

The physical environment and its relevance to customer satisfaction in boutique hotels; Hotel Haven, Helsinki

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<p>Object of this research is physical environment of the boutique hotel named Haven. As there is lack of the researches concerning physical environment's role in the boutique hotels, this paper could be useful both for the studied hotel as well as for the other boutique hotels managers and owners. Moreover, it could be useful for the potential customers of Hotel Haven.</p> <p>Main topic of this research is the importance and relevance of the physical environment in Hotel Haven, mostly its impact on customer satisfaction and loyalty. Furthermore, it examines the attitude of hotel's manager and employees to the hotel's physical surroundings. Besides, this research is examining customer's attitude to the hotel Haven ambiance.</p> <p>The chapter concerning Hotel Haven gives a description of the modern accommodation, Small Luxury Hotels of the World hotel chain as well as boutique hotels are described in this part.</p> <p>The theoretical framework part explains the physical environment's role in the hospitality business, gives definitions and describes different kinds of approaches to the studied topic from the previous researches. In addition, the theoretical framework provides with the necessary information about customer satisfaction and loyalty process in hospitality business.</p> <p>The methods chosen in the research are qualitative (in-depth interview with the hotel Haven Manager) and quantitative (online questionnaire for the hotel Haven employees and customers' reviews examination from three websites)</p> <p>The gathered information is presented in the following chapter as well as analysed findings with tables and charts are included.</p> <p>Finally, all results and analysis of the research are given properly in the conclusion. As well as suggestions for improvement are included into the conclusion part.</p>	
<p>Keywords Physical environment, customer satisfaction, loyalty, boutique hotels, hotel Haven</p>	

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1 Introduction

This research has the main purpose to identify the importance and relevance of physical environment in customer's satisfaction and loyalty in the boutique hotel Haven. Furthermore, it is necessary to study what customers really value in the hotel's ambiance.

The research could be useful for the Hotel Haven management as well as to the potential boutique hotel owners, investors, and managers in Finland. From the other side, this research could be helpful for the customers in order to give them proper information about boutique luxury hotel in Helsinki region.

1.1 Rationale

It is obvious, that customer satisfaction and loyalty are interconnected within different elements such as service quality, employees' behavior, ambiance and a proper amount of facilities, as well as opportune forecasting hotel's customers' expectations.

Furthermore, there is a decent amount of research articles, books and reports concerning studying and analyzing customers' satisfaction in case of service quality.

With no doubts, service quality is a corner stone for customers' loyalty. Without it nothing could exist in the world of hospitality. As a matter of fact, it is necessary to pay attention to different parts of the whole process.

Studying the physical environment's impact on the customers' satisfaction is an important issue in the modern world where demand is increasing daily. As it has already been mentioned, nowadays the number of the articles and research papers is growing constantly as customers are becoming savvier and more demanding. People travelling all over the world and meeting their expectations is becoming a real challenge.

The basic concept is that the consumers' behavior could be changed or controlled by tangible features as well as by the design solutions. Excellent entourage is essential for the luxury and boutique hotels as it is a part of their uniqueness. The topic has being

studied widely in many countries; however, there is still lack of attention to it in Finland.

1.2 Research problem

Obviously, within the factors which could affect strongly on customers' satisfaction is the physical environment of the premises, where the client will receive the service. Unfortunately, nowadays far too little attention in comparison to the service quality is paid to this "brick in the hospitality wall", which is called physical environment.

This problem has touched the minds since 1960s; the psychologists have noticed that physical environment plays a big role in customers' satisfaction. Still, physical environment in hospitality business is one of the main factors which could motivate customers' decision.

For this reason this research aim is to answer following questions:

- Which role does physical environment play in the customers' satisfaction process?
 - How hotel's manager and employees estimate the importance of physical environment in their hotel?
 - Do customers value hotel's ambiance and facilities?

1.3 Aims and limitations

The aim of this research is to investigate which role plays physical surrounding in luxury and boutique hotel in Finland. It is obvious, that luxury boutique hotels is a still developing industry in Finland as there are just two hotels of such level at the moment, and just one is a member of SLH Group (Small luxury hotels of the world)

Therefore, it is necessary to study the perception of the luxury environment in this region, as the customers' behavior is changing towards getting something special. This could be one of the aspects that could help to attract more customers by changing the

environment according to their wish. Moreover, this research would be useful for the Hotel Haven as it could measure how well does its delivery work with the customers' expectations and perception. The expected outcome is to measure the real impact of the physical environment on the customers' perception. It is necessary to analyze does the hotels' management's perception of good value meet the needs and expectations of the customers.

Limitations of this research are that just the only one hotel was studied in the light of the problem. Also there was one obstacle in the process of data collection because it was not allowed to make questionnaires for the customers according to the SLH (Small Luxury Hotels of the world chain) policy.

1.4 Importance of the study

There are different researches or theoretically based frameworks, concerning the evaluation of the perception of the physical environment by the customers in hospitality field. Though, there are no researches concerning physical environment in boutique hotels. Moreover, it is necessary to study details which are taken separately from the whole process. In this case physical environment is a part of the whole process of customers' satisfaction and loyalty in hospitality business.

As a matter of fact, well-timed researches are of great importance for the hospitality managers to maintain and develop customer loyalty and satisfaction level. Boutique and luxury hotels are also in the focus, while analyzing entourage or ambiance in case of customers' satisfaction. Clients are expecting a proper service as well as physical environment altogether for the paid money.

In most cases it is necessary for the managers to get to know how customers integrate values, different products and service attributes. Information about customer demands and expectations must be implemented in hotel's design and service delivery process.

The result of this study will help to realize if the hotels' management is using the resources successfully in terms of earning more financial benefits and loyalty. In other words, are the customers willing to pay more for their comfort and if they really estimate the value given by the hotel. From the other hand, what are the most valuable things in which owners should investigate?

1.5 Introduction of the research methods

This research aims could be reached with the use of a qualitative research method. An in-depth interview was conducted with the hotel Haven Manager in order to get the reliable information as well as professional comments.

It was considered that quantitative measures would usefully supplement and extend the qualitative analysis. The online questionnaire was sent to the hotel's employees in order to check if their perception of physical environment is similar with the manager's view point as well as to investigate which role does the ambiance of the hotel play in customers' satisfaction.

The other research method was the analysis of the customers' reviews from the web sites. Such method could indicate if customers really value the hotel's physical environment as well as to reveal which elements are important for them. Such approach for data collection would show in depth does physical environment play an essential role in customers' satisfaction and loyalty.

1.6 Contents of the following chapters

In the second chapter the reader gets the information about boutique hotels. As Hotel Haven is a study case in this research, there is a hotel's description as well as there are facts concerning the hotel's chain Small Luxury hotels of the world. The studied hotel is a member of this chain.

Following that, the next chapter three describes the theoretical framework concerning physical environment in hospitality, its dimensions and detailed description of the elements. Tables are presented for the better understanding of the studied topic.

Methodology is described in the following chapter four, where the reader goes through the description of the chosen methods of the research. Additionally, all the information about chosen methods and data collection is given in this chapter. As well as there is a description of reliability, validity and ethics of this research.

The following chapter five clarifies the research and its results. The analysis of the findings is in this chapter as well.

Next chapter (chapter six) includes the final conclusion of this work with the suggestions for improvement in Hotel Haven as well as in similar research papers.

2 Description of the studied hotel

In this chapter there is a description of the accommodation industry nowadays. Furthermore, there is information concerning boutique hotels, Small Luxury Hotels of the World hotel chain as well as detailed description of the hotel Haven.

2.1 Accommodation industry nowadays

It was stated that the hospitality industry plays a very important role in our society while giving comfortable and cozy facilities to their visitors. Even if some hotels have provided traditional facilities and excellent services, it is obvious that modern customers are demanding extraordinary level of service and physical environment. (Presbury et al. 2005, 357-374)

Quite often authors use one of the most interesting comparisons, which has been made by Jones (1999, 427). He is drawing parallels with hospitality and the impressionist's painting: "Have you ever looked at an impressionist painting? From a distance one is able to see the picture, appreciate its composition and enjoy its subtle realism. More closer and it becomes apparent that it is made up of thousands of tiny dots, each of which is different. And really close up, there is no clear picture - just a chaotic jumble of colour".

In modern world hotel managers are trying to follow new trends because customers' sophistication is increasing day after day. In this case new trends are arriving within the hospitality industry. Nowadays hotels are involving in business which could provide a proper space for the visitor where he or she could eat, drink, sleep, wash, bathe, do a business, relax, communicate. Customers could be involved in a wide range of activities. Hotel guests expect in their rooms high styled décor, good equipment and furniture, special amenities as well as comfort and convenience. (Jones & Lockwood 2004)

Furthermore, guests could have an expectation of a good restaurant with tasty food and perfect service, as well as gym, swimming pool, sauna or other facilities. By all

means, hotel should be clean, comfortable and nice. In hotel's ambiance there are different essential elements such as hotel's entrance or lobby which could create a strong first impression of the whole hotel. (Dhiraj Thapa 2007, 6)

As a matter of fact, it is becoming increasingly difficult to ignore the truth that customers are becoming more and more demanding in their preferences in each field of business. Hospitality is not an exception. People are travelling day and night all over the world and they know the hotel's standards. Customers expect a proper service as well as comfort and relax.

Luxury industry is widespread all over the world and it is still growing in spite of defaults and political crises. Since the end of XIX century, luxury hotels are still popular among the guests and it is a lifestyle of many people.

Furthermore, if speaking about luxury or boutique hotels it is important to mention that customers know exactly what to expect from the high level hotel as well as for what kind of quality they pay money. Hotel owners and managers should predict customers' expectations and constantly monitor changing of the market as well as control the situation of the competitors in order to receive loyalty and higher profit.

Under these circumstances, it is necessary to carry out different kind of researches, get visitors feedback and pay attention to any detail. Surely, cultural differences, various backgrounds as well as purpose of travelling should be taken into consideration. Though, no matter which country people travel, they expect high quality both in service and in physical environment.

2.2 Boutique Hotels

The owners of the famous nightclub Studio 54 in New York Ian Schrager and Steve Rubell developed the concept of boutique hotels in 1984 with the first Morgans Hotel with one hundred thirteen rooms. (Rutes et al. 2001)

Each hotel has its own uniqueness that is why it is very difficult to give a proper definition. Most of the boutique hotels have similar characteristics: well-designed, intimate, small, with unique atmosphere. Such hotels are created for sophisticated visitors. (Horwath HTL 2009, 1)

Boutique hotels are often rebuilt from the older hotels or from the city property. Besides, while reconstructing the hotel from the other building there is no need to invest a lot of money as it could be while building a new hotel. (Miller 2001, 90-91) The most essential aspect, without which a hotel cannot be called a boutique, is an intimate atmosphere. (Noble & Thomson 2001)

Boutique hotel concept varies a lot from the hotels from big chains. The most distinctive feature is that boutique hotels provide their customers with the unique experience. More than that, in smaller hotels there is a unique situation when employees know their customers and their preferences; there is a vivid communication between them.

There are five main dimensions which exclude boutique hotels from the traditional chain hotels. Such dimensions are: uniqueness, personal touch, homely feeling, high-class quality and value-added nature of the hotel's location. Besides, there are some distinctive features for all boutique hotels: small size (from twenty to one hundred fifty rooms), high-quality restaurants, limited meeting facilities, usually rebuilt from the other construction, lobby is smaller and it should be a perfect place for guests to communicate. (McIntosh & Siggs 2005, 4; Van Hartesvelt 2006, 32)

2.3 Small Luxury Hotels of the World

Small Luxury Hotels of the World is the first group of small, independent, luxury hotels. There are over five hundred twenty luxury hotels in more than seventy countries all over the world.

In the SLH policy it is stated that carrying luxury is an important aspect in the hotels all over the world. From the other hand, luxury should not be created by expenses of the

hotels environment or community. In other words, caring luxury is about making better places to stay, while at the same time, offering the guests the unique experience and peaceful atmosphere at Small Luxury Hotels of the World premises.

In order to satisfy customers' needs and to increase guests' loyalty some personal information is collecting via the web-site. Such information is gathering for sending invoices as well as important e-mails and dealing with complaints. Moreover, it is important to point that SLH values customers' privacy.

For the loyalty program SLH creates different kinds of benefits from the first time of joining the club. Even from the first day of membership a guest would receive a complimentary room upgrade; just after one stay benefits are increasing to a daily complimentary continental breakfast for two on every stay, as well as late check-out on every stay. Besides, after five stays benefits are more tempting, such as free reward nights. A customer receives a complimentary one night stay and then again after every five stays and early check-in on every stay. However, each benefit could be used in a case that hotel has availability for the dates of stay.

SLH provides its clients with different kinds of special offers which could also increase customers' loyalty and satisfaction. This chain is very flexible to its hotels though there are some requirements both for the hotel's ambiance as well as to the service.

Entourage should be more classical and with elements of luxury, service should be perfect with complementary politeness and attentiveness to the customer. There are requirements of how to greet a guest, how to ask him or her, how to thank end etc. All in all, SLH hotel chain is taking care of the visitors as well as maintaining customers' satisfaction and loyalty constantly. (Small Luxury Hotels of the World 2012)

2.4 Hotel Haven

The researched hotel is called Haven which is situated in Helsinki, Finland. As it has been already mentioned in the introduction chapter, luxury hotels are not so popular in

Finland. If one could search for five stars hotels in Helsinki region, then usually three hotels are shown: Hotel Kämp, Hotel Hilton Helsinki Kalastajatorppa and Hotel Haven. (Let's book hotel 2012)

Hotel Haven (Oy Union Hotels Ab.) is the only one member of the Small Luxury Hotels of the World in Finland. This hotel was opened in the beginning of the 2009 year. It is situated in the center of Helsinki close to the harbor, which is connected to the name of the hotel. As a Small luxury Hotels of the World member, hotel Haven is working according to the chain standards. Hotel Haven is owned by Royal Ravintolat Oy.

There are seventy seven rooms in three categories: lux, style and comfort rooms as well as one suite. Suite is the only one because of the building construction; hotel was renewed from the office premises. It is more than eighty square meters with the view to the harbor.

Other room categories vary with the size and amenities. Comfort is a standard room approximately twenty six square meters with the view to the Unioninkatu. Style room category is a little bit bigger and some of the rooms have a harbor view if they are higher than fifth floor (because of the roof of the restaurant G.W.Sundmans) Lux category rooms are equipped with the coffee making machine. Some of lux rooms have a sea view and they are small thirty five square meters, others are larger fifty square meters but with the view to the street.

All rooms are all of high standard quality, with Bang & Olufsen entertainment system as well as TV in each bath room (except one room), a luxuriously soft king size beds with Unikulma mattresses and bed linen from the Egyptian cotton. In each room there is a safe with the plug, which is very comfortable to charge the equipment while leaving it in the safety place. Furthermore, there is a spa-style bathroom, equipped with Elemis products. Besides, in the closet there is also an iron with the ironing board in the closet, as well as umbrella. In the room there is also a minibar with the different alcohol and non-alcohol drinks, including Champagne with glasses. In addition, in each room

there are paintings from the Finnish designers which could be effective for creating a home-like atmosphere.

Hotel Haven offers a range of conference rooms both large and small. A customer could choose from the two Sundmans Meetings conference rooms that can accommodate up to thirty people and the auditorium that seats sixty two. As the organizer of the meeting, a guest is free to enjoy his day, as hotel is providing with a personal conference host to take care of all the details.

Furthermore, as a boutique hotel Haven is cooperating with the three restaurants from the Royal Ravintolat Oy. Restaurant Havis is serving breakfasts as well as provides room service. Restaurants G.W.Sundmans and Sundmans Krog are also cooperating with the hotel Haven. There is a contract with Siluetti SPA Oy which allows guests from hotel Haven use its services. (Hotel Haven 2012)

Such collaboration between restaurants, SPA salon and hotel is a win-win situation to increase profitability as well as provide successful marketing.

