTEL brand awareness strategy to show the uniqueness of the building itself. In a month, there could be 5 or 6 activities here.

ARTOTEL aimed to breakthrough conservativeness and the mainstream. That's why they keep away from the monotonous big hotel image and did the opposite. ARTOTEL delivered their concept totally even from the staff. They allowed staff to have tattoos so guest will feel they sit among artist but still does the standard operating procedure like any other 5-star hotel.

A well-design servicescape is essential to the success of a hotel. Hospitality is an "intangible" service product and it is all about "flows". For boutique hotel, the market is getting tired of cookie-cutter hotels except in smaller cities where staying with a western brand name still has prestige. More mature markets such as Bali, Jakarta, Bandung, Singapore, New York, and travelers are segmented well and there is a definite place in the market for these kinds of properties. ARTOTEL initiated a wonderful idea on engaging with Indonesia's local artist. If they can maintain quality and offer prices set for the target market: young urban professionals, there will be a sustainable market for them.

#### Quantitative Analysis

The questionnaire was distributed to 147 respondents. Most of the respondents of this research questionnaire are woman, aged 17-24, and student. The questionnaire was distributed in Jakarta and Bandung. All of the question is proven reliable and valid.

The aim of this research is to know how consumer perceived the uniqueness of ARTOTEL towards willingness to purchase intention. All of the variables were affected to purchase intention. First, the importance of hotel servicescape was evaluated generally; respondents showed a positive respond to the each question. Servicescape elements that being evaluated were good architecture; hotel size; parking convenience; hotel location; lobby, room, and restaurant size; well-maintained furniture; detailed aesthetics elements; comfort; thematic restaurant; and signage visibility. The answers are mostly agree or strongly agree that a hotel must provide a good servicescape, because it matters to the consumer who stays.

The respondents also gave positive feedbacks about hotel as product differentiation were evaluated that affected to purchase intention. Respondents strongly agree with the importance out of the box hotel concept and their willingness to stay in a hotel that has added value. Then 63 respondents (43.2%) agree to give positive reaction to the combination between hotel and contemporary art idea. It was proven that some of the guest even asked for specific room and artist, this showed that they are aware of the ambience concept.

ARTOTEL uniqueness correlated the strongest to the purchase intention. Based on the questionnaire, 67 respondents (46.5%) or almost half of them strongly agree that they love ARTOTEL concept that engage with local artist to hand painted the hotel wall. While 91 respondents (62.3%) strongly agree that they appreciated local artist artworks. Then, 83 respondents (57.2%) strongly agree that they like to take a picture in a place that has nice interior design. This shows the consumer behavior these days love to go to a place that has a nice physical surrounding and ARTOTEL provides it with its servicescape.

## Result

ARTOTEL distinctiveness related to the Blue Ocean Strategy, which offer an innovative feature that missed from the competitor's sight. ARTOTEL set a new standard on delivering their concept that have not existed before, this means they are playing their strategy against the red ocean where the competitor focus on other thing. Company that plays in blue ocean strategy is most likely hard to be copied by their competitor or new comers because they are the one who create a certain "image" and strong perceived value to the consumer. ARTOTEL concern in touch emotionally to be remember by their guest and perspective buyer by their idea to breakthrough the conservativeness.

Most of respondents strongly agree that they appreciated local artist artworks. From the ARTOTEL side, based on the interview, they want to give a place for artists to express themselves. Those are the main message ARTOTEL wants consumer to perceive, therefore the message through art in this hotel is delivered very well to the consumer.

## CONCLUSION AND RECOMMENDATION

### Conclusion

All variables, which are servicescape elements, new concept, and ARTOTEL uniqueness affected to consumer purchase intention. The strongest correlation is the ARTOTEL uniqueness; this shows that ARTOTEL strength influence consumer's willingness to purchase. It is proven that now a product needs to differentiate themselves from other to become memorable and top of mind in certain market.

Servicescape is important in hospitality industry. Physical evidence connects emotionally with the guest right from check in to check out process.

ARTOTEL message to give artist opportunity to shine and appreciated by consumer and prospect consumer delivered perfectly. Respondents from the questionnaire and the interview result showed that ARTOTEL concept is a wonderful idea to give new experience and ambience.

Blue ocean strategy applied very well in ARTOTEL. They set standard to urban boutique hotel in Jakarta, they created new market that have not explored before. Lack of competition in the market area gives them privilege of having differentiator as an advantage. Their concept distinguished among competitor and will be very hard to be copied by new comers.

### Recommendation

ARTOTEL should approach more community that includes youngsters to stay. Youngsters these days love to follow trends and hype place that provide them good servicescape just to hang out or take pictures.

Create a photo competition. Almost everyone who stays here take picture and post it on their social media. This could be another brand awareness strategy if they make a competition. Guest can tag their photo in ARTOTEL's social media (it could be ARTOTEL's Instagram) and the best one will win discount in the next purchase.

ARTOTEL should make guests express themselves. It could be a plain white wall where guest write or draw anything they want. By having this wall, guest can feel they 'contribute' to be part ARTOTEL's uniqueness.



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