

# The Development of Boutique Hotels in Braşov City

Codruţa Adina Băltescu

*Faculty of Economic Sciences and Business Administration, Transilvania University of Braşov*

[codruta.baltescu@unitbv.ro](mailto:codruta.baltescu@unitbv.ro)

Dana Boşcor

*Faculty of Economic Sciences and Business Administration, Transilvania University of Braşov*

[dana.boscor@unitbv.ro](mailto:dana.boscor@unitbv.ro)

## Abstract

*Boutique hotels are hotel businesses dedicated to addressing a well-defined segment of customers. The development of the concept is an ongoing process, these accommodation units are already well known on the hotel market, thus reflecting their attraction among the guests. The paper highlights the main features of the boutique hotels, the specificity of the offer and analyzes the major global hotel groups in order to highlight their concerns in the direction of developing their own chains of boutique hotels. Aiming to identify the development of this hotel concept in our country, the paper also analyzes the units that fall into this category of establishments which operate in Brasov city.*

**Key words:** boutique hotels, hotel market, customer segments, global hotel groups.

**J.E.L. classification:** L83, M21, M31.

## 1. Introduction

The diversity of tourists' needs and preferences materializes in designing distinct tourism products and services aimed to satisfy tourist demand more accurately expressed. At the same time, it is well known that tourism is just another part of our consumer society, being affected by all the social trends which affect all consumer markets, albeit in different ways, and like other industries, it influences general consumer behavior to some degree (Horner *et al*, 2004, p.22).

Nowadays, the hotel market highlights the significant differences in consumption, in terms of tariffs, the comfort level of the offer, the variety of expectations, the diversity of travel motivations, etc. All these elements are the pillars to develop tailored hotel products, among which is included the concept of boutique hotels.

## 2. The boutique hotel concept

A hospitality concept is the total offering provided to guests. From guests' points of view, a concept is an experience, whilst from the company's perspective is an operating system (Hsu *et al*, 2002, pp.176-177).

Accommodation products of all types are perceived by customers as 'experiences'. The experience is organized and orchestrated to meet the identified needs and benefits sought by customer segments and it comprises a series of service operations. Hotel product experiences are complex and are influenced by physical elements (such as buildings and provision of food and drink), sensual benefits (experienced through sight, sound, touch and smell, and conveyed by the quality of buildings and their furnishings) and psychological benefits experienced as mental states of well-being, status and satisfaction (Middleton *et al*, 2001, pp. 390-391).

Although a relatively new element of the hospitality market, boutique hotels have grown quickly to become a major phenomenon in the industry today. Designer lifestyles and 'designerism' are the major phenomenon in the consumer culture of much of the world today, particularly among the higher level market segments. The hospitality sector is attempting to catch up with this aspect of modern consumerism through the rise of 'boutique hotels' (Horner *et al*, 2004, p.148).

A parallel between boutique clothes shops and boutique hotels is a prerequisite. Boutique clothes shops are typically small and selling fashionable items. The hotel equivalent is thus fashionable and has some limits in his size. A key characteristic is the design, which can manifest in a number of ways, allowing guests to identify the properties with phrases such as cool, urban, leading edge, and trendy. Even if not all operators in the boutique field see themselves in the same way, there still a key link, namely lifestyle.

An international organization, Boutique Hotels and Resorts International (BHRI) has been set up as an alliance of independent, genuine boutique hotels and resorts from around the globe (<http://www.boutiquehotelsandresorts.com>). Implicit in the promotional material about BHRI is the idea that somehow the concept of boutique hotels is being de-valued and undermined by the exploitation of the term by hotel chains.