2.5 Vision and target groups

Vision: hotel is designed to provide homely warm atmosphere, unique experience, exceptional comfort and high-quality services for each guest. Moto is “Your home. Your place.”

Hotel’s target market is quite wide, but the most important part is business travelers and small groups (from two to four people) according to the small size of the hotel. Because of the room price (they are the ones of the highest in Finland based on the five stars image of the hotel) most preferable customers are those who are from thirty to sixty years old. Big groups are coming quite seldom, though, in summer there is a group of American pensioners which is coming once a week for one night. SWOT analysis of the company is shown in the attachments. (See attachment 1)

As it has been already mentioned, Hotel Haven is the only one in Finland which belongs to Small Luxury Hotels of the world chain as a boutique hotel. That is why there are no straight competitors in Finland, but there is a hotel Telegraaf in Tallinn, Estonia, which could be a straight competitor in the Northern region. In Helsinki region there is one main competitor - hotel Kamp.

Hotel Glo and hotel Klaus K could also be mentioned as competitors. Nowadays hotels seem to be quite booked, occupancy rate is approximately eighty percent that is why competitive situation is easy. (Hotel Haven 2012)

3 Theoretical Framework

In this chapter there is a description of the physical environment, its definitions which have been already written in the previous works and researches. Furthermore, there is definition of customers' satisfaction and loyalty in connection with the hotel's physical environment. The mentioned theoretical background is an important clue to the studied topic.

3.1 Physical environment

It is stated that there are three main dimensions of customer satisfaction such as Price, Product quality and Service Quality. Furthermore, there are three sub dimensions of Service Quality: Interaction quality, Outcome quality, and Physical environment quality. Assuming that, these three sub dimensions construed with five other dimensions which are identified as SERVQUAL: responsiveness, assurance, tangibles, empathy as well as reliability. (Zeithaml & Bitner 2003, p.85) From which, the physical surroundings, equipment, employees, and communication materials are considered as tangibles. Despite the fact, that physical environment is just one element from all these dimensions, it is necessary to analyze how important is it for the customer satisfaction. (Parasurman et al. 1988; Zeithaml & Bitner 2003)

According to the different publications, since the early 1970s, researchers were interested in the effects of the physical environment on individuals. But surprisingly, there is a lack of researches concerning the role and importance of the physical environment in the consumption process. (Bitner 1992, 57)

According to Bitner (1992, 45), the physical environment in which services are delivered is also known as the "servicescapes". The term servicescapes refers to "... all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer actions". As a matter of fact, Bitner's definition has been accepted and quoted in the other researches.

The effects of physical surroundings and employee behavior on service quality have been studied also by Wall and Berry (2007, 49) They stated that servicescapes could have essential influence on customers' expectations of service quality because clients need tangible clue to create a picture, in order to estimate the quality. Physical surrounding is one of the most important marketing tools in hospitality business.

3.1.1 Tangible and intangible

According to Vassiliadis (2008, 440) very often tourism products present a combination of both tangibles and intangibles. More than that tangibility attributes could be following: hotel's facilities, furniture and equipment, employees' uniform and appearance. (Antony, Antony & Gosh, 2004, 380)

In this way, customers could create a picture in their mind with the help of tangible elements that can motivate their perception and evaluation of the physical environment. This research has shown that ambiance could influence behavior and more than that it could be a factor for the forming an image for the organization. (Bitner 1992, 58)

It was suggested that physical environment's support could make a positive impact on guests' perceptions and behavior. Some noticeable elements of the expected physical environment such as aesthetics, design and décor of the hotel, comfortable location, accessibility, architecture, proper light as well as convenient furniture could increase customers' satisfaction or decrease if something does not match guests' preferences. (Bitner 1992)

Maintaining and developing attractive and appropriate physical environment is a key to a hotel's success, because customers are required to spend extended periods of time in these physical surroundings. If the hotel's ambiance is appropriate for the target markets it could be attractive to the potential customers; at the same time, such visitors who are not fitting the target market profile, could be discouraged. Similarly, the physical clearness in the hotel could be useful to tangibilize the intangible aspects of hospi-

tality services. At the same time, the physical surroundings affect guest expectations in the preliminary marketing stage, and customer experiences during the first visit to the hotel. (Dhiraj Thapa 2007, 11)

Guests would react to the conditions of the hotel in two ways: they felt comfortable or uncomfortable. If the client feels convenient then he or she would spend more money at the hotel, he would return again and this customer would recommend this place to the other people. According to Bitner (1992, 60), customers could react to the place with two main forms of behavior: approach and avoidance. As it is shown in the figure (See attachment 2), approach and avoidance are strongly influenced by individual internal responses (e.g. cognitive, emotional and physiological) to the physical environment. In other words, visitors stay for a long period, spend more money as well as return back which is showing their approach behavior. And, vice versa, avoidance could be showed in the form of complains, saving money and unacceptance of the place. With no doubts, pleasure always increases approach behavior. (Bittner 1992, 60)

3.2 Dimensions in the physical environment

According to the previous works and researches, there are different kinds of ways to study physical environment. Furthermore, there are several aspects of the services-capes which could influence the customer perception.

3.2.1 Social interaction

Surely, the physical environment could influence a lot the social interactions among the people in it. As well as ambiance could be a factor this is influencing on social interaction's quality and frequency. Moreover, the layout of space and social interaction are interconnecting and influencing with each other. Otherwise, it is a crucial factor in the overall management process to define if the design is appropriate for the needed social interaction.

Moreover, there are important things for the designers such as:

- The use of space
 - The design of seating arrangements (It could be used to manage customers' interaction)
 - The décor (materials, furniture, colors and etc.)
 - Lighting and background music
- (Bowie & Buttle 2004, 231)

As a matter of fact, there are three different types of human responses to the physical environment: cognitive, emotional and physiological. (Bowie & Buttle 2004, 232) Furthermore, cognitive, emotional and physiological response behavior could be affected by three dimensions such as ambient conditions, spatial layout, functionality as well as signs, signals and artifacts. In addition, it is vital to note that hence cognitive, emotional and physiological responses are studied by oneself they are surely interconnected with each other. (Bitner 1992, 64)

3.2.2 Cognitive

Bowie and Buttle (2004) in their book are stating that surroundings influences people's wishes about places, which also creates expectations about the characteristics of the place. Cognition is defined as perception and knowledge. In this case design, décor, odors, employees dresses are playing as a decision making factor for the customer.

3.2.3 Emotional

In the same way Bowie and Buttle (2004) consider the second type of human response to the physical environment. All human beings are depending on their emotions which are also important in perception of the ambiance. Beyond any doubts, it is one of the most difficult aspects - emotions management. As it was mentioned above, all people are different that is why some could enjoy the colors and odors, but do not accept temperature and vice a versa.

3.2.4 Physiological response

Nowadays hotel owners and managers should take into consideration that customers have different physiological responses to environmental stimuli. By all means, this obstacle should be taken into account: surroundings could be sensed through the domination of one of the following stimuli or any others combinations:

- Aural stimuli (the volume and character of sounds)
- Olfactory stimuli (scent and smell)
- Oral stimuli (salty, sweet, bitter tastes, cold and hot)
- Tactile stimuli (the softness, the level of comfort with the temperature).
- Visual stimuli (brightness or darkness; colors; shapes)

(Bowie & Buttle 2004, 233)

If the customers are satisfied or vice versa dissatisfied with all these physiological responses, visitors could behave respectively: accepting the hotel or avoiding it. From the other point of view, one and the same guest could have different perceptions of the ambient layout of one and the same hotel according with his or her purpose of visit e.g. business or leisure. Personal preferences and emotions could influence as well, either background or lifestyle could also be a decisive factor at the final stage of evaluation. (Bowie & Buttle 2004, 234)

3.3 Servicescapes framework

Correspondingly to the previous researches, there is a similar way of studying the atmospheric effects of an environment which is the servicescapes framework. Bitner (1992, 60) proposed a framework to examine the influence of the physical surroundings on human response in a services delivery situation. (See attachment 3)

Mainly, servicescapes framework separates some environmental variables. These elements are divided into three general categories: ambient conditions, space, signs, sym-

bols, and artifacts. Customers perceive these variables in the environment which could cause in internal responses which influence the external behaviors.

Bitner (1992) considers that the term ambient conditions could be considered as such conditions that influence the five physiological senses: touch, smell, vision, taste and sound. Moreover, such factors as color, lighting, flavor, background noise and texture are included in the term.

Signs, symbols, and artifacts could be perceived as signage in a space, design and personal attributes of the people in the premises. This dimension could change constantly when visitors enter and leave a space. Such attribute as space in the physical environment is the layout of the hotel premises, more than that it could be the equipment and furniture of the hotel. The physical design and décor could be a factor which creates a company's image and affects customers' emotions and behavior. Furthermore, as it has been already mentioned, Bitner's findings suggest that satisfaction of an overall view of servicescape will result in an approach behavior. (Bitner 1992, 61)

According to Kotler, (1973, 54) architecture, interior design and window decoration (e.g. curtains) play a vital role in the client's loyalty. Hotels and other hospitality units could create a pleasant atmosphere throughout the design. It is true that each detail could influence independently to the overall customer's perception.

3.3.1 Ambient conditions

As Bitner (1992, 65) stated, ambient conditions could be defined as a factor that affects perceptions of the physical environment as well as human responses. In addition, she states that ambient condition consists of the environmental background aspects, such as lightening, different kind of noise and music and temperature. In other words, it affects all five senses.

It is very difficult to forecast the impact of the ambiance on the client but it is obvious, that all extreme factors are easily noticeable on the customers' approach or avoid-

ance behavior (e.g. loud music, extremely bright light or very low or vice versa high temperatures) (Bitner 1992, 65-66)

3.3.2 Spatial layout

The way the space is used is called spatial layout (e.g. front desk location, lobby area) as well as furniture arrangement in the lobby area and in the room. Such elements as access to the hotel and to the rooms also refer to the spatial layout. The size and shape of the equipment and furniture and in which way they are located is also a vital part. Spatial layout could create a needed balance between operational requirements and customer expectations. Functionality of the surroundings is of great importance in archiving customers' satisfaction. As a matter of fact, very little attention is paid to the role of spatial layout for customers' satisfaction and loyalty. (Bitner 1992, 66)

3.3.3 Signs, symbols and artifacts

Symbols and artifacts could be used as a clue for the visitor which could influence on the expected behavior. As a matter of fact, it could be a proper decoration's style, furniture material and quality. As well as floor covering materials, wall paintings, pictures and photos could be an important element in customer's perception of the hotel's ambience. Even colors and light are playing a vital role in guest's satisfaction, as, for example, not so bright light is more appropriate for the private and home atmosphere for example. (Bitner, 1992, 66)

3.4 Elements of the physical environment

Beyond any doubts both the external appearance and internal atmosphere should be appropriate for the target markets. All elements of physical environment could be an essential factor which could motivate the client to choose this very hotel and create the value during a stay. (Dube et al.1994, 39) There is a summary of the physical environment elements in the table (See attachment 4)

3.4.1 External

Bowie and Buttle (2004, 238) describe the external environment as a visual option which sends impressive messages about product, service quality and price. First impression is one of the crucial parts in the customer perception of the quality of premises. Such things could create the picture in the guest's mind: surroundings, the external appearance of the hotel building construction, entrance, car parking facilities, visual logos and lighting. Potential customers would show the approach behavior in case if the external environment matches the of hospitality product.

The external appearance of the hotel such as the building construction and its size, architecture and design as well as the quality of maintenance could send signals to customers. The visual appearance of a property could be easily transformed by effective landscaping. Attractive signage such as brand logos, and effective external lighting could send a positive signal to customers, whilst vice versa, not a proper signage and poor lighting send out negative signals. (Bowie & Buttle 2004, 239)

Lighting and lighting design play an integral role to the overall hotel experience. There are different researches concerning the influence of environmental light conditions on human's mood and behavior. According to Mehrabian (1976, 89), "brightly lit rooms are more arousing than dimly lit ones".

The hotel industry nowadays shows an increased interest in lighting because of the customer's demand. In the research it was mentioned that a proper lighting in a hotel can transform a dull interior into a splendid place and totally change its mood from day to night. (Smith 1978) In other words, investment in the external physical environment could increase customers' attraction to the hotel.

3.4.2 Internal

Though, the first impression to the potential customer is coming from the external environment, despite this fact, internal environment is most significant in determining

whether customers are going to enjoy consuming the product from hospitality market. Internal factors are: décor, furnishing and equipment, layout, temperature and air-quality as well as music and smells. All these factors are creating a proper atmosphere of the hotel premises. The internal layout consists of front desk and lobby area, elevators, rooms and bathrooms, restaurant and bar, conference rooms, gym or swimming pool and other leisure areas. (Bowie & Buttle 2004, 239)

As a matter of fact, décor is really an essence of personal taste. Moreover, in hospitality business it is an important element in creating a proper atmosphere in a hotel premises. With the help of décor elements the concept of the hospitality product could be implemented as a real product. Each small detail which is visible to the customer should be made professionally. The interior designer should be sure that all elements are appropriate for the overall atmosphere and style. The furnishing design, floor covering, lightening and other important part of the decoration should be done in strictly sustained style in order to create a proper ambiance. Similarly, décor is another tangible clue for the product concept. (Bowie & Buttle 2004, 239)

Frankly speaking, each hotel owner or general manager is depending on the available funds to create a proper design for the hotel. If it is affordable, there should be invested a lot to create the unique atmosphere for the target group. As an example, a significant role on the customer's satisfaction is playing bedroom's ambiance because a guest is spending there most of his or her time at the hotel.

Bowie and Buttle (2004) are writing that there are so many different reasons why people decide to spend their time in a hotel. A hotel manager or owner should understand that hotel furniture is a very important element for the comfort and secure feelings of the hotel guests. That is why spending money on the furniture will help to make a good profit after, when the customers will decide to come back again.

As a matter of fact, smell in hospitality is mainly associated with food and beverage outlets. Surely, attractive smells could catch draw customer's attention. As well as nice

smell in the bathroom or from the clean linen is also an essential element of the ambience for the guest's satisfaction. (Bowie & Buttle 2004, 240)

Moreover, cleanliness is a vital factor which has also been identified more recently by Lockyer (2002, 295). In his research cleanliness is shown as an important factor which could influence strongly to the customer's decision to return next time. This element is one of the most essentials from the customer's expectations of the hotel.

Furthermore, since early centuries, accommodation's main goal was to provide a guest with room and bed. With no doubts, in modern hotel's room should be designed properly in order to predict expectations of all guests (e.g. business or leisure) in a small detail. Jusko (1991, 30) clearly states that it does not really matter if the lobby area or a bar in the hotel is very cozy and lavish, from his point of view, customers would return to the hotel if the bedroom is comfortable for them. According to De-Veau et al (1996, 13) bedrooms and bathrooms is the most significant element of the hotel premises in the minds of the hotel's visitors. Therefore, those two things could create a great impression on the customers that are lasting much longer than the other elements of the hotel.

The last but not least, is the appearance, attitude and behavior of employees in the hotel. They should complete product concept and physical environment. Front Desk employees as well as the other hotel staff should be clean and with proper appearance. Moreover, their uniform should be appropriate for the hotel's design theme and send a clear message to the guests. Nowadays boutique hotels usually have contemporary designer-style dress for the employees' uniforms. Staff appearance and behavior could increase customer's satisfaction if it is appropriate for the brand image and other aspects of physical environment. (Bowie & Buttle 2004, 240)

To sum it up, the hotel industry in the recent years has made dramatic changes. The overall increases in occupancy rates and globalization transformed the hotel physical environment from a small and simple place to sleep to a place which could provide

with accommodation, as well provide with gathering, entertaining, and working facilities with all the needed facilities and comfortable premises.

