

Analysis of landscape architecture – and urban design impact on hotel competitiveness in Hungary

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engaging communities and
citizens for sustainable
development

- the case of local embeddedness -

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CONTENT OF THE PRESENTATION

Introduction

- globalization, change in the supply and demand side of the hotel market

Problem

-increasing competitiveness

One solution

-> analysis of local embeddedness

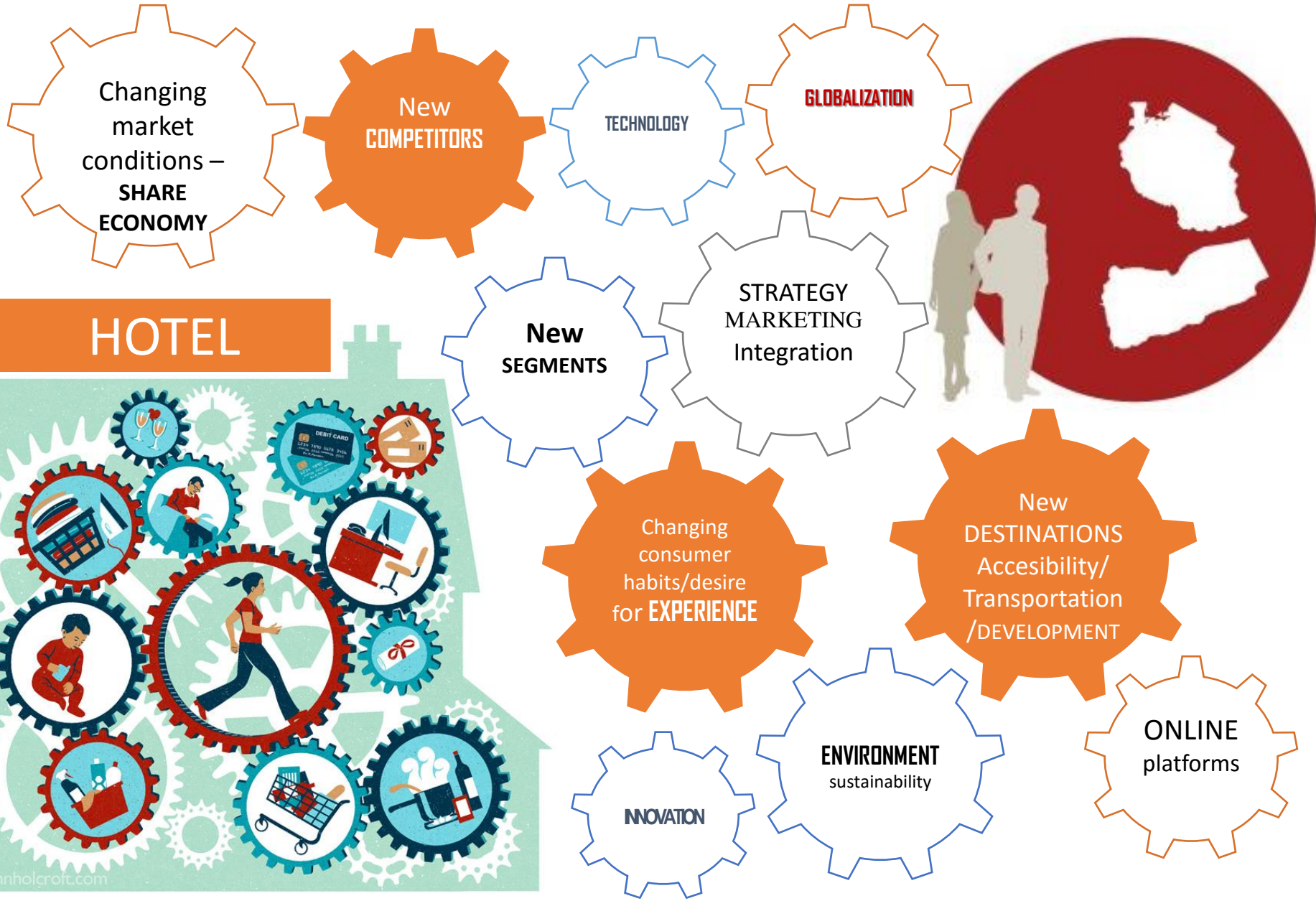
1. community spaces
2. architectural design

Research

Analysis of Hungarian 5-star hotels (Budapest)