The target market for the boutique hotels is the 'new consumer movement'. Entrepreneurs without a background in the hotel industry have been major players in the rise of boutique hotels, such as Ian Schrager (Horner *et al*, 2004, p.151). They have brought new ideas with them which have influenced the 'traditional' hotel industry. In most cases, the concept of a boutique hotel embraces a number of product attributes, including all or some of the following:

- an emphasis on design, particularly interior design, and making it distinctive from other hotels;
- focus on embracing high-tech developments particularly in terms of the bedroom environment;
- a high level of personalized service;
- providing a stress-free relaxing environment;
- offering guests well-known luxury brands of complementary products.

Boutique hotels are considered to be a reaction against the standardization of the hotel product seen throughout much of the world. Some of the chains which have led this standardization process are now trying to develop brands in the boutique market.

Boutique hotels have recently developed in all world regions. For most boutique hotels, their web site is their main promotional tool and for many of them, guest comments and feedback are prominently displayed within their web site (Horner *et al*, 2004, p.155). The Internet and electronic communication have generated significant changes in the marketing strategies of accommodation units (Băltescu *et al*, 2015, p.149). Expanding online communication will influence management and future development of tourism companies activity (Băltescu, 2015, p.147). The future of boutique or designer hotels will depend largely on factors outside the control of the industry such as changes in consumer culture and globalization, for instance.

### **3. The development of boutique hotel chains inside the major international hotel groups**

The major international hotel groups operate numerous and distinct hotel chains highlighting their concerns towards the utmost satisfaction of different customer segments. Some of them expanded their operations into the boutique sector, thus recognizing the evolution of this hotel concept. The hierarchy of the top 10 hotel groups by number of rooms, at the end of 2014, is presented in Table 1.

InterContinental Hotels Group (IHG) comprises a distinct hotel chain, namely "Indigo", representing the group's specialization in the boutique market. The consumers experience is summarized by the motto: Travel like an explorer - Stay like a local. The 65 Indigo hotels offer features that are unique, combining authentic local experience with a modern hotel design, individualized service with the peace of mind and consistency of staying with one of the world's largest hotel groups (<http://www.ihgplc.com/index.asp?pageid=408>).

The French hotel group, Accor, also comprises a boutique hotels chain, namely "MGallery", with 82 hotels operated in 23 countries. Each of these hotels has a unique personality and story, experienced by guests through architecture, interior design and services. The chain features three

typical atmospheres. Some hotels present "Heritage" origins, places filled with history; others reflect an aesthetic universe, a style, the "Signature" of a personality that contributed to their creation or decoration; still others promise a relaxing time, "Serenity" in a natural or urban retreat. (<http://www.accorhotels-group.com/en/brands/brand-portfolio/mgallery.html>).

*Table no. 1 World's biggest hotel companies ranking in 2014*

<b>2014 Rank</b>	<b>Company</b>	<b>Location</b>	<b>2014 Rooms</b>
1.	Hilton Worldwide	Virginia, USA	715.062
2.	Marriott International	Maryland, USA	714.765
3.	InterContinental Hotels Group (IHG)	Denham, Anglia	710.295
4.	Wyndham Hotel Group	New Jersey, USA	660.826
5.	Choice Hotels International	Maryland, USA	500.000
6.	Accor	Paris, Franța	482.296
7.	Plateno Hotels Group	Guangzhou, China	442.490
8.	Starwood Hotels & Resorts Worldwide	Connecticut, USA	354.225
9.	Shanghai Jin Jiang International Hotels Group Co.	Shanghai, China	352.538
10.	Best Western International	Arizona, USA	303.522

*Source: HOTELS 325 Rank, July/August 2015.*

The Chinese hotel group, Plateno Group, has also developed a special brand in order to address the boutique hotel market. Their "Maison Albar" is a French luxury boutique hotel brand with a hundred years of history. Since 1923, these hotels bring out cultural and family heritage through a unique story, unveiling a new experience of authentic and elegant French lifestyle, with strong emphasis on tailor-made service with a natural home feeling (<http://www.plateno-hotels.cc/en/group/maison-albar/about#maison-albar>).