3.5 Customer satisfaction

Customer satisfaction has been one of the most widespread themes and studied topics in the literature, concerning consumer's behavior. Customer satisfaction could be defined as an overall assessment of the performance of different attributes and factors which are forming a product or a service. (Bartikowski & Llosa 2004, 69) It has been found also that customer satisfaction is a part of business philosophy which creates the value for customers, predicts guests' expectations as well as it is able and responsible to satisfy visitors' needs. As a matter of fact, quality of service and customer satisfaction is the critical factors for successful business. (Gronoos 1990; Parasuraman et al. 1988, 43)

3.6 Customer satisfaction in the hotel

To reach a customer satisfaction it is crucial to define customers' needs and to be able to satisfy them. Hotels which are able to understand and satisfy customers' needs and wishes, are more profitable than other hotels in which management do not pay enough attention to the customers' expectations. (Barsky & Nash 2003, 175)

Beyond any doubts, customer satisfaction in the hotel industry is closely related to the service quality. Physical environment is one of the key factors in a competition for the advantages and customer loyalty. (Ipek Kalemci Tuzun & Tulay Korkmaz 2010, 315) Different factors could increase guests' satisfaction of the hotel premises. It is necessary to mention location as a decisive factor for the choice of the hotel. Moreover, price could be another important factor but not the main. Cleanliness, security, service, ambiance, appropriate design and decor, opportunities for relaxation and reputation all this factors could be decisive by guests to value the hotel's quality. (Atkinsons 1988, 12-14)

Besides, physical environment could be considered as a signal to the potential customers intuitively. So, why the entourage of the hotel could influence the customer's expectations and decision making as well as maintain client's loyalty? In their researches Knutson (1988) and Cadotte & Turgeon (1988) recognized that right equipment as well as proper amenities in the room, safety environment, as well as excellent and proper service as essential elements of customer satisfaction.

There is one but a real challenge because of different cultural backgrounds, personal preferences, ambitions and tastes. In nowadays environment, the demands in hotel's physical environment are so various that the ambiance cannot be made suitable for everyone's needs. However, some groups of people may also respond similarly, for example, if the proper target groups are chosen for the hotel. (Dhiraj Thapa 2007, 12)

3.7 Customer loyalty

Customer loyalty is closely related to the customer satisfaction. As loyalty is a consequence of satisfaction, these aspects exist all together. It follows that positive communication with the hotel's management and employees could create higher customers' commitment and increase their loyalty. Long term relationships between customers and the hotel are becoming vitally important because of the very positive connection between guests' satisfaction level and probability of their return to the hotel. (Choi & Chu 2001, 290)

As a matter of fact, the cost of attracting new customers is higher than to keep existing ones. That is why, it is crucial for the managers that in order to be successful they should concentrate on maintaining the customers' loyalty, while implementing effective policies of customer satisfaction. The previous statement is especially important in the hotel industry. The behavioral approach shows that clients are keeping loyalty as long as they constantly buy and use a good or service (Woodside et al. 1989, 11)

In the modern world, consumers are much savvier than decent years ago. They seek for the fast and convenient way to get the needed information. On such websites as

TripAdvisor, Booking.com, ActiveHotels, Ctrip and etc., hotel guests could influence a lot as well as potential customers could get the information concerning different hotels. Thirty-three percent of Four Seasons' guests around the world consider TripAdvisor from "very to extremely influential" in their selection of a luxury hotel. That is why it is crucial for the hotels to check all the reviews constantly to be aware of the latest reviews and complaints. (Four seasons Hotels and Resorts 2012)

4 Methodology

This chapter is dedicated to the aim of the research, description of the studied hotel, data collection. Besides, the chapter includes description of methods in this research and analysis of the results.

4.1 Chosen methods

For answering the main question of the paper two different kinds of research methods were chosen. Both quantitative as well as qualitative research methods were implemented in the thesis research. Particularly with the paper's topic it is more efficient to study the problem with different research methods in order to get exact answers for the main question from different viewpoints.

As a qualitative method, the in-depth interview with the Hotel Haven Manager was chosen. To provide the research with the better result there were conducted also two different quantitative researches: on-line questionnaire for the Hotel Haven Front Desk employees and study of the Hotel Haven customers' reviews on three different websites.

4.2 Collection and handling of data

In order to answer the papers questions such research methods were held:

4.2.1 Interview

First there was handled a face-to-face interview with the hotel Haven Manager Janne Ant-Wuorinen. All the questions were sent via e-mail to the respondent beforehand, and then on the May 30, 2012 the interview was hold in the hotel Haven. The interview was recorded with the audio device and the whole interview was transcribed into the paper document. (See attachment 5)

Why qualitative method was chosen first? Because Hotel Manager could create a whole, wide picture of the studied theme, he could explain in details all the aspects which are important to this very hotel. Besides, Janne Ant-Wuorinen is a professional and knowledgeable manager who is working closely with the owners of Hotel Haven. He knows everything concerning hotel's positive and negative sides, as well as Janne is familiar with the situation in the hospitality market both in the world as well as in Finland.

Quite obvious, that answers from the hotel's Manager are the essential part of the research because his knowledge and opinion is true and trustful. Furthermore, with the opinion of the Hotel Manager there would be answers from different prospective which is valuable for the research results.

4.2.2 Online questionnaire

The second part of the data collection was done with an online survey for the front office employees of hotel Haven. (Survey Monkey 2012) There were ten questions concerning the role of the physical environment in the Hotel Haven as well as customer's satisfaction with these aspects. There was no need to take a sample as there are just sixteen employees working at the front office in Hotel Haven.

From May 29, 2012 to October 27, 2012 questionnaire have been send several times due to the different schedules of the employees' vacations. Sixteen employees received the questionnaire and twelve answers were finally received.

Each questionnaire was done completely and all questions were answered. Before sending a questionnaire, with the help of the online survey (SurveyMonkey.com) all respondents received an e-mail with the table describing physical environment dimensions at the hotel. (See attachment 6)

Quantitative method of collecting needed data as a second part of the whole research could be useful to emphasize the specific variables of the studied problem.

Because of the time consuming, it was necessary to limit questions until ten as well as to create such survey which could take a few minutes to answer but from the other hand, would give a whole picture of the research theme. Questions and the way of sending them were previously discussed with the Hotel Manager.

There was created an online survey with ten questions as well as with multiply choice answers with some free space, if there was a need to broaden the answer. (See attachment 7) Such online surveys are very easy-to-use and it is quite simple to get all the answers straight away with the chart.

With no doubts, employees' answers are very important for this research because they work every day and night directly with the customers. Hotel Haven managers are carefully watching over the level of customer's satisfaction. Every time when a client is checking out, receptionists must ask a guest about his or her stay, was it pleasant or not. All the answers are listening with the great attention, and if there are any kinds of complaints they should be satisfied if possible. Front desk staff is familiar with all positive and negative clients' opinion, wishes, and satisfaction factors as well as complains. Employees know their hotel "from the roof to the floor". Moreover, it would be interesting to observe if Hotel Manager's point of view is similar to the employees.

4.2.3 Customers' reviews

The next research was done by means of three websites while using customers' reviews concerning Hotel Haven. As it has been already mentioned people in the modern world seek for such sources of information which are easy to reach as well as they need first-hand information. That is why nowadays websites which are providing with the customers' reviews are becoming more and more popular.

The websites are: <http://www.tripadvisor.com>, <http://www.booking.com> and <http://ru.hotels.com>. The reviews were chosen from the beginning of the hotel e.g. February 2009 until the October 1, 2012. There were analyzed three hundred thirty

four reviews from which three hundred and one are related to the physical environment aspects.

In most cases questionnaires are provided with the customers as they could answer the needed questions. But according to the SLH policy questionnaires could not be offered to the hotel guests in order to not disturb them.

Therefore, studying visitors' reviews was the best alternative because on such websites people are writing just in a case they really want to share their feelings, observations and emotions with the others. In addition, on such web sites they are writing anonymously so that hotel guests could express freely and honestly. Besides, all the websites are available to everyone and all potential customers could read the reviews. That is why, it is necessary to the hotel's owners and managers to check the responses as well as to react as fast as possible to the complaints.

4.3 Reliability

In order to exam reliability of the research it is important to mention that it is quite difficult to measure reliability of the interview, questionnaire and reviews analyze. Because of different methods of data collection, it was impossible to check if respondents would answer the same question equally.

From the other hand, though research methods were different, collected answers are showing one and the same attitude of the respondents to the theme of the research. Moreover, all respondents showed their interest to the topic. For example, the interview has been done completely and the Hotel Manager used detailed responses to each question. All the hotel's Front Desk employees answered 100% for the questionnaire; as well as all questions were identical and they were provided in the same order.

More than that, the Hotel's Manager's interview was recorded to avoid misunderstanding of the answers, omissions and inattention mistakes. Besides, all answers for the

online questionnaire were recorded in the on-line survey, as well as there were created charts according to each answer.

Speaking about customer's previews, all of this comments were done anonymously, on the webpage therefore, all of the customers were free to write their thoughts, feelings and complaints. More than that, they were writing about one and the same hotel.

Both answers from the interview as well as from the online questionnaire were quite similar and showed that all respondents equally understand the meaning of the questions. It was impossible to measure customers' previews because this was not a questionnaire or interview with them and they did not answer any questions. All the answers were studied objectively without any kind of subjectivity from the author.

4.4 Validity

To be sure that the research is valid it is necessary to consider if the results could be believed (Brotherton 2008, 213) and the research methods are proper for the research aim. To begin with, all the respondents were in connection with one and the same hotel.

In order to assure the research validity, all questions were designed to achieve one and the same result, as well as all customers' comments was studied according the aim of the research. Both interview as well as on-line questionnaire questions was created in order that respondents could answer broadly. Especially interview questions were quite flexible in order not to limit Hotel Manager's answers.

More than that, though on-line questionnaire was created in such order, to take a little time from the employee to answer the questionnaire. More than that there was a special line where the respondents could specify their answers if needed. On-line questionnaire was designed especially for the hotel's employees with multiply choice answers.

Before sending the online questions to the respondents each of them received an e-mail letter with the description of the research as well as with the table concerning physical environment in hospitality premises.

There was not any kind of misunderstanding from the respondents. In this case both qualitative and quantitative research was involved in order to fulfill needed answers for the research question which increases internal validity of the research.

4.5 Research ethics

All the answers were given voluntary as well as anonymously except Hotel Manager's interview. Janne Ant-Wuorinen gave his permission to mention his name as a respondent of the interview.

The answers will be never used in other purposes nor in other researches without respondent's permission.

Besides, all respondents except customers' reviews knew about the purpose of the interview and questionnaires. In case of guests' comments they have already knew that everyone could read their reviews from the website as well as all comments are anonymous. Moreover, data was presented honestly without any falsify or misrepresent data.

5 Research and Results

This chapter refers to the analysis of collected data. First, there are the interview results with the description of the Hotel Manager's duties. Following results describes on-line questionnaire among Front Desk employees. The last description is concerning customers' reviews.

5.1 Interview analysis

The data analysis is presented in this chapter. More than that, at the beginning of the chapter there is a description of the hotel Haven Manager's duties. All the important parts of the in-depth interview with the hotel Haven Manager are presented in this chapter.

5.1.1 Hotel Manager

As it was said before, interview with the Hotel's Manager is essential in order to create a whole picture of the studied question. That is why in this case the interview analyzing is the first point of the research.

Janne Ant-Wuorinen is working at the Hotel Haven from the beginning (i.e. January, 2009) For the first two years Janne was a Front Office Manager, he was responsible for guest satisfaction, security, maintenance and housekeeping. Besides, from January, 2011 till now Janne has become a Hotel Manager. His responsibilities are:

- all Rooms division operations
- Member of the management team
- Budgets
- Revenue Management
- Concepts and guest satisfaction
- Security

- Maintenance
- Housekeeping

(Linked In 20012)

In this way, Janne Ant-Wuorinen is the most competent person for answering thesis questions about Hotel Haven. In this research it is necessary to point what is the manager's personal perception of the term physical environment in order to be sure if the discussing theme is clear. Furthermore, the main part of the interview was to reveal the main question concerning the impact of the servicescapes on the customers' satisfaction in the luxury hotel.

5.1.2 Physical environment

From Janne's point of view, physical environment is how people perceive things with their own perceptions and their personal taste. Definition was: "physical environment is how it looks, how it feels, how it makes you feel. Colors: are they soft, are they hard." (Ant-Wuorinen 2012)

In hotel Haven a certain environment is created: a home atmosphere and luxury environment at the same time. From manager's point of view, service was the main part of the customer's satisfaction without any doubts but physical environment was also important right after service.

Furthermore, Janne thought that the importance of the physical environment in the luxury industry for customers' satisfaction is very high. Hence he thought it should be a win-win combination of service and physical environment.

From the other side in the luxury or boutique hotel servicescapes is extremely important because creating luxury just with service is a challenge. One could create a great atmosphere, a nice experience with service, but for luxury. It is necessary to have a proper physical environment for people to perceive luxury.

One could have a product which was not so great but with the right service he or she could make it great. But if someone has a perfect physical environment and bad service it could not work. Service could fix things, but he did not think that physical environment could fix bad service. In this way service affects more.

Janne said that from his point of view, especially for the luxury industry it is essential to be sure that the physical environment is appropriate for the target markets. For sure, it depends on the cultural background, different tastes and preferences. That is why it is of great importance to learn the target market thoroughly.

5.1.3 Flexibility for changes

Next question was about the hotel's flexibility to changes in physical environment according to customers' wishes. Hotel Haven was flexible to certain amount.

There were small things they had already changed. As an example, he said, that at the beginning of the hotel (i.e. February 2009) a proper amount of guests had complained that they did not have a make-up mirrors; by adding these mirrors they had solved the problem and they had increased their guests' satisfaction. Some visitors, especially Russians, they had asked to make a bidet-shower. But they decided not to do that because it would have taken more than just bidet-shower, it was plumbing as well and etc. so it was a big change. As the hotel always wanted to make money and to have a profit, which is the core business - to make money. Because of this, they did not want to put too much money in expenses just to make a few people happier. So to a certain extent they were ready to the changes which could be easily made.

The hotel manager said that if someone would look at other hotels, especially at the hotel chain, for them it was difficult to make physical changes because they had chain standards that they have to follow. Janne gave an example with one color (in the hotel chain) which has to be visible and they could not change it to green, for example. In hotel Haven everything would be much easier because they were privately owned; they were much freer to do physical changes. Janne thought, that SLH chain was very flex-

ible. They just want from the hotel to give a five star service and that there were fresh flowers in the rooms. He stated that there were nothing from them about the physical environment, but before signing a contract SLH representatives would come to check the hotel. From his point of view, in the end SLH was more classical in design.

Hotel Haven is flexible for changes, if they could- they do it and they charged for it. If they could not do it they just politely said that, unfortunately, they were not able to do it.

Furthermore, there were some cases with people suffered from some severe disabilities, more than just in the wheel chair. Hotel Haven staff has provided them with a special shower chair, with this kind of support to get out from the bed. Hotel had bigger doors to certain rooms, bathrooms without bath tubs. More than that Janne told that the entrance from the street behind the reception did not have stairs, so disable customers could come in without the stairs, as well as there were elevator to the restaurants.

5.1.4 Need of changes

In addition, for the main question of the thesis paper it was necessary to know Hotel's Manager's opinion, if there is any need to change hotel's physical environment. He said that Hotel Haven had lack of sauna. Though the cost of building and maintaining with all fair safety, insulation, plumbing, fire protection was too much high. He added that if they would rebuild or extend the hotel they would probably include it because so many guests asked for it.

As for Janne, he said that he was happy with the way it was (i.e. physical environment) Hotel Manager suggested that if they were opened again he would maybe choose some furniture materials differently as they had noticed that some materials were wear out much faster than others, so these were things they had learned. More than that, Janne would choose different materials that were more long lasting but still looked good.

5.1.5 Physical environment as a marketing tool

From the manager's point of view it was a real marketing tool to attract customers. He added that one could best see it if he or she looked at the hotel web page, there he would see the pictures. Janne emphasized that all pictures from web sites are basically from the physical surroundings. He reminded that it was rare when you could see people on the pictures as it was usually furniture, rooms and flower arrangements, pillows - decorative things. And speaking about the hotel Haven, it was the home atmosphere, the warmth, the design of the hotel was used as a marketing tool.