Results and conclusions

I. INTRODUCTION - HOTEL COMPETITIVENESS



FACTORS AFFECTING HOTEL COMPETITIVENESS

PRICING	Qu et al. (2002), Mattila & O'Neil (2003), Lockyer (2005), Mattila & Choi (2006), Reynolds & Biel (2007)	STRATEGY	Go et al. (1994), Phillips (1996, 1999), Cizmar & Weber (2000), Wong & Kwan (2001), Brown & Dev (1999, 2000), Hwang & Chang (2003), Morey & Dittman (2003), Barros (2005), Yeung & Lau (2005)
DESTINATION	Go et al. (1994), Cizmar & Weber (2000)	STRATEGIC ALLIANCES	Preble et al. (2000), Kim & Kim (2005), Pine & Phillips (2005)
PHYSICAL CHARACTERISTICS	Phillips (1999), Morey & Dittman (2003), Reynolds (2004), Barros (2005), Yang & Lu (2006), Reynolds & Thompson (2007)	QUALITY OF SERVICES	Go et al. (1994), Phillips (1999), Brown & Dev (1999)
PROCESS MANAGEMENT	Phillips (1999), Cizmar & Weber (2000), Yang & Lu (2006), Seol et al. (2007)	TECHNOLOGY	Chandrasekar & Dev (1989), Go et al. (1994), Brown & Dev (1999), Philips (1999), Siguaw et al. (2000), Wong & Kwan (2001), Barros & Alves (2004), Sigala et al. (2004), Ham et al. (2005), Law & Jogaratnam (2005), Orfila-Sintes et al. (2005)
HUMAN CAPITAL	Chandrasekar & Dev (1989), Go et al. (1994), Gundersen et al. (1996), Philips (1996), Brown & Dev (1999), Cizmar & Weber (2000), Wong & Kwan (2001), Brown & RBrand agsdale (2002), Morey & Dittman (2003), Reynolds (2004), Barros (2005), Orfila-Sintes et al. (2005), Trung & Kumar (2005), Mandelbaum & Nicholas (2006), Yang & Lu (2006)	PROFITABILITY	Brown & Dev (1999, 2000), Barros & Alves (2004), Sigala (2004), Reynolds (2004), Barros (2005), Yang & Lu (2006), Reynolds & Thompson (2007), Seol, Choi, Park & Park (2007)
IMAGE	Prasad & Dev (2000), Brown & Ragsdale (2002), Kim & Kim (2005)	CAPITAL	Brown & Dev (1999), Barros (2005)
MARKET CONDITIONS	Go et al. (1994), Brown & Dev (1999), Philips (1999), Morey & Dittman (2003), Reynolds (2004), Barros (2005), Yeung & Lau (2005, 2006)	OPERATIONAL COSTS	Barros (2005), Trung & Kumar (2005), Karagiorgas et al. (2007)
MARKETING	Go et al. (1994), Cizmar & Weber (2000), Keh et al. (2006), Mandelbaum & Nicholas (2006)	GUEST SATISFACTION	Gundersen et al. (1996), Armstrong et al. (1997), Choi & Chu (1999), Brown & Ragsdale (2002), Mattila & O'Neil (2003), Campos-Soria et al. (2005), Akbaba (2006), Reynolds & Thompson (2007)

HOTEL COMPETITIVENESS MONITOR



LEADERSHIP PERFORMANCE

innovation, distribution, **capacity**, demand, supply, **category**, guest satisfaction, quality of service

ENVIRONMENTAL OUTPUT

sustainability, **location**, **added value**, labour capital, **assets**, technology, investment in sector, annual replacement of equipments

INTERNAL CAPABILITIES

GOP, REVPAR, number of guest nights, loyalty programs, balance sheets, payroll, cost level, operational plans, **meeting guest segments needs**

PERFORMANCE OUTPUT

output growth, possibility of growth, employment, quality of labour, skills, productivity, efficiency, ability to create income

Indicators related to architecture or internal design

Asset, location, category, innovation, capacity, sustainability, target market

II. PROBLEM: INCREASING COMPETITION

One solution:

Differentiation - emphasis on the local embeddedness

By social, economic, environmental/architectural means:

- Increasing the area of community spaces (also inside gardens, atriums)**
- Representing and also preserving local values in the design and in the architecture**
- Providing social events for the locals**
- From the point of performance - higher revenue**
- Creating an open meeting space/hub for the locals and the foreign visitors**
- Applying the given environmental attributes/location in decision-making**

INTERNATIONAL EXAMPLE 1: WOOLLOOMOOLOO SYDNEY



”Bridging between heritage and modern luxury, indulge in the rich history of the wharf design in the comfort above and over Sydney harbour.”