The "Design" hotel chain from the Starwood group is another example for the worlds' biggest hotel groups' involvement in the boutique market. Design Hotels embraces properties that are crafted with the purpose of creating original experiences and unexpected moments that provide lasting memories, being deeply involved in the local scenes. The member hotels are characterized by innovation and creativity in the hospitality industry, offering authentic and original experiences. More than 400 hotels apply for membership with Design Hotels each year, but only about 5 percent of them are approved. Each member hotel is carefully selected to cater to the needs of modern travelers searching for the unusual, the individual and the unexpected (<http://www.starwoodhotels.com/design/about/index.html>).

It can be noticed that there are important hotel groups that emphasize and encourage the uniqueness and innovation through the development of different boutique hotels chains. These hotels are featured by authentic design, modern rooms and facilities, combining the luxury and intimate atmosphere with the location unique experiences.

#### **4. The analysis of boutique hotels operating in Brasov city**

In the first two months of 2016, the percentage of tourists arriving in Brasov County who were accommodated in hotels was of 63% (<http://www.brasov.insse.ro/phpfiles/BSL%2002%20-%20Brasov.pdf>). Almost 90% of these tourists booked hotel services in three star accommodations units and more than three stars, which shows that Brasov is visited by tourists with medium and high income level. These elements highlight the presence of some essential prerequisites needed in order to develop boutique hotels. At the same time, it is worth mentioning that the number of boutique hotels operating in Brasov city is rather low.

*Chambers'n Charm Boutique Hotel* is a stylish unit located on the road to Poiana Brasov with nine spacious rooms and suites, each decorated in a different theme: Provence, Gold, Scandinavian 1 and 2, Baldaquin, Red, Romantic, Baroque and Marrocan. Each of the 9 rooms is unique in its mix of antique and modern designer furniture. The tariff is also different, according to room type,

starting from 70 € up to 135 €. Services such as breakfast, bar, room service, a la carte restaurant, private parking, garden furniture and other complementary services are added. In recognition of quality and value, the hotel is a Hilton Diamond Club partner (<http://www.chambers-charm.ro/page-presentation/9.html#.VyjFxoSLTIU>).

*Mikaela boutique hotel* is characterized by mystery and sensual freedom. All of the six rooms are equipped with large, King beds, but differ in size and decor. In each room the bed has a LED display in different colors, which helps to distinguish the rooms. Room rates vary from 50 € up to 140 € (<http://www.hotelmikaela.ro/index.php>).

*The Rizzo - Boutique Hotel* is located in Poiana Brasov, is a larger hotel unit, comprising fifty-four rooms which offer the guests a lavish ambience where the smallest details – from the smoothness of satin sheets to jet shower-heads, LCD screens and wireless internet – have been attended to, and eight suites with designer spacious living rooms, kitchenette and bar counter. The indoor pool and conference amenities complete the hotel offer (<http://www.rizzohotel.ro/en/>).

A final example for this type of accommodation units operating in Brasov city is *Casa Albert*, located in Brasov's historical center. The five rooms and two suites offer a "vintage" atmosphere, rising especially by the old, reconditioned furniture, by the warm colors and special accessories. The uniqueness of this unit is provided by the mural paintings representing famous historical monuments of the city (<http://www.casa-albert.ro/en/>).

According to the Romanian National Authority for Tourism, only three of these four units are classified. Chambers'n Charm is a four star villa, Rizzo Hotel is a four star hotel and Casa Albert is a three star rooms for rent unit type. As for the Mikaela hotel, the establishment is not yet included among the classified accommodation units in Romania for 2015 (<http://turism.gov.ro/informatii-publice>).

## 5. Conclusions

Boutique hotels are a rapidly growing phenomenon within the hotel market, and represent a link between the hotel sector and consumer society, as a whole. They are not yet a clearly identifiable destination single product. Instead the term 'boutique hotels' appears to be an umbrella term for several types of hotels which are all a reaction against large-scale standardized chain hotels.