Janne thought that the bigger chain hotels were using their brand as a marketing tool and as a rule their brand was so strong. But in the smaller hotels it was much more about the feeling and the pictures of the places.

5.1.6 Physical environment and customers' loyalty

From Janne's point of view physical environment was essential, though service was still number one because people got to know them by name, they are warmly welcomed. From the other hand, later on, in a city like Helsinki with so many hotels, after service physical environment was very important.

Hotel Manager has shared his experience that he got some comments from people who were travelling two hundred days per year. Those guests told him, that if someone stayed in the chain hotel he did not know where they were getting up in the morning. It was because all hotels were very clean, nice but they all looked quite the same. Such chain hotels did not have their personality which was created with the help of physical environment.

Janne stated that Hotel Haven was very unique. A lot of customers were paying much attention to the Haven's ambiance. He told that boutique hotels were rising very fast. That was what people were looking for after the time when hotel chains had been controlling the market for fifty-sixty years.

Janne supposed that now boutique hotels were increasing because of their individuality. From the other hand chain hotels would stay because of the loyalty programs which included three factors: service, physical environment and loyalty cards.

5.1.7 Sophisticated customers

The last question covered another important aspect. It was necessary to study if it is true according to Janne's experience, that consumers have become more sophisticated, especially in physiological stimuli in designing the physical environment.

From his point of view, everyone could notice that in the way people were giving comments. Janne was sure, that people cared more; it was true, that they were sophisticated. A few decades ago, customers cared just about the bed in the hotel but nowadays they pay attention to such details as comfortable inner courtyard or pillows and lightening.

Another important thing was employees' appearance, each detail was crucial: uniform, make-up, hair-do, nails and by all means, smile.

These things were creating an experience. It was the first impression and the last impression, it was very important. The physical environment for hospitality products comprised external features, the internal design, employees and customers. (Ant-Wuorinen 30.05.2012)

5.2 Online questionnaire

For the better understanding of the questionnaire results there were made ten charts according to the answers. (See attachment 8) From the twelve respondents, one was working at the hotel Haven for more than five years; three of them were working approximately for the period from three to five years. Another five employees were working there from one to three years as well as three respondents were working for the period which is less than one year.

5.2.1 The importance of physical environment

All the answers were received for this question. Chart 1 shows the employees' answers concerning the importance of the physical environment in their hotel. As it could be seen most of the employees consider physical environment in the luxury industry as a very important element.

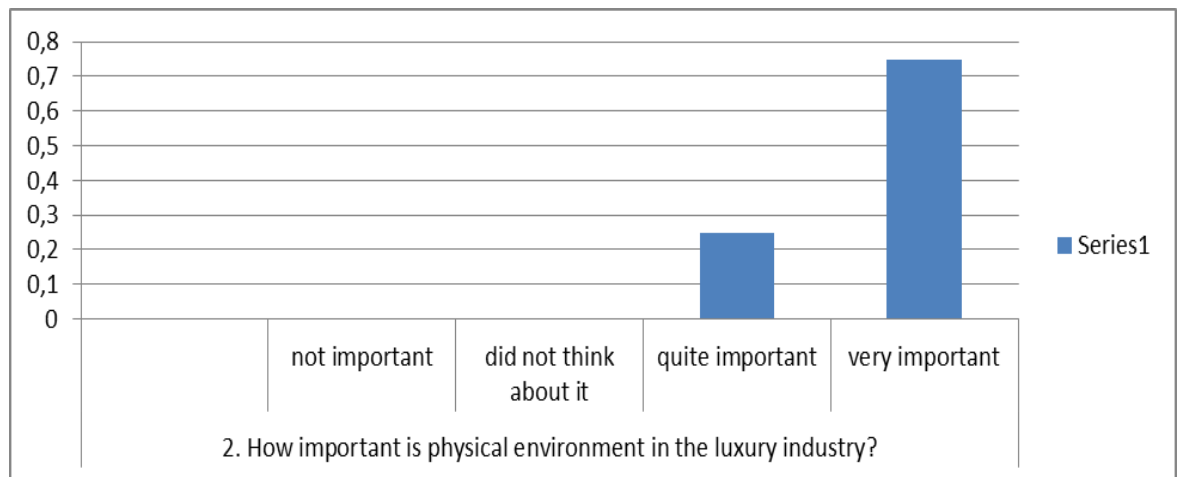


Chart 1. Importance of physical environment in Hotel Haven

5.2.2 Customers comments

For the question: How often do you receive customers' comments concerning physical environment of the hotel there were received one hundred percent of the answers. From which "time to time" is the most common answer. Besides, one responded added as an attachment, that there were good comments from the customers, concerning physical environment of the hotel Haven.

Table 1. Customers' comments concerning hotel's physical environment.

Often	41,7%
Time to time	50%
Rarely	8,3%

5.2.3 Physical environment in customers' satisfaction

Chart 2 shows the answers for the question. Most of the employees consider the physical environment as a very important element of customers' satisfaction.

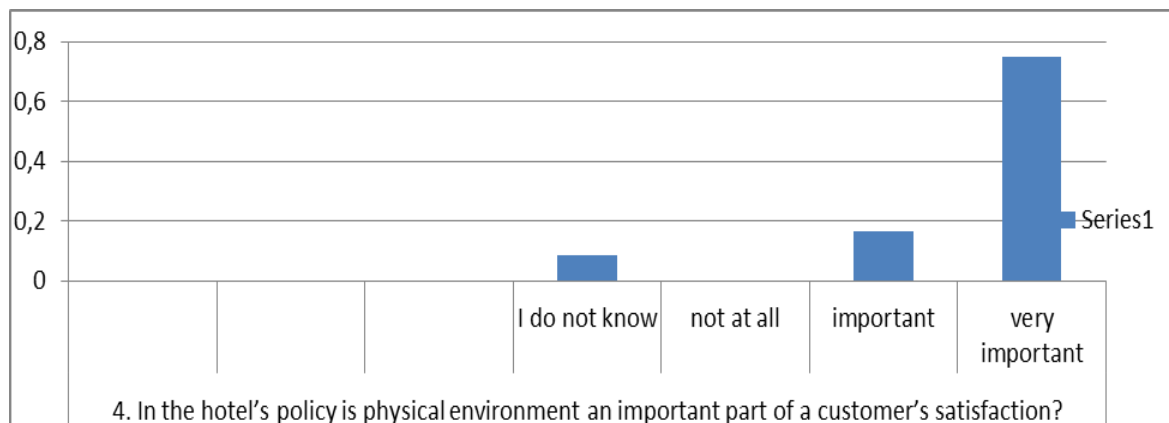


Chart 2. Physical environment as important part of customers' satisfaction

5.2.4 Service and physical environment

For the question, concerning the significance of the service and the physical environment, the most popular answer was that both are very important.

Table 2. Importance of the service and the physical environment at the hotel

Both are very important	66,7%
Service is more important	33,3%

5.2.5 Target markets

All respondents answered this question and the most common answer was: yes it is appropriate for the target market.

Table 3. Hotel's ambiance appropriateness for the target market

It is appropriate	58,3 %
Some of it	33,3 %
Did not think about it	8,3%

5.2.6 Hotel's flexibility for changes

The answers are in Chart 3. Quite a lot of employees think that changes in the ambiance could be done in Hotel Haven, though it depends on the circumstances as well as could be flexible with some limits.

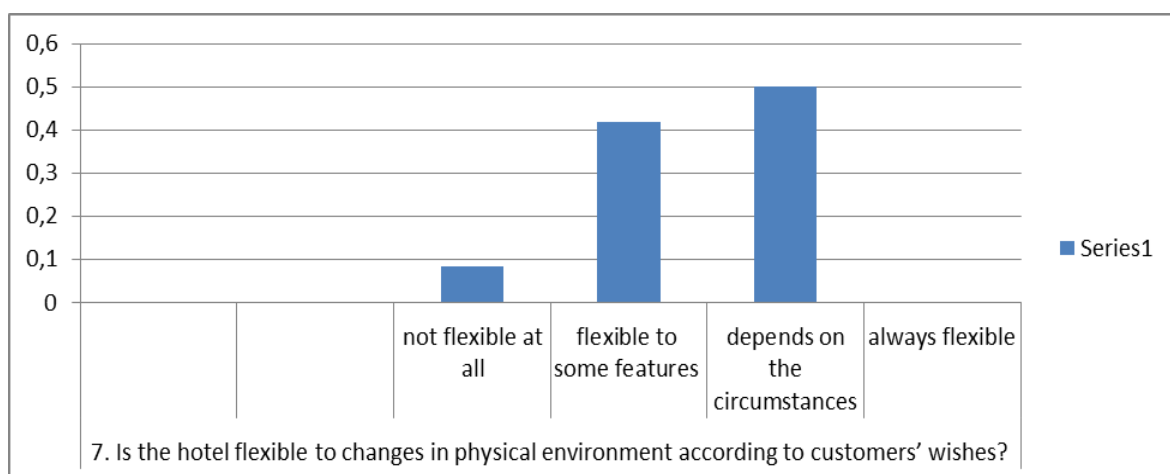


Chart 3. Hotel's flexibility for changes.

5.2.7 The needs of VIP clients

One hundred percent of the answers were received. From which, quite many employees consider that hotel is always ready to do changes for extra payment. For this question there were two additions. First one was: nothing illegal, at extra surcharge. The next one was: Mostly security, not so much physical items

Table 4. The hotel's readiness for changes

Always ready for extra payment	58,3%
Depending on needs	41,7%

5.2.8 Hotel's readiness to change

From the one hundred percent of the answers half of them were that the hotel is always ready for changes.

Table 5. Readiness to change for disabled people

Always ready	58,3 %
Depending on the needs	25 %
Sometimes	16,7 %

5.2.9 Changes in physical environment

Answers are in Chart 4. Approximately half of the employees suppose that Hotel Haven needs some changes in the physical surroundings. Some of them think that it does not need to change. And quite few employees even have not thought about this issue.

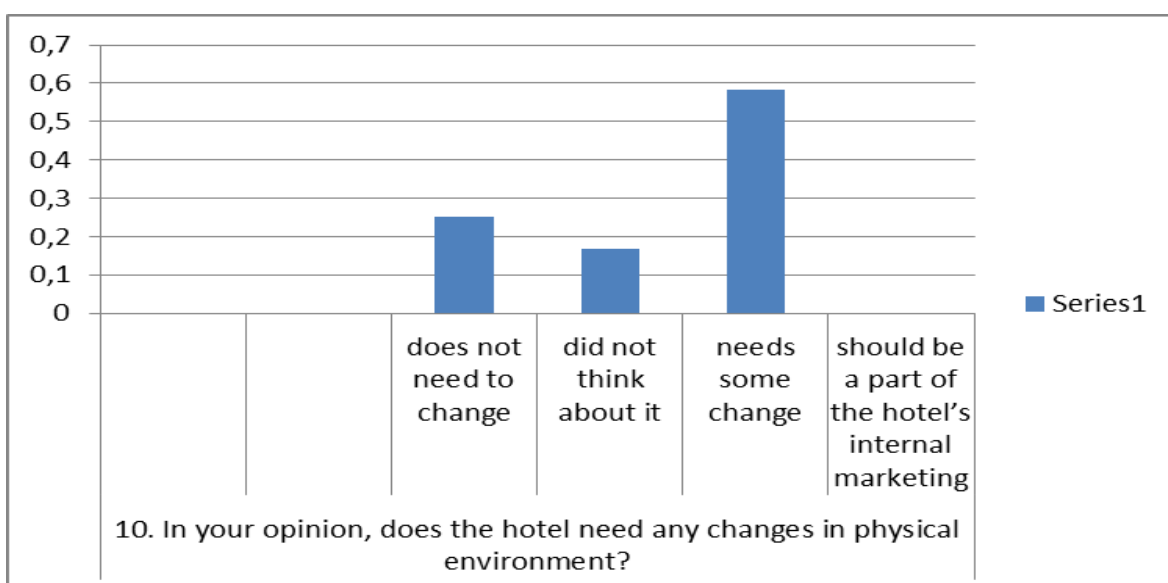


Chart 4. Hotel' needs of changes in physical environment

5.3 Customers' reviews

From the three hundred thirty four reviews which were on the three different websites (<http://www.tripadvisor.com>, <http://www.booking.com> and <http://ru.hotels.com>); three hundred and one reviews were concerning physical environment of the hotel Haven in one way or another. Some of the comments have been translated from Russian into English.

All reviews are divided into several parts, such as reviews about hotel in the whole, room, bathroom and negative comments about physical environment. There is also a part concerning the comparison of the amount of reviews related to the hotel's internal and external features. As a matter of fact, after thorough study of all the reviews there were received following results:

5.3.1 Reviews concerning hotel Haven

All answers could be seen from the charts. (See attachment 9)

Table 1. Customers' reviews about hotel Haven

Location	47,84 %
Tasteful décor/design	18,94 %
Clean	15,28 %

According to the Table 1, the most important elements of hotel's physical environment are: location, tasteful décor and design as well as cleanliness.

5.3.2 Reviews concerning rooms in hotel Haven

The whole list of the elements is shown in the chart. (See attachment 10)

Table 2. Customers' reviews about rooms

Comfortable beds	26,58 %
Spacious room/big/plenty of space	24,25 %
Comfortable room	19,93 %
Well-furnished	14,95 %
Bang Olufsen TV and sound system	11,96 %
Fast wifi/free	10,96 %
Stylish/cosy room	9,63 %
Great range of amenities	7,97 %
Beautifully appointed	7,31 %
Nice room	5,65 %

According to the customer's reviews, the top three elements of the room ambiance are: comfortable beds, spacious room/big/plenty of space and comfortable room.

5.3.3 Reviews about bathroom in the hotel Haven

The whole list of elements is shown in the chart. (See attachment 11)

Table 3. Customers' reviews about bathrooms

Spatial bathroom/gorgeous	17,28 %
TV in the bathroom	11,30 %
Elemis	5,65 %

Spatial and gorgeous bathroom, TV in the bathroom and Elemis products are the most popular elements.

5.3.4 Negative reviews

There were not so many negative comments and complains as it could be seen from the chart provided bellow.

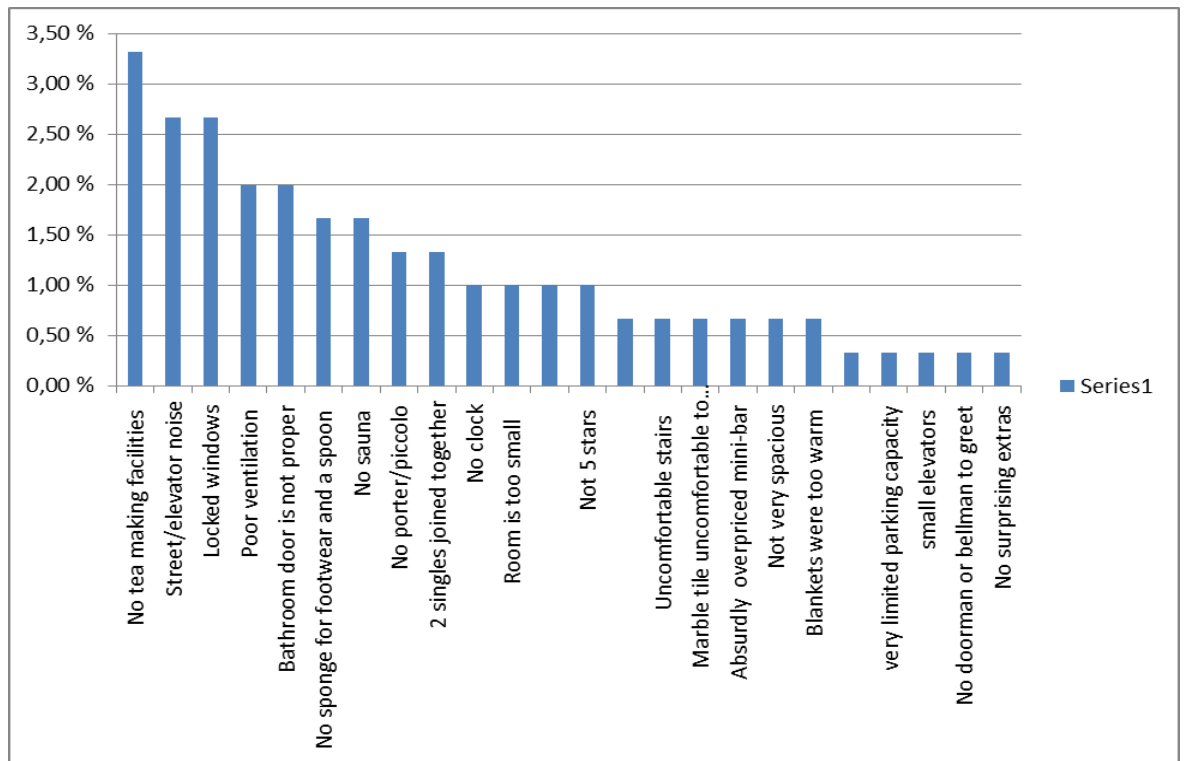


Chart 5. Negative comments

According to the Chart 5, the main things which bother Hotel Haven’s customers are tea-making facilities in the room, street noise as well as locked windows.