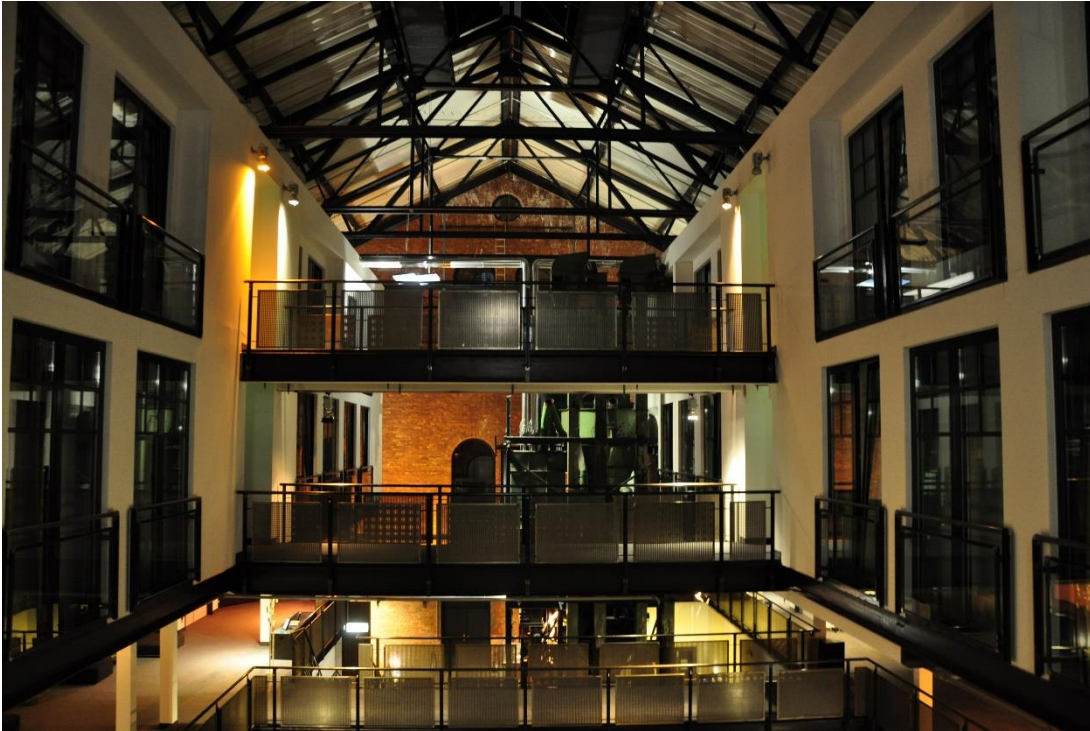


INTERNATIONAL EXAMPLE 2: CANAL HOUSE AMSTERDAM



„Due to the limited space and desire to maintain a level of equality, the houses were usually not more than 30ft wide (9 metres), and characterised by big, narrow windows and decorative gable tops. Very narrow stairs maximised space in the buildings, using as little as possible of the floor area.”