To the extent that tourists will be increasingly more interested in these accommodations units which offer their guests an experience characterized by elegance and uniqueness, investments in this establishments could be considered profitable. In these hotels staff provides individualized services to guests, thus favoring rising results. It should not be overlooked that tariffs level is high, but by finding suitable clients and with appropriate loyalty programs, we can talk about business perspective. The target of the continuous improvement of quality is the development of the company simultaneously with satisfying and attracting loyal customers (Madar *et al*, 2013, p.64). Likewise, the companies in the hospitality field must be aware of the need to approach the customer, the need to build a long-term relation with this one; moreover, the classical communication modalities are no longer relevant in achieving this goal (Chițu *et al*, 2013, p.101). Only time will tell if boutique hotels are a short-lived fashion or a permanent feature of the worldwide hotel market.

## 6. References

1. Băltescu, C.A., 2015. The online assessment of tourism services. The hotel market from Brasov County. *Bulletin of the Transilvania University of Brasov*, Vol. 8(57), No.2, pp. 141-148.
2. Băltescu, C.A. and Boșcor, D., 2015. The online potential for the development of eco-certified accommodation units in Romania. *Bulletin of the Transilvania University of Brasov*, Vol. 8(57), No.2, pp. 149-156.
3. Chițu, I.B. and Albu, R.G., 2013. Aspects Regarding The Use Of Facebook Within The Hospitality Industry – A Case Study In Romania. *Bulletin of the Transilvania University of Brașov*, Vol. 6(55), No. 1, pp. 97-102.
4. Horner, S. and Swarbrooke, J., 2004. *International Cases in Tourism Management*. Oxford: Elsevier Butterworth-Heinemann.
5. Hsu, C.H.C. and Powers, T., 2002. *Marketing Hospitality*. 3<sup>rd</sup> ed. New York: John Wiley & Sons, Inc.

6. Madar, A. and Neacșu, N.A., 2013. Quality strategies applied by the company Star East Pet. *Bulletin of the Transilvania University of Brașov*, Vol. 6(55), No. 1, pp. 63-70.
7. Middleton, V.T.C. and Clarke, J., 2001. *Marketing in Travel and Tourism*. 3<sup>rd</sup> ed. Oxford: Butterworth-Heinemann.
8. HOTELS 325 Rank, [online] Available at: [file:///C:/Users/Admin/Downloads/h1507\\_Special\\_Report.pdf](file:///C:/Users/Admin/Downloads/h1507_Special_Report.pdf) [Accessed 10 April 2016].
9. Buletinul Statistic al judetului Brasov – februarie 2016, [online] Available at: <http://www.brasov.insse.ro/phpfiles/BSL%2002%20-%20Brasov.pdf> [Accessed 27 April 2016].
10. Lista structurilor de primire turistice cu functiuni de cazare clasificate, [online] Available at: <http://turism.gov.ro/informatii-publice/> [Accessed 28 April 2016].
11. <http://www.boutiquehotelsandresorts.com> [Accessed 23 April 2016].
12. <http://www.ihgplc.com/index.asp?pageid=408> [Accessed 19 April 2016].
13. <http://www.accorhotels-group.com/en/brands/brand-portfolio/mgallery.html> [Accessed 19 April 2016].
14. <http://www.plateno-hotels.cc/en/group/maison-albar/about#maison-albar> [Accessed 19 April 2016].
15. <http://www.starwoodhotels.com/design/about/index.html> [Accessed 19 April 2016].
16. <http://www.chambers-charm.ro/page-presentation/9.html#.VyjFxoSLTIU> [Accessed 27 April 2016].
17. <http://www.hotelmikaela.ro/index.php> [Accessed 27 April 2016].
18. <http://www.rizzohotel.ro/en/> [Accessed 28 April 2016].
19. <http://www.casa-albert.ro/en/> [Accessed 28 April 2016].