5.3.5 Comparison of internal and external features

To examine what is the difference between internal and external elements of the physical environment in the customers’ answers, there was created a Chart 6. From which, it could be easily identified that internal factors are more important for the customers.

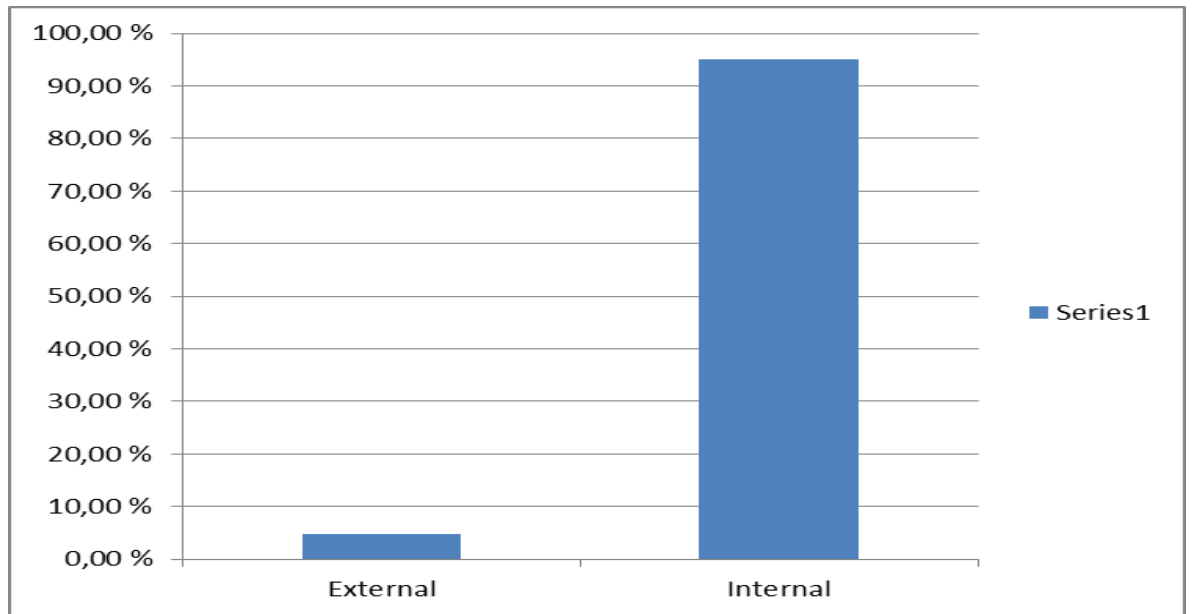


Chart 6. The external and internal elements from the customers' reviews

5.4 Analysis of the findings

5.4.1 Interview

According to the interview with the Manager of hotel Haven Janne Ant-Wuorinen, physical environment in luxury hotels such as hotel Haven is an essential element. It is obvious, that service is one of the most important components of customer's satisfaction and a hotel could be successful if the service is excellent but physical environment is poor but never vice versa.

From the interview it could be clearly seen that in a case of a luxury or boutique hotel servicescapes is a crucial part. Physical environment at the hotel is everything what a customer could feel, how it looks as well as how it makes the person to feel. With the help of the physical environment is created a warm and homely atmosphere as well as luxury ambiance at the same time in the hotel Haven.

Besides, it would be a great challenge to create luxury just with the excellent service. It is necessary to have a proper physical environment for people to perceive luxury.

More than that, for the customers' satisfaction and loyalty, combination of the excellent service and proper physical environment could create a win-win situation.

It is vital to make all elements of the physical environment according to the target market. If a customer is going to stay in the luxury or boutique hotel he or she expects a proper physical environment. Moreover, if a customer does not speak any foreign languages hotel's ambiance is much more important for their satisfaction and loyalty, because they could lack the service part which is much depends of verbal communication.

High-class hotels could make some small changes to decrease customer's satisfaction if such changes are not involving high costs. Because hotel's main goal is to make a profit. Furthermore, hotel big chains are more depending on the chain policy and it is a challenge for them to change something which could decrease customers' satisfaction.

Luxury hotels could not make changes in the ambiance according to the VIP guest's requests because there is no sense to do such changings. Though, it could be strongly dependent on the country of origin where the hotel is situated. In addition, for the customers' satisfaction and loyalty special elements should be done for the disable people. For example, a proper entrance and exit without stairs, elevators to the restaurant, spatial bathroom without a bathtub and a special shower chair.

As it could be expected, physical environment is a marketing tool to attract customers. In the small hotels, unlike big chain hotels which could attract clients with the strong brand, ambiance is playing a vital role in marketing. The design of the boutique hotel is a strong marketing tool. As well as a proper style and décor (in case of Hotel Haven it is home atmosphere) could create a strong picture for a customer and he or she could return constantly to his or her favorite hotel.

As a matter of fact, customers seek for the uniqueness and personality in the luxury boutique hotels. Such qualities could be achieved with the help of physical environment. This statement confirms the findings from the theoretical framework .

Boutique hotels' number is increasing constantly after a lot of years when big hotel chains were at the top of the market position. But nowadays, customers value hotels with their own personality, more than clean, nice but similar chain hotels. Moreover, as customers are becoming more and more sophisticated it is of great importance to pay attention to all small details which could affect customers' satisfaction. Such small component could be an employees' uniform, appearance (e.g. hair-do, minimum make up, cleanliness and neatness) All these elements create an experience. Physical environment is essential because it could make the first impression and the last impression.

5.4.2 Online questionnaire

According to the results of the employees' questionnaire it is obvious, that most of the Front Office workers consider physical environment as an important or very important part for the customers' satisfaction in the luxury industry.

Moreover, frequently, clients are giving comments concerning physical environment of the hotel Haven. It is very important for the hotels from the SLH chain to get comments from the visitors as in the chain policy it is not allowed to make questionnaires to the guests.

From the answers, it could be clearly seen that hotel's ambiance could influence strongly to the customers' satisfaction as they do care much about it. Most of the respondents agree with that statement. It is true, that combination of such elements as service and physical environment is a corner stone for maintaining customers' loyalty and satisfaction.

The appropriateness of the physical environment for the target market is another important fact. Most of the respondents think that hotel Haven's ambiance is appropriate for the target market; some employees think that just some of the physical environment of the hotel is matching the target market. In other words, physical environment is strongly connected to a personal taste, cultural background, mood and emotions.

Speaking about needed changes at the hotel, most of the employees consider that there are some things to be changed. As well as some of them even did not think about that problem or they think that there is no need for changes.

5.4.3 Customers' reviews

According to the research hotel's Haven customers do care a lot about service and physical environment. Even more, from the three hundred thirty four studied reviews three hundred and one are related to the physical environment aspects.

With no doubts, all customers value hotel's location in the city center, close to the ferry terminals and shopping centers. Tasteful design and décor are also of great importance to the visitors of hotel Haven. Some of the visitors were writing more precisely about very elegant lobby bar and sitting areas - chess, fireplace, huge leather sofas, and another comment was that the hotel is elegantly decorated in black, gold and shades of brown and tan. Purple, elegant black glass elevators and well lit and clean corridor were also mentioned. One interesting fact was got from the reviews that some elements of décor could be perceived by customers in different ways, for example "the decor is beautiful a mix of modern and antique" and "simplicity of the Finnish design" (Trip Advisor 2012; Booking 2012)

As it was said in the theory part, cleanliness is one of the most significant features of the physical environment. Home and warm atmosphere, comfortable and warm ambience of the hotel as well as peaceful place are also important details for the guests. From this point, it could be said that hotel's physical environment is proper according to the hotel's Haven aim, which is the home atmosphere.

Some clients were using such words as high quality hotel, boutique and deluxe, boutique atmosphere, high class hotel and very solid hotel with well top class materials, which is compliance with the needed requirements. Tasteful ideas in the hotel with attention to details is the comment, which could show that customers are paying attention both to the whole design as well as to the small details.

In the same way customers were writing about the hotel's room entourage. As it was previously said in the theoretical part, bed is one of the most crucial parts of the room's physical environment. Comfortable beds are the most popular comment about the hotel Haven room. In addition to it, there are some reviews concerning nice linens, blankets, individual duvets and pillows.

Bang & Olufsen TV and sound system is a popular element of the room's description which could show that customers value special items which were done for their satisfaction. Some guests stated that the room is well equipped. Nice room with the great range of amenities is a good example of guests' vision of their expected quality. Moreover, an aspect of noise free room is a significant one for the customers because in the hotel visitors are sleeping for the most time of their stay. That is why everyone expects a quiet room.

As a matter of fact proper and good lightening was also a positive aspect in customers' comments. Some of them highlighted that in hotel Haven light is very comfortable to read and to relax.

Bathroom's ambiance was another important figure in the customers' satisfaction process. A lot of comments were concerning the size – spatial bathroom. As well as epithet gorgeous was using quite often in descriptions of the bathroom. Another popular thing was TV in the bathroom and perfect shower (Hansgrohe) which is again a special feature of the hotel's Haven ambiance. In this case, again, there could be seen a tendency that customers' understand which kind of quality they have at the hotel. Elemis products as well as heated floors are similarly having a correlation to the previous sentence. One more thing to add is that odor was also mentioned by several visitors, even one was: amazing smell from the reed diffuser in the bathroom.

Negative comments as well as complains were not so often. Though, it is very important to pay attention to such comments because of maintaining customers' satisfaction level.

Quite often customers were complaining about the lack of the tea-making facilities, which is obvious, because not all people from the world are drinking coffee. For some reason, there were complains about the street noise, which could appear because of different rooms' location. One thing was essential for the customers, which is locked windows. But for the hotel side, changing all windows could cost a lot. Sauna is one of the most popular wish from the comments.

Some of the negative comments were quite opposite to the positive ones, for example, for some persons blankets were too warm, pillows were like stones, room and closet was small. But it is quite normal because, as it was stated beforehand, physical environment could be perceived in different ways, depending on the taste, mood and emotions of different visitors. Even with one and the same guest, depending on his or her mood, purpose of stay and the atmosphere.

For the whole picture of this research there was calculated in percentage - how many reviews were concerning internal part of the hotel's Haven physical environment, in comparison with the external part. With no doubt, the attention of the customers is paid much more to the internal part, than to the external, which was 95% and 5% respectively. Though, external part creates the first crucial impression, in this case location of the hotel was the most popular feature.

6 Conclusion and suggestions

6.1 Conclusion

Nowadays in different fields of business, customers are becoming more demanding and sophisticated. Hospitality business is not an exception from this statement. Therefore, customer is still the main character for the hotels, restaurants and other hospitality premises all over the world.

Guests' satisfaction is essential for the hotels. Customers' loyalty is vital for hotels in order to have a good profit. In modern society there is no just one important aspect to maintain customer's loyalty. Every part is connected with the others; just a perfect combination of excellent service, marvelous physical environment and a proper loyalty program could make a modern customer satisfied with the product.

As it was mentioned before, the aim of the research was to investigate if the physical environment plays an important role in hotel Haven's customers' satisfaction. According to research results, physical environment is an important element in the customers' satisfaction process and loyalty level in the luxury boutique hotel Haven. Such results could confirm the statements from the theoretical part.

From this research it could be clear, that in luxury boutique hotels customers expected perfect and unique atmosphere and service. According to the research, though people are becoming more sophisticated, still they really value all the special elements they get at the hotel. This essay has argued that physical surroundings could be the best instrument to attract customers, satisfy them according to their expectations as well as to get them for the constant loyalty.

The following conclusions can be drawn from the present study.

First, from the Hotel's Manager point of view luxury and boutique hotels managers are paying much attention even to the small details, not to mention the whole design of the premises. They use it as a strong marketing tool.

The second major finding was, that hotel's Front Desk employees are paying much attention to the customers' satisfaction at the hotel Haven. They really care about guest's wishes, suggestions and complaints. As well as they are always ready for the cooperation with the Hotel's Manager to achieve better results and profit. Most of them are ready to answer questions concerning the meaning of physical environment in the hotel as well as they have the same view point as their manager.

The results of this research support the idea that customers really care about the hotel's ambiance, equipment, design and the whole entourage. Hotel's Haven guests are commenting a lot about the servicescapes, and to tell the truth, most of the reviews are positive. As a rule, customers admire the hotel, they point that the beds are "heavenly" comfortable, bathrooms are gorgeous, hotel has a real home atmosphere with the luxury elements. Most of the visitors are writing that they did not want to leave the hotel because it was excellent and high-class. As a matter of fact, such aspect could show that the customers of hotel Haven show approach behavior, as they would like to stay more in the hotel as well as to return again. From the customers' comments it could be clearly seen that all guests perceive physical environment's features with their own stimulus (oral, visual, tactile, aural and olfactory as it was stated in the theoretical par.

To sum it up, all respondents think that physical environment is an essential part of customers' satisfaction and loyalty, which could be seen from the answers of Hotel's Manager and employees and from the other side, from the positive comments of hotel's guests. According to such results, the main question of this paper could be answered positively, that physical environment plays a very important role and it is relevant for customers' satisfaction process, especially in the luxury boutique hotels. Furthermore, physical surroundings could not be just the only one aspect to achieve customers' satisfaction and loyalty; there should be a win-win combination with service, loyalty programs and a proper management.

6.2 Suggestions for improvement in Hotel Haven

Though there is a very strong and winning policy of the company there are some things which should be improved and developed.

First of all, it is the absence of the door man which is a big minus for the luxury hotel from the SLH chain. It is obvious, that this is a part of the saving money for the company though, it is not applicable at the high class hotel. More than that, it seems “poor” when a small girl from the reception desk is running to meet a guest at the door, then she takes all the huge luggage by herself for example from a man and she is bringing the luggage on the stairs. For some cultures it is even ridiculous if a woman is taking heavy luggage for the man, it could be even abusively. More than that, as it could be clearly seen from the customers’ reviews on websites there were complaints concerning porter or piccolo absence. A suggestion could be a door man who is also a security guard for the bar and for the hotel. As it is a normal practice to have security guards in each bar in Helsinki. Also a door man-security guard could be a plus for the customers safety and the hotel’s reputation. As well as it helps to keep the staff (women) healthy as there is no need to them to rise heavy things.

Another thing to improve is an opportunity to have a quick rest for the reception staff as they are standing for eight hours on their legs and there is no sofa in the back office. There should be discounts or even free massage for the staff because of the necessity to carry heavy luggage. More than that, there should be enough time for the staff to eat (thirty minutes) as well as to have a coffee break for fifteen minutes each day.

Halal and kosher food items for the breakfast in the restaurant Havis could be implemented as some of the customers could not eat fish because of the allergy. Moreover, if customers are Muslims or Jewish people there is no opportunity for them to eat beef or chicken sausages or meat. Such details could increase customers’ satisfaction and loyalty in cultural aspects.

