

## **The New Trends and Innovations in Selected Five-Star Hotels in Bangkok, Thailand**

**Nan Hua**

Graduate School of Business  
Assumption University, Thailand

**Adarsh Batra, Ph.D.**

Lecturer  
Graduate School of Business  
Assumption University, Thailand

### **Abstract**

Thailand is a country that highly relies on the tourism industry. Following the new trends and innovations are significant for development of hotels. In this study, researcher analyzed trends, challenges and innovations in selected five-star hotels in Bangkok. This paper further discussed innovation in selected five-star hotels, and the impact affected by innovations and innovative practices in hotels. Qualitative research techniques were used in this study. In-depth interviews were conducted in English with three officials from selected five-star hotels to collect primary data. Observation method was also employed to observe the surroundings and layouts in selected hotels. Secondary data were mainly collected from journal articles, reports, and books and websites. The study employed thematic analysis and content analysis to express findings. The results showed innovation outputs which belong to product innovation, service innovation and administrative innovation respectively. Findings also indicated that hotels utilized both interior and exterior approaches to follow up new trends and innovation. Furthermore, these innovations and innovative practices improved customers' satisfaction and business performance for the hotels.

*Keywords:* trends, innovations, five-star hotel, Bangkok

### **Introduction**

Over the past few decades, tourism has seen continuous growth and deepening diversification to become one of the fastest growing economic sections in the world. In 2014, a new record of 1.133 billion USD international tourists crossed boundary only in a single year; tourism industry generated 9% world GDP; one in eleven jobs generated from tourism directly or indirectly; international tourism receipts reached 1245 billion USD worldwide (WTO, 2015). Thailand faced a very challenging 2014 when the visitor arrivals in Thailand totaled around 24.7 million (24,779,768) and the annual revenue was 34.9 billion USD. In 2015, TAT has set the target of 28 million visitors generating an

estimated 41 billion USD from international visitors (TAT, 2015).

Table 1

*International Arrivals in Top World Metropolitan Destinations in 2013*

Rank	Metropolitan destination areas	Trips in Million
1	Paris	18.8
2	New York	18.5
3	London	16.1
4	Bangkok	14.6
5	Barcelona	12.4
6	Singapore	10.6

Source: ITB Berlin. (2014). *ITB World Travel Trends Report 2014/2015*.

Berlin. Messe Berlin GmbH.

The prosperous market segment was city trips which reached around 20% market share. The number of nights grew by 3% and average expenditure per trip increased by 2% to USD 1,750 between January and August 2014. According to ITB Berlin (2014), Bangkok ranked 4<sup>th</sup> place with 14.6 million arrivals in 2013 (Table1). Excellent shopping and dining experiences offer numerous choices for tourists. The number of international tourists arrived to Bangkok was around 15.5 million in 2014, an 11.3% decrease compared to 2013. This showed the first decrease since 2009 (JLL Hotel & Hospitality Group, 2015).

Tourism has four