INTERNATIONAL EXAMPLE 3: GASTWERK HAMBURG

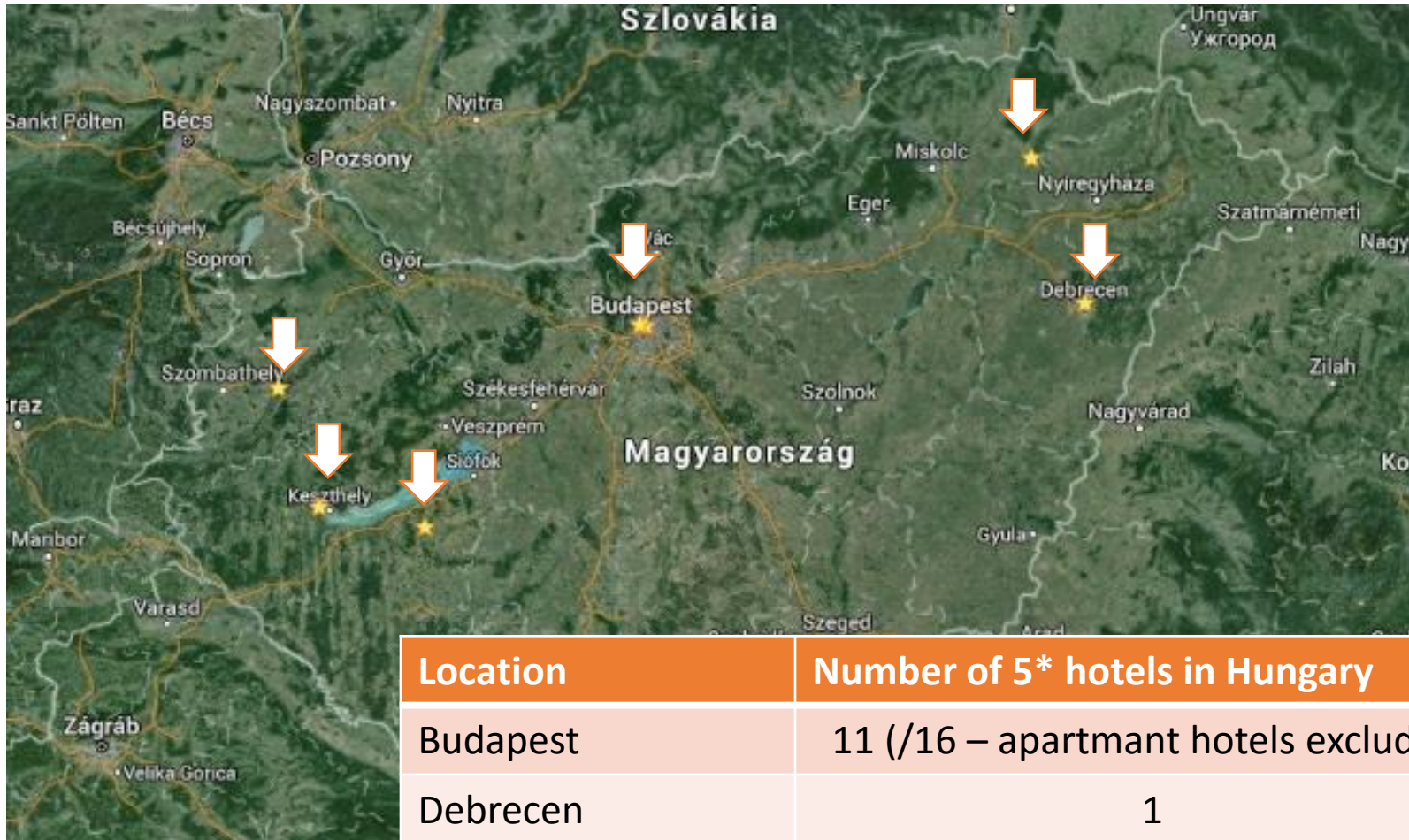


III. RESEARCH METHODOLOGY

Case study:

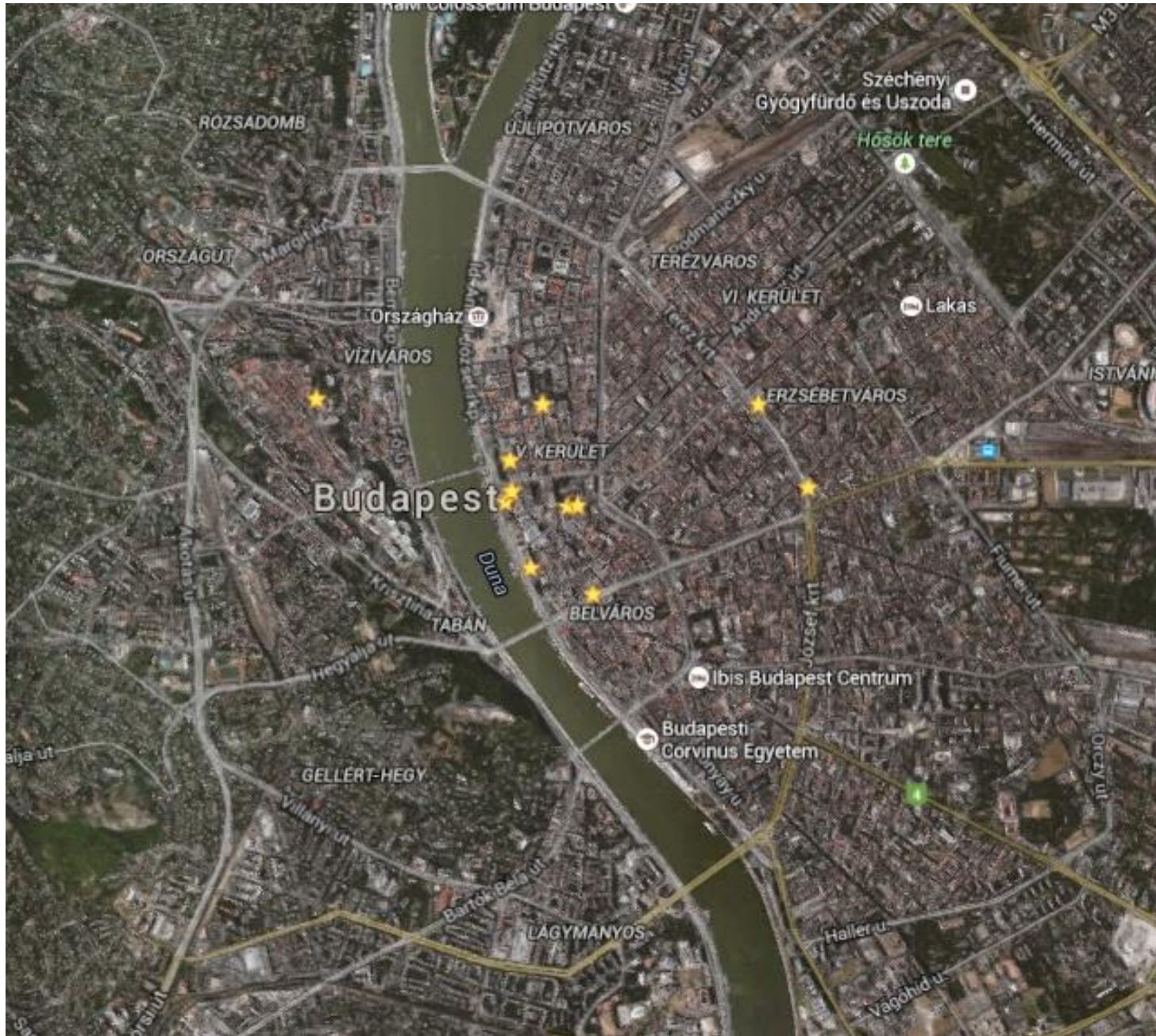
- 1. analysis of the websites and social media activity of the hotels**
- 2. analysis of strategy and marketing plan of the hotels**
- 3. deep interview with 5 hotel directors and 9 managers (March-April 2016)**
- 4. analysis of the building style, levels and the floorplans**

RESEARCH: ANALYSIS OF HUNGARIAN 5* HOTELS



Location	Number of 5* hotels in Hungary
Budapest	11 (/16 – apartmant hotels excluded)
Debrecen	1
Hévíz	1
Sárvár	1
Visz	1
Tarcal	1

5* HOTELS IN BUDAPEST



Research Sample I – 11 hotels in Budapest

Name of hotel	Location	Number of rooms	Operation	Opening	Local embeddedness
Boscolo Budapest	Budapest District: VII.	185	Autograph Collection	May 2006	1906 date of building 2004 renovation Italian style, fitness centre, New York coffee house and Salon fine – dining restaurant representing local Hungarian traditional dishes
Four Seasons Hotel Budapest	Budapest District: V.	179	Four Seasons Hotels and Resorts	December 2012	1906 2004 renovation 2015 innovation in F&B outlets
Intercontinental Budapest	Budapest District: V.	402	Intercontinental Hotels and Resorts	September 2009	Last renovation: 2009 Advantage: terrace by the Danube
Hilton Budapest	Budapest District: I.	321	Hilton Hotels and Resorts	July 2009	Location in the UNESCO World Heritage, monastery, ICON restaurant, renovation: 2016 community spaces and rooms
Marriott Hotel Budapest	Budapest District V.	364	Marriott Hotels and Resorts	November 2009	Large fitness room, popular among locals, Peppers-mediterranean and Hungarian grill resurant – returning Hungarian guests, Aqva Lounge Bar – style by Hungarian rivers and lakes, Marionett handcraft beers
Ritz-Carlton Budapest	Budapest District V.	200	Ritz-Carlton Hotel Company	March 2016	1918 building of Adria palace, reconstruction: 2016 Deak Street kitchen Hungarian dishes, Hungarian cookbok amenity, lobby decorated with vintage local posters
Aria Hotel Budapest	Budapest District: V.	42	Collection?	February 2015	High Note Rooftop Bar, music theme, photos of Hungarian composers