One important thing to improve is tea making facilities in each room. There are guests from all over the world and many of them are not drinking coffee. In the Lux room there is a coffee-making machine but no teapot or kettle, which could be seemed unfair for the guests who do not drink coffee at all. As it is also a fact of cultural differences, it is very important to know that many of the customers are tea lovers (Japanese, Russians, British people end etc.) In this way it could be necessary to think more about guest's preferences than about local residents' tastes.

It is obvious, that some changes especially in the physical environment of the hotel could not be done because of time and money consuming. Though, some small details could be done in order to increase customers' satisfaction and maintain visitors loyalty. With no doubts, everything depends on different aspects, such as customers' cultural background, purpose of travel as well their mood and emotions. Noone could make everybody happy for hundred percents, as Russian guests are not satisfied with the breakfast and others are very pleased to have such healthy food, some customers think that pillows are heavenly soft and the other is commenting that it is like a stone. Though, it is necessary to pay attention to such complaints and to try to achieve a golden mean, which has already been reached in hotel Haven.

6.3 Suggestions for the research improvement

This research was planned to investigate about more than one hotel. However, due to some reasons it was cut just to the research of the Hotel Haven's physical environment's impact on the customers' satisfaction. For the further improvement there could be studied more than one hotel. As an example hotel Telegraaf in Tallinn, Estonia could be added to the research. The reason is that hotel Telegraaf is also a member of SLH hotel chain and it would be a good comparison between these two hotels.

Secondly, questionnaire for the hotel's employees could be more broaden in order to get more open answers to the questions.

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Attachments

Attachment 1. SWOT analysis of the hotel Haven, Helsinki

Strengths

Hotel and restaurants are in one company Royal Ravintolat Oy

Family business

The only one in Finland Small Luxury Hotels of the World member

Location of the hotel as well as restaurants from the company (city center)

Uniqueness

Home atmosphere

Proper target marketing

Weaknesses

Finland is not in a top of the most visited countries, that is why hotel is not popular all over the world

High priced luxury hotel's occupancy rate could decrease during recessions

Saving money on a service

Opportunities

Becoming more popular as this hotel is quite young

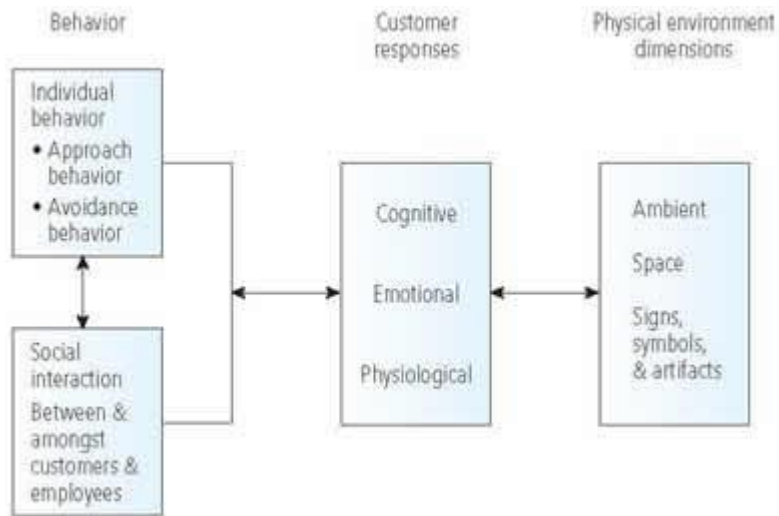
More customers' loyalty

Threats

Future potential competitors

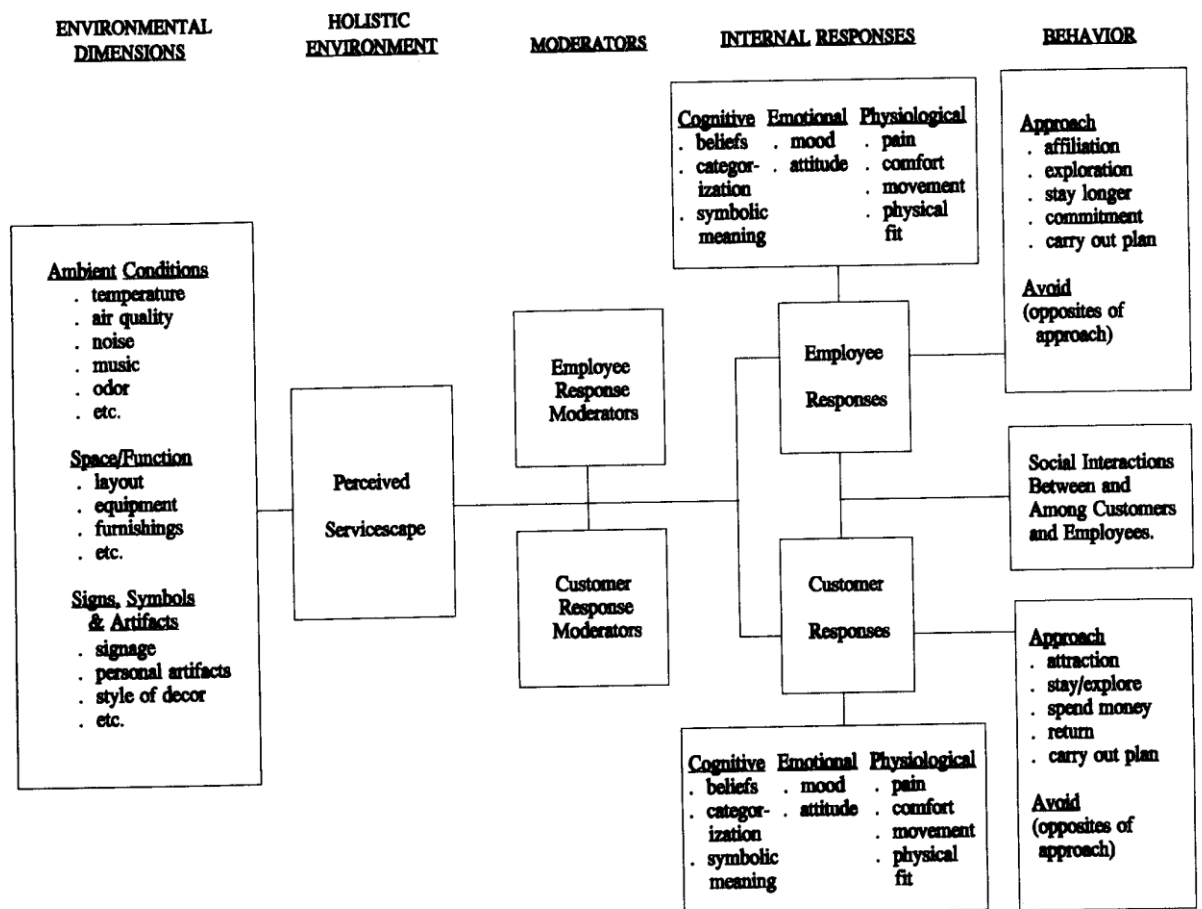
Recession

Attachment 2. Figure of customer behavior and responses to the physical environment (Zeithaml and Bitner 2003)



Attachment 3. Framework for understanding environment-user relationships in service organisations. (Bitner 1992)

FIGURE 2
Framework for Understanding Environment-User Relationships in Service Organizations



Attachment 4. The physical environment for hospitality products comprises external features, the internal design, employees and customers. (Bowie & Buttle, 2004)

Attachment

The physical environment for hospitality products comprises external features, the internal design, employees and customers.

Table 10.3 The Physical Environment in Hospitality Premises

<i>External</i>	<i>Internal</i>	<i>Employees</i>	<i>Customers</i>
Surrounding environment	Internal spatial layout	Appearance	Appearance
External appearance of the building	Décor, furnishings and furniture	Dress (uniform)	Dress
Access	Equipment	Attitude	Attitude
Landscaping	Signage and point-of-sale material	Behavior	Behavior
Parking	Temperature and air quality		
Signage and logos	Music		
Lighting	Smell		

David Bowie, Francis Buttle Hospitality Marketing: an introduction, 2004

1. Question

In your opinion how is the physical environment defined in the hotel industry?

Answer:

As for me, before, physical environment was more how it looks, much more than it feels, but in the other circumstances, it is more how people perceive things, with their own perceptions, your own taste of course. I think it is very important if to answer this question. But for hundred percent, the service is the most important. And physical environment is also important after that.

Definition is of course how it looks, how it feels, how it makes you feel. Colors, are soft, are they hard. In our hotel we are trying to create a certain environment, a home atmosphere and luxury environment at the same time. And it is a combination of service and physical environment.

2. How important is the physical environment in the luxury industry for customers' satisfaction?

Answer:

It is a combination, but I still think that service is more important. You can have a product which is not so great but with the right service you can make it great. But if you have a perfect physical environment and bad service it cannot work. Service can fix things, but I do not think that physical environment can fix bad service. In this way service affects more.

3. In your opinion what is more important in the hotel: service or physical environment?

4. From your point of view is it necessary that the physical environment is appropriate for the target markets?

Answer for two questions:

Especially in the luxury industry! Definitely! It is extremely important, because to create a luxury just with service is a challenge I would say. You can create a great atmosphere, a nice ex-

perience with service, but for luxury you need to have a proper physical environment for people to perceive luxury. I think if you have a hundred people and to ask what is luxury, they would say: nice furniture, golden panels, golden lamps. That's how, I'd say, the average person perceives luxury. If there are Russian guest they definitely look at the physical environment, especially, if they do not speak English they do not understand a service part, how do we communicate with them. So for such guests it is even more important how they perceive the surroundings.

5. Is the hotel flexible to changes in physical environment according to customers' wishes?

Answer:

To certain amount-yes, small things we have already changed. As an example, at the beginning of the hotel (February 2009) the guests complained that we do not have a make-up mirrors; by adding these mirrors we solve the problem and we increased our guests satisfaction. Some visitors they have asked to make a bidet-shower. But we decided not to do that because it would take more than just bidet-shower, it is plumbing and etc. so it is a big change. As the hotel always wants to make money and to have a profit. That is the core business to make money. You do not want to put too much money in expenses just to make a few people happier. So to a certain extend we are to the changes which can be easily made.

Another example is the small stair case when you put your luggage; it was a bit dangerous because people did not see it. We actually changed the handles it comes very much out to protect that people won't step. It is still a small change but it makes a big difference. If you look at other hotels, look at the hotel chain, for them it is difficult to make physical changes because they have chain standards that they have to follow. For example, the blue color which has to be visible and they cannot change it to green for example. In our hotel of course we are privately owned, we are much freer to do physical changes. SLH chain is very flexible. They just want from our hotel to give a five star service and that we have fresh flowers in the rooms. There is nothing from them about the physical environment, but before signing a contract they are coming to see the hotel. In the end SLH is more classical in design.

6. To what extend is the hotel ready to meet the needs of the VIP clients (celebrities, politicians and world famous people e.g. Abramovich)

Answer:

Once we could not receive one of the celebrities because this person asked for the own gym, which we could not do. When an artist wants a gym we basically do not have place to build it. You know our meeting rooms are so small. We did not say no, but that things cannot be done. I do not see any point to paint something in the other color just for the artist. May be in some cities hotels are competing to get the star, they use it as a marketing tool. We do not need in here in Helsinki because the market is very small and it is not for Finnish culture to compare with USA for example. So if we can do it we provide it, we charge for it. If we cannot do it, we just politely say that, unfortunately, we are not able to do it.

7. Is the hotel ready to change some features of the physical environment for people with special needs (disabled people)?

Answer:

We have had some cases with people with some severe disabilities, more than just in the wheel chair. We have provided them with a special shower chair, with this kind of support to get out from the bed. It is rarely when we get such questions. But when we have built the hotel we knew that some things should be done for people with disabilities, especially in wheelchairs. We have bigger doors to certain rooms, bathrooms without bath tubs. The entrance from the street is behind the reception. They can come in without the stairs, elevator to the restaurants.

So, flexible to changes-yes, in this way we can provide additional help but not to start making changes to the physical environment. If we will be in front of the rehabilitation hospital then the hotel will be planned in a different way.

8. In your opinion, does the hotel need any changes in physical environment?

Answer:

Sauna! We definitely need a sauna. But physically we need to take four rooms from third floor and we would lose revenue 1000 euro per day. And with the sauna you will not make 1000 euro per day. The cost of maintain it, to build it with all fair safety, insulation, plumbing, fire protection. But if we would rebuild or extend the hotel we would probably include it because so many guests ask for it.

As for me I'm happy with the way it is (physical environment) If we opened again I would maybe choose some furniture materials differently as we have noticed that some materials are

wear out much faster than others, so these are things we've learned. I would choose different materials that are more long lasting but still look good. Another thing I would do is to change all the Spot light to LED light because Spots do not last very well and LED technology is much more advanced. The only problem now is that the LED light is too white, too bright for such areas like bar. We will change it but we are waiting to the right color.

9. Is physical environment a marketing tool to attract customers?

Answer:

Definitely! How you can best see that if you look at the hotel webpage if you look at the pictures. All the pictures are basically from the physical surroundings. It is rare when you can see people on the pictures; it is usually furniture, rooms and flower arrangements, pillows-decorative things. And if we speak about our hotel, it is the home atmosphere, the warmth, the design of the hotel is used as a marketing tool. I think the bigger chain hotels are using their brand as a marketing tool as it is so strong but the smaller hotels it is much more about the feeling and the pictures of the places.

10. How do you think, which role does the physical environment play in maintaining customers' loyalty?

Answer:

I think it is very important! But service is still number one because people get to know you by name, you are warmly welcomed. But later on, in a city like Helsinki, with so many hotels, after service physical environment is very important. As I get some comments from people who are travelling 200 days per year, if you stay in the chain hotel you do not know where you are getting up in the morning because all hotels are very clean, nice but looking the same. They do not have their personality, which is created by physical environment. This hotel is very unique as well as Telegraaf, Tallinn.

The boutique hotels are rising very fast. That is what people are looking for, after hotel chains have been controlling the market for 50-60 years. Now boutique hotels are increasing. But chain hotels will stay because of the loyalty programs which includes three factors: service, physical environment and loyalty cards.

11. According to your experience, is it true that the consumers have become more sophisticated, especially in physiological stimuli in designing the physical environment?

Answer:

Definitely! And you can notice that the way people comment like fifteen years ago people said: "I slept well!" and now they say that it is such a beautiful inner courtyard, or I loved the pillows in the room, the curtains. People are caring more, yes-sophisticated.

Another thing is appearance of the staff which is a part of the physical environment. And not only that you have nice clothes. But do you smile, do you look happy, your hair is appropriate, not too much but still make-up, nails - small things but they are so important. In our hotel there is a strict policy-no piercing. It is old fashioned sense but our hotel is representing older people than younger. These things are all create an experience. It is the first impression and the last impression, it is very important.

Attachment 6. E-mail letter for the employees

Hello!

We are the students from Haaga-Helia University of Applied Sciences.

Our thesis theme is: The impact of the physical environment on the customers' satisfaction in the luxury hotels. (Case Hotel Haven, Helsinki and Hotel Telegraaf, Tallinn)

Could you please help us while answering the following questions? There is an attachment with the table where you could check what is it physical environment at the hotel.

Thank you in advance!

Attachment to the e-mail for the employees of the Hotel Haven

Attachment

The physical environment for hospitality products comprises external features, the internal design, employees and customers.

Table 10.3 The Physical Environment in Hospitality Premises

<i>External</i>	<i>Internal</i>	<i>Employees</i>	<i>Customers</i>
Surrounding environment	Internal spatial layout	Appearance	Appearance
External appearance of the building	Décor, furnishings and furniture	Dress (uniform)	Dress
Access	Equipment	Attitude	Attitude
Landscaping	Signage and point-of-sale material	Behavior	Behavior
Parking	Temperature and air quality		
Signage and logos	Music		
Lighting	Smell		

David Bowie, Francis Buttle Hospitality Marketing: an introduction, 2004

David Bowie, Francis Buttle Hospitality Marketing: an introduction, 2004

Attachment 7. Questions for the employees of Hotel Haven

- 1) For how long have you been working at the hotel?
 - a. less than 1 year
 - b. 1-3
 - c. 3-5
 - d. more than 5 years

- 2) How important is physical environment in the luxury industry?
 - a. not important
 - b. did not think about it
 - c. quite important
 - d. very important
 - o Other (please specify)

- 3) During your work experience at the hotel did you notice/get any comments about the physical environment from the customers?
 - a. never
 - b. rarely
 - c. time to time
 - d. often
 - o Other (please specify)

- 4) In the hotel's policy is physical environment an important part of a customer's satisfaction?
 - a. I do not know
 - b. not at all
 - c. important
 - d. very important
 - o Other (please specify)

- 5) In your opinion what is more important at you hotel: service or physical environment?
- a. service is more important
 - b. physical environment is more important
 - c. both are very important
 - d. never thought about it
 - o Other (please specify)
- 6) Do you think the physical environment is appropriate for the target markets?
- a. No at all
 - b. I cannot answer this question
 - c. Some of it
 - d. Yes it is appropriate for the target markets
 - o Other (please specify)
- 7) Is the hotel flexible to changes in physical environment according to customers' wishes?
- a. not flexible at all
 - b. flexible to some features (e.g. music, temperature, lights, accessories/decorations, odors and security)
 - c. depends on the circumstances
 - d. always flexible
 - o Other (please specify)
- 8) To what extend is the hotel ready to meet the needs of VIP clients (celebrities, politicians and world famous people e.g. Abramovich)
- a. not ready at all
 - b. sometimes
 - c. depending on the needs
 - d. always ready for extra payment
 - o Other (please specify)

9) Is the hotel ready to change some features of the physical environment for people with special needs (disabled people)?

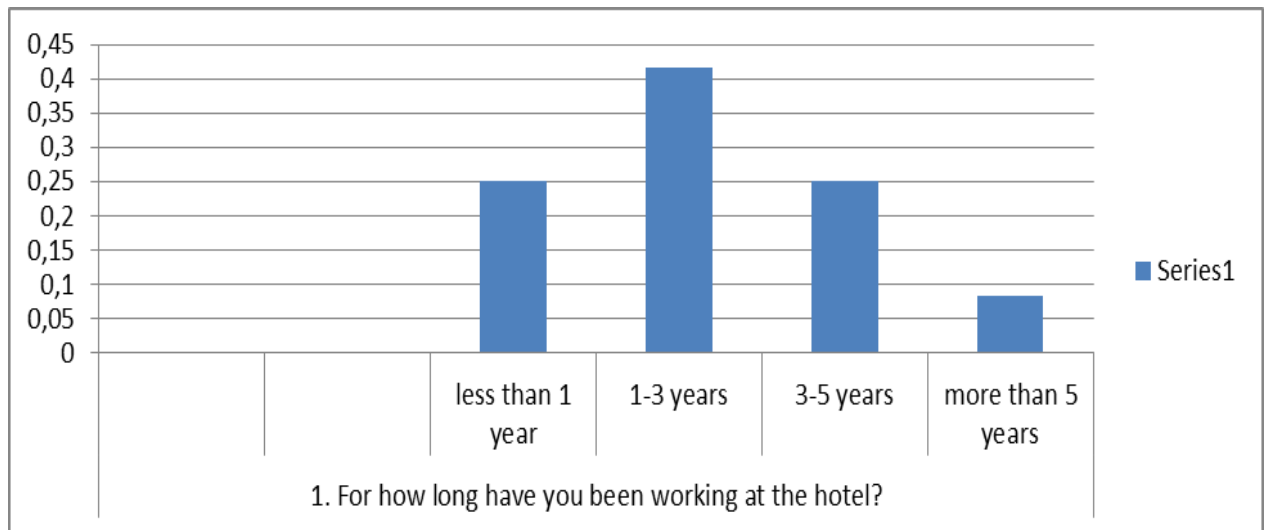
- a. not ready at all
- b. sometimes
- c. depending on the needs
- d. always ready
 - o Other (please specify)

10) In your opinion, does the hotel need any changes in physical environment?

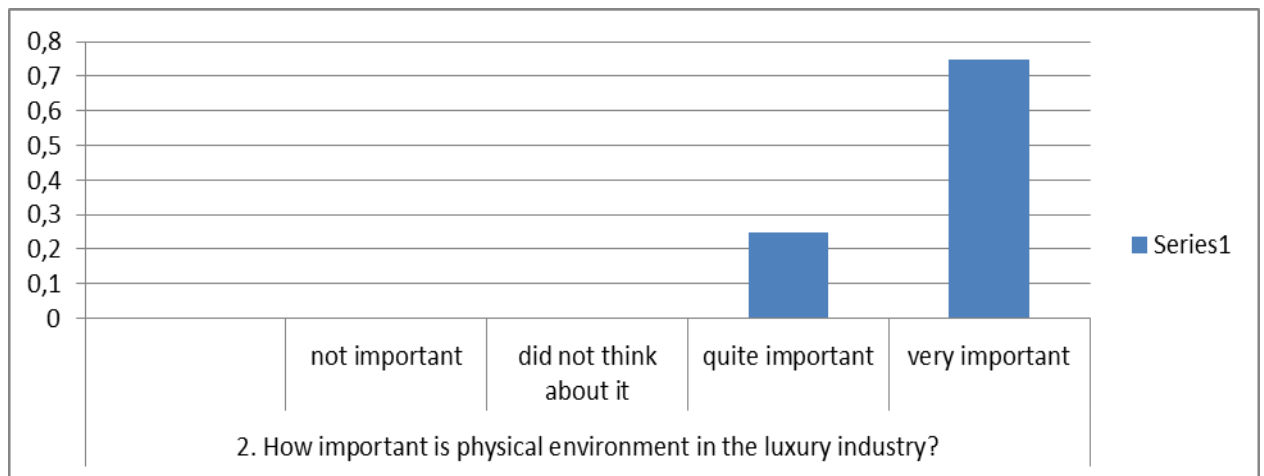
- a. does not need to change
- b. did not think about it
- c. needs some change
- d. should be a part of the hotel's internal marketing
 - o Other (please specify)

Attachment 8. Employees' answers for the on-line questionnaire

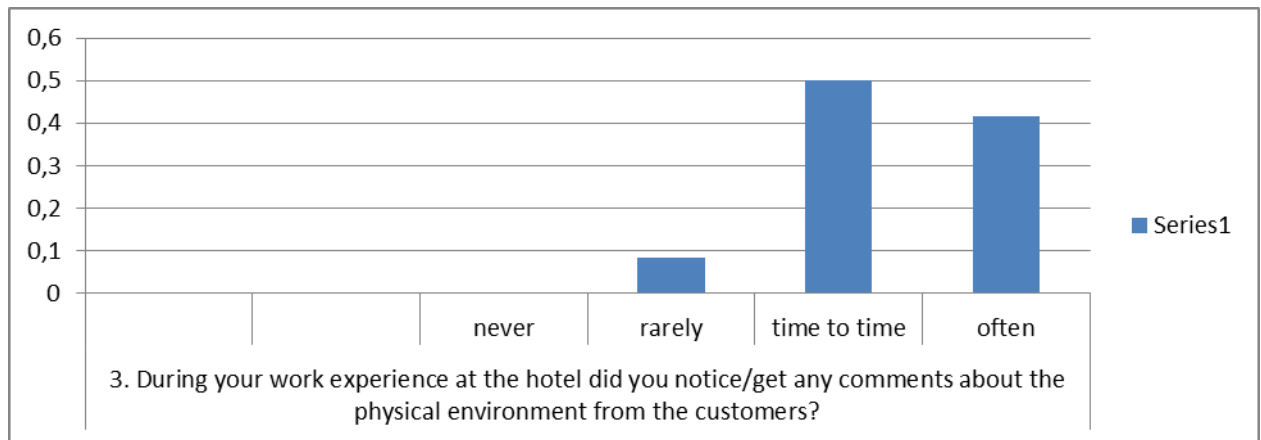
1) Question



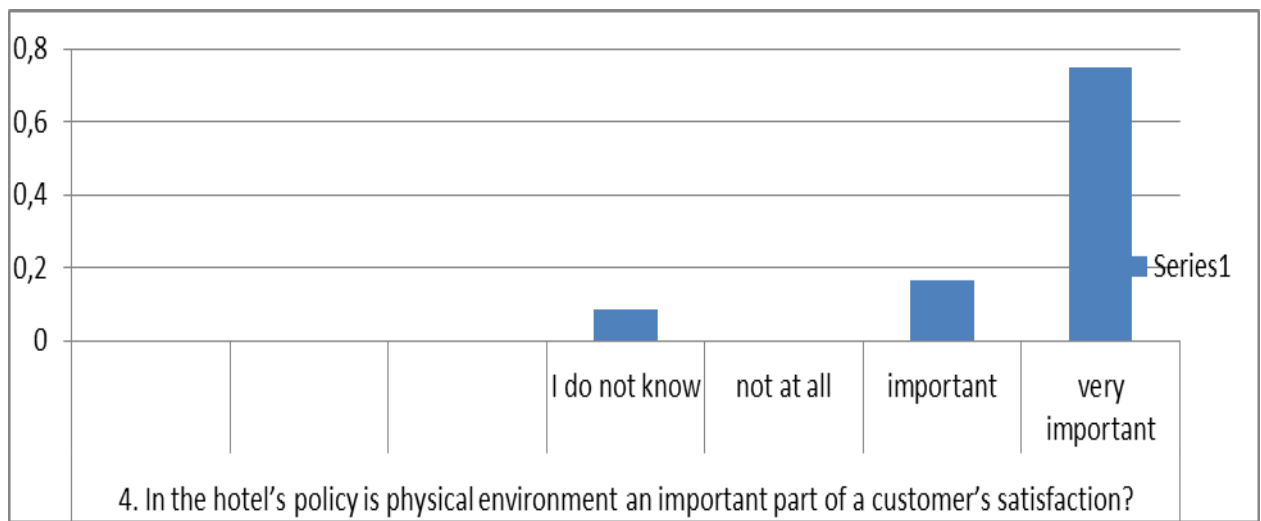
2) Question



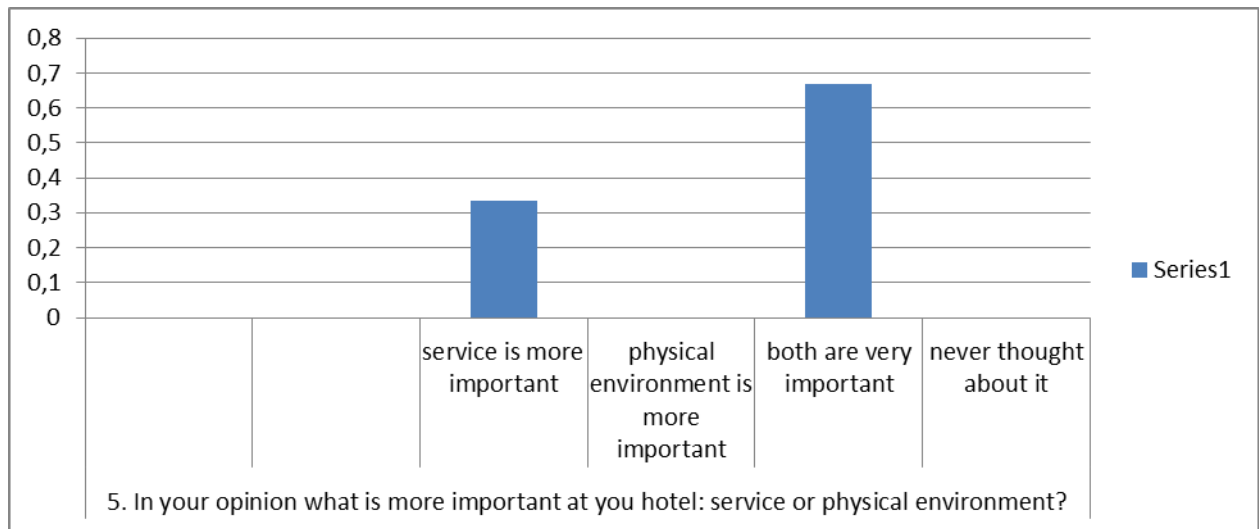
3) Question



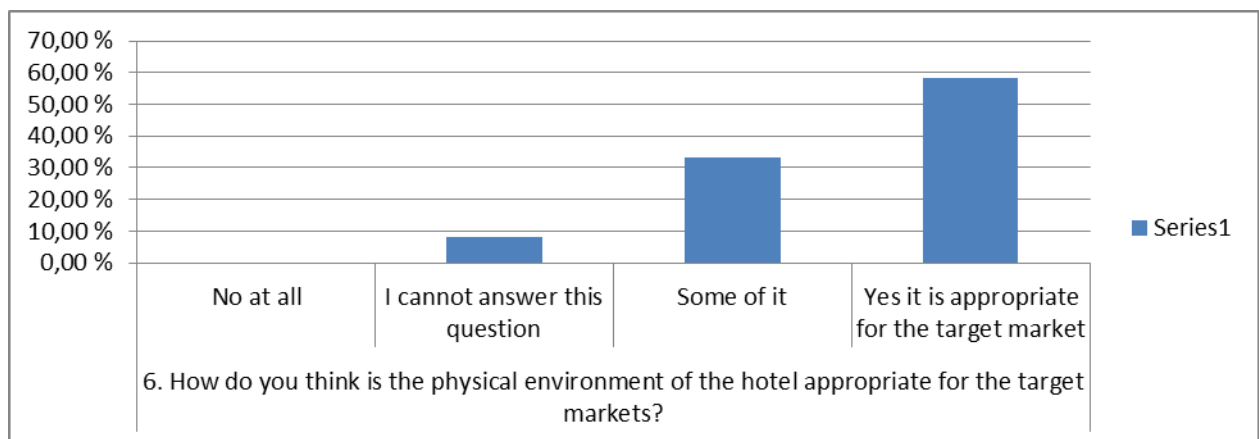
4) Question



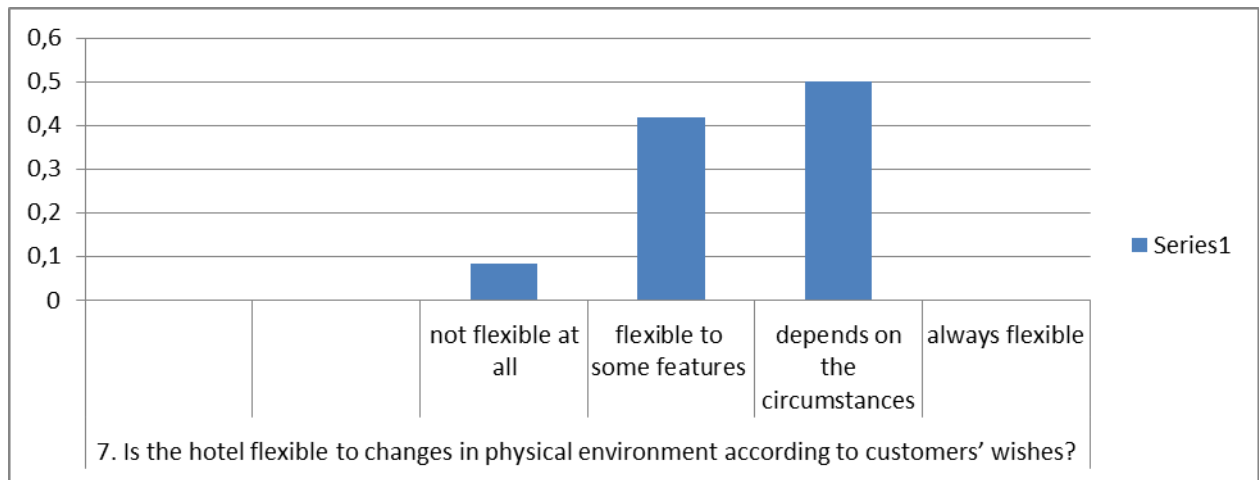
5) Question



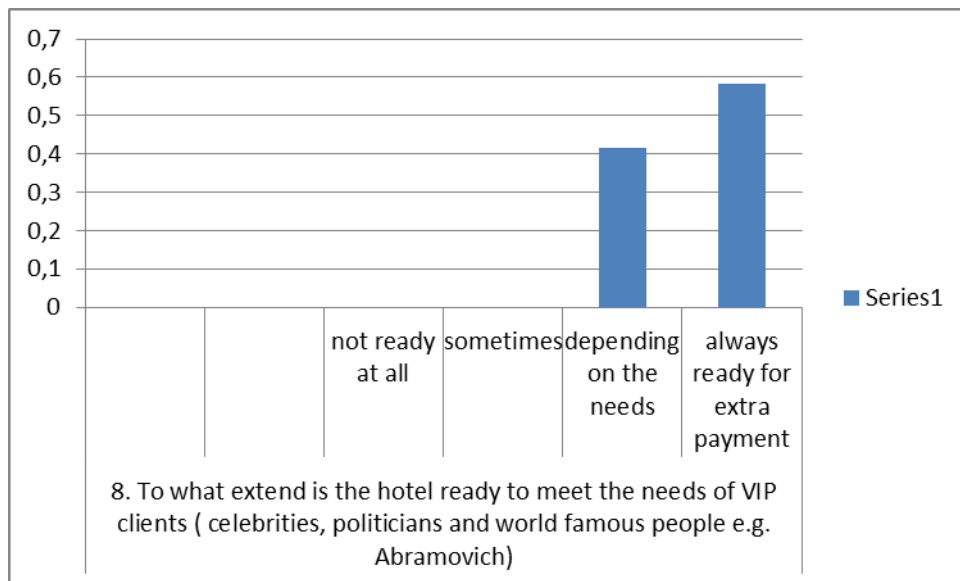
6) Question



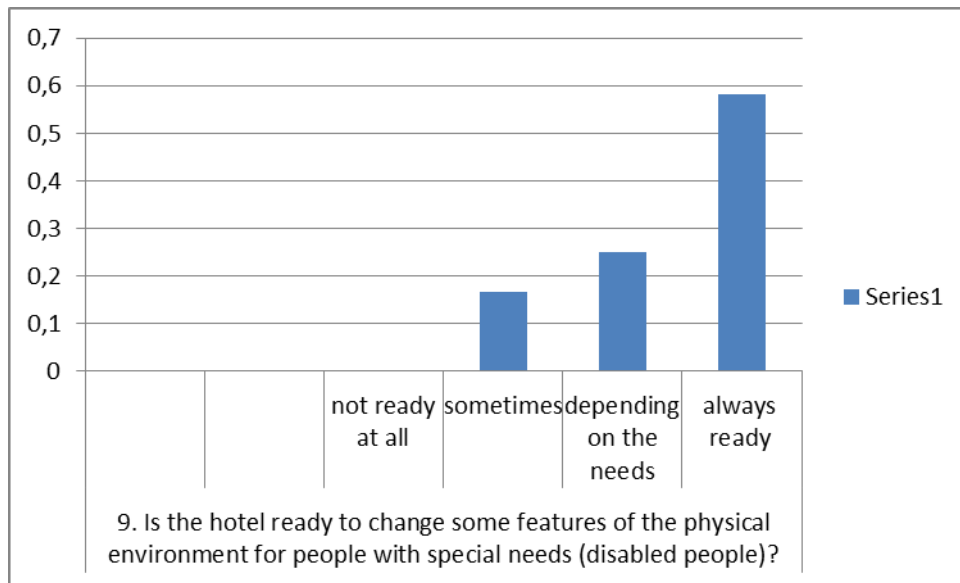
7) Question



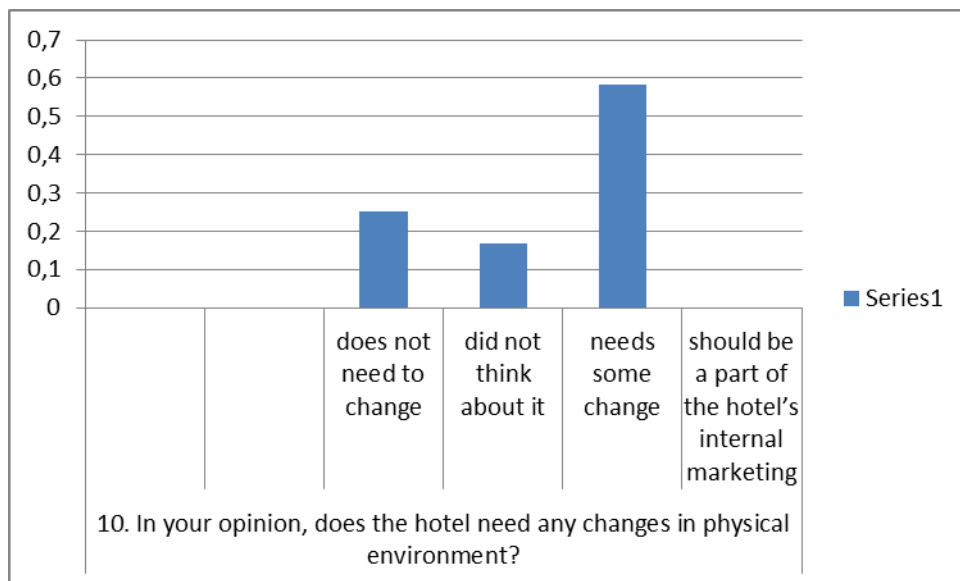
8) Question



9) Question



10) Question



Attachment 9.

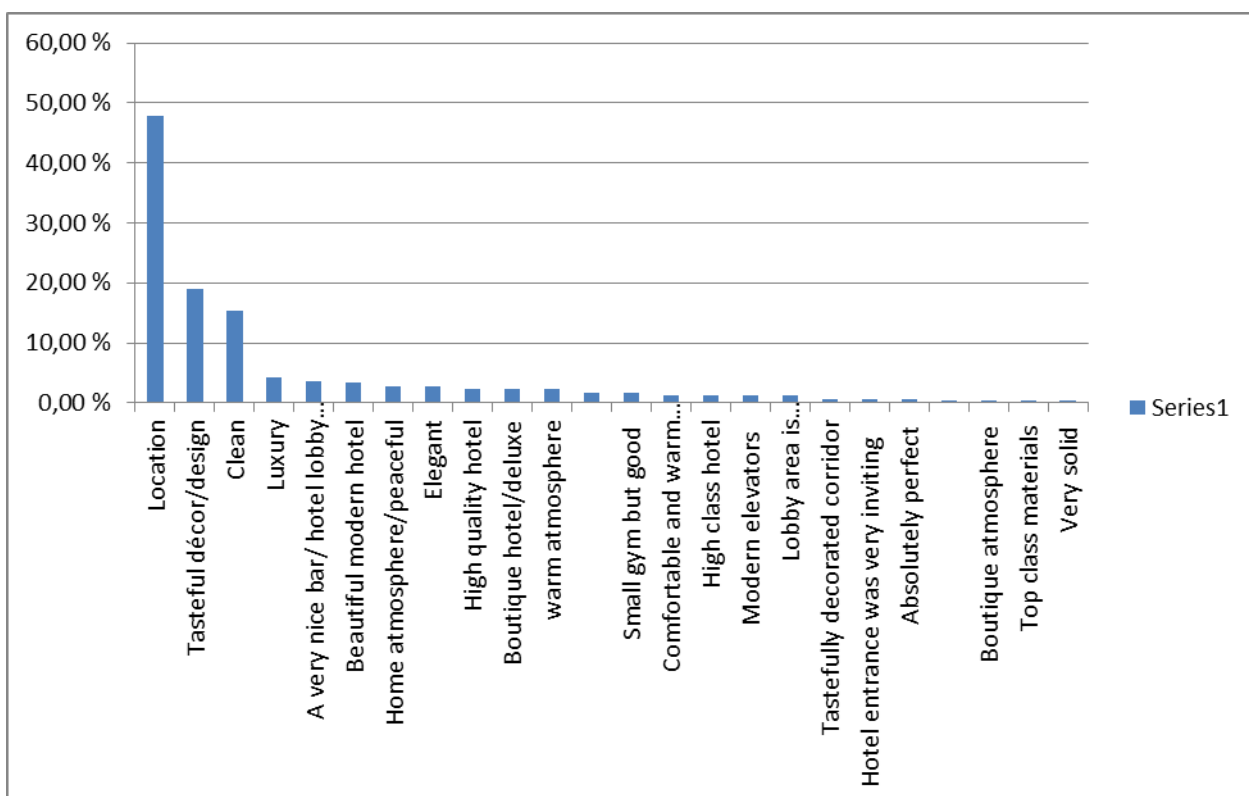


Chart 1. Customers' reviews Hotel

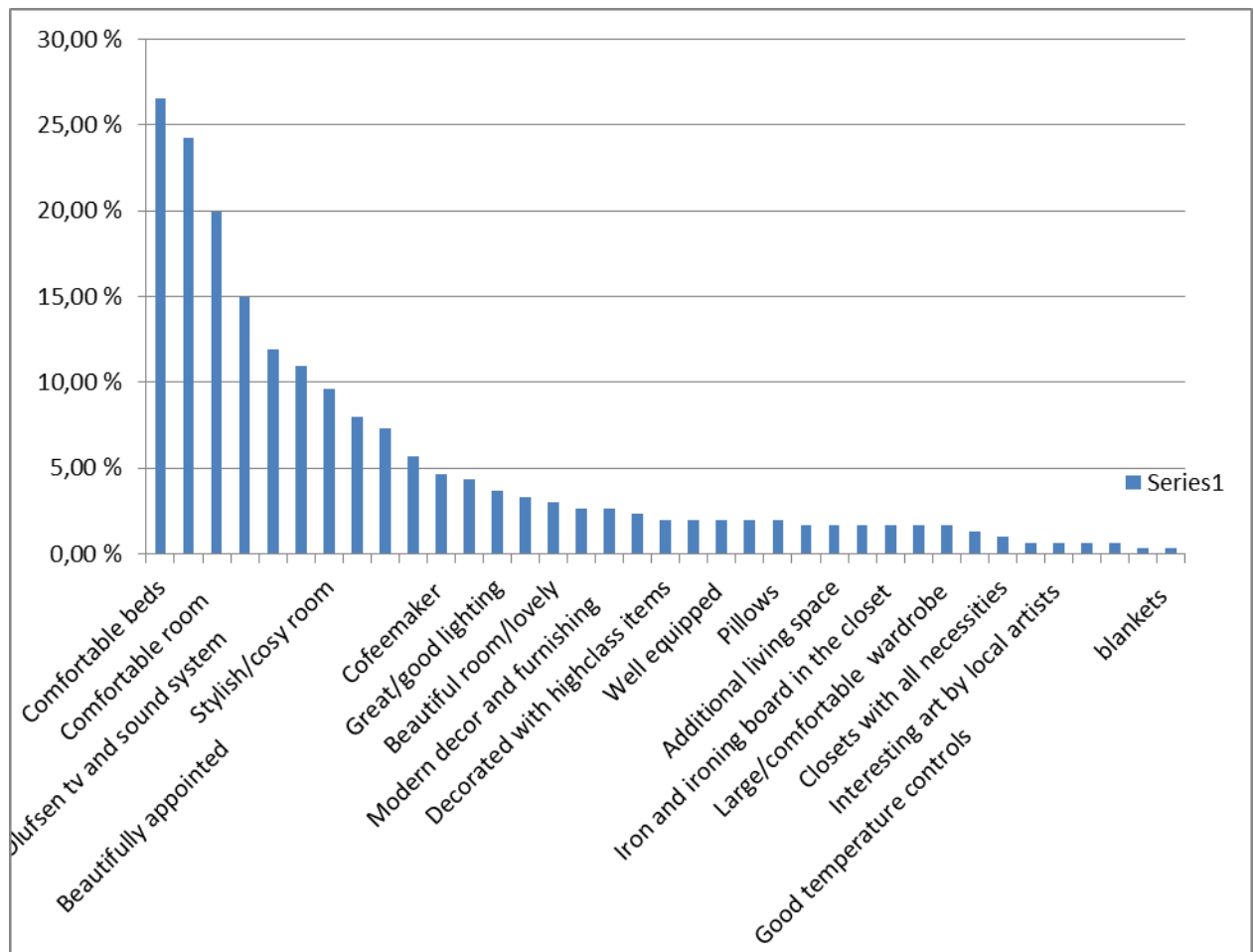


Chart 2. Customers' reviews Room

Attachment 11.

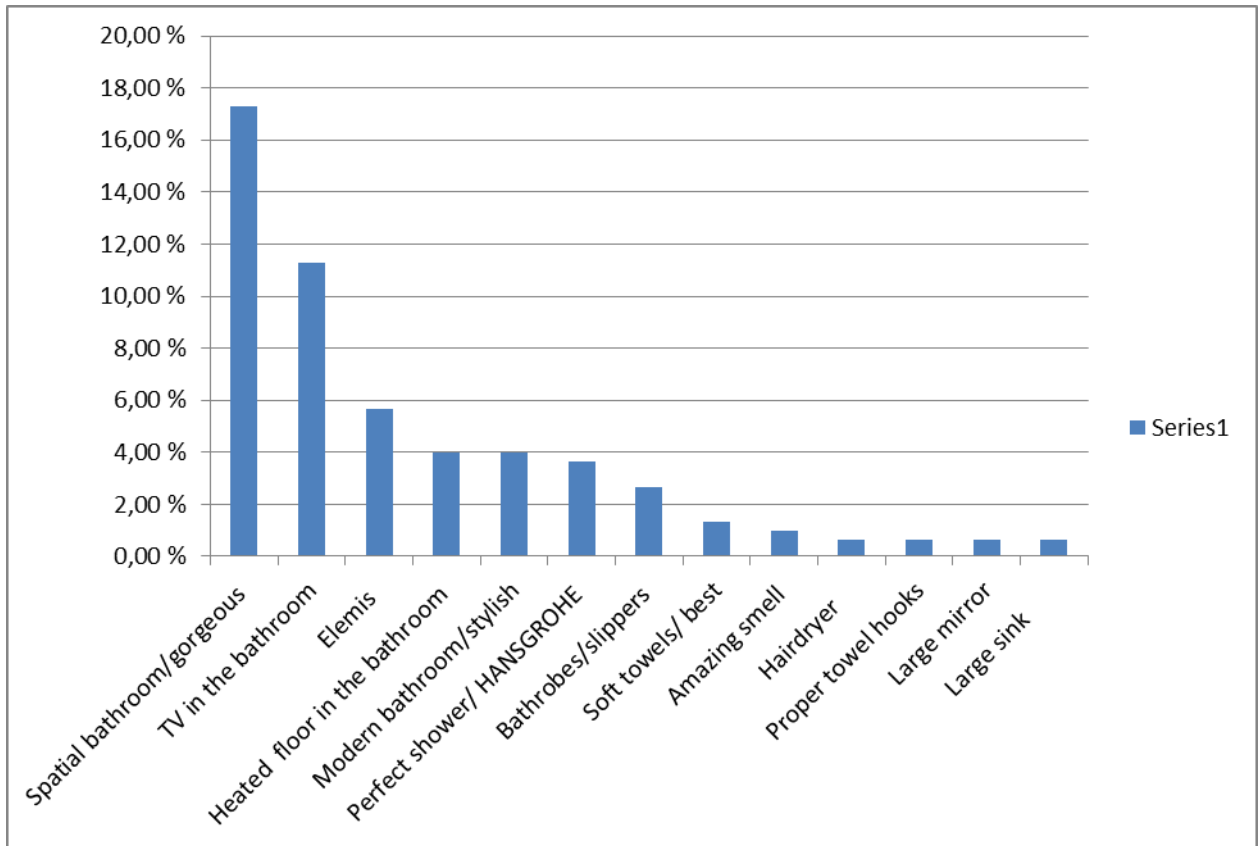


Chart 3. Customers' reviews Bathroom