Research Sample I – 11 hotels in Budapest

Name of hotel	Location	Number of rooms	Operation	Opening	Local embeddedness
Corinthia Hotel Budapest	Budapest District: VII.	414	Corinthia Hotels	August 2004	1896: building date Several F&B outlets, party outsourcing brands: Szamos patisserie, Orfeum bar, Rickshaw restaurant, Bock bistro and Brasserie restaurant (traditional Hungarian) Lobby – photos - representing the history of the hotel Spa, Hairdresser, flower shop
Sofitel Budapest Chain Bridge	Budapest District V.	357	Accordhotels	November 2006	French designer rebuilding the Hungarian history of the XIX th century building Similar internal organization like Hilton, original architect: Lajos Zalaváry, rooms are grouped around an internal atrium
Kempinski Hotel Corvinus Budapest	Budapest District: V.	349	Kempinski	November 2000	Several F&B outlets, party outsourcing brands: ÉS bistro (Hungarian traditional dishes, popular among local guests as well), NOBU, Living Room, Blue Fox Bar Souvenir shop, spa
Buddha Bar Budapest Klotild Palace	Budapest District: V.	102	Mellow Mood Hotels	June 2012	Inside: Asian interior design and gastronomy, treatments Outside: Klotild Palace – XIX th century Hungarian palace

III. RESULTS AND CONCLUSIONS

Main findings:

- hotels belonging to chains are applying the ways of local embeddedness in a more effective way than hotels under own property
- the owners and management use the old hotel buildings as a advantage and create/use the story behind to be more competitive
- the presence of local embeddedness in the Hungarian gastronomy cannot be regarded as a competitive advantage
- the adequate utilization of the local environmental resources can be effective from the point of business (e.g. application of forms of renewable energy)
- role of community spaces and nature is increasing especially in hotels boasting with more than 100 rooms
- hotel chains having loyalty programs use the local embeddedness in their service offer as a competitive advantage

EXAMPLE 1: Kempinski Hotel Corvinus Budapest

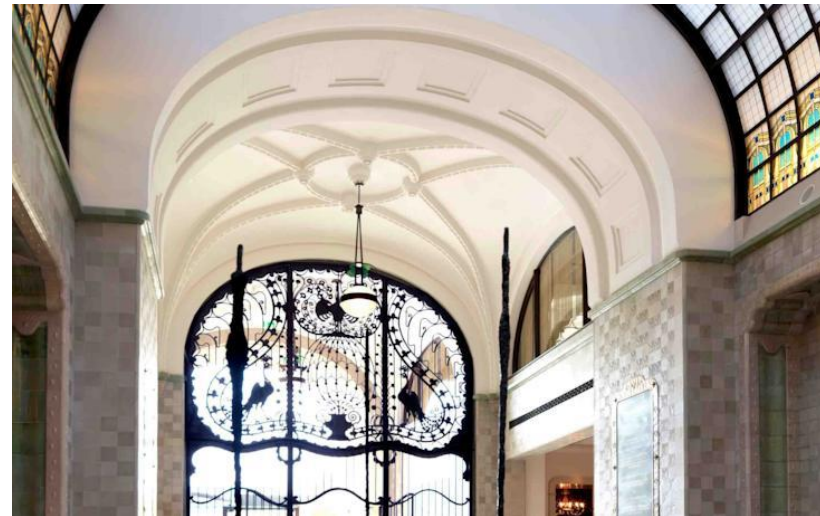
Local exhibitions and gallery of art masterpieces, herb plantation on rooftop



EXAMPLE 2: Corinthia Hotel Budapest Uniform with local traditional embroidery



EXAMPLE 3: Four Seasons Hotel Gresham Palace Preserving the architectural values since 1906



EXAMPLE 4: Marriott Hotel Budapest Marionett Pub

Meeting space also for locals offering local craft beers - representing the brand and the local unique product at the same time as a competitive advantage



EXAMPLE 5: Hilton Budapest

Preserving local architectural values and increasing the area of community spaces



FURTHER RESEARCH RECOMMENDATION

Application of quantitative analysis or questionnaire for further research

Analysis the neighbouring countries, the presence and ways of adaptation of local-embeddedness in their case

A case-study within one hotel chain, and analysis of the member hotels

Aim:

to find an adequate model which represents local embeddedness in the case of hotels

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Thank you for your attention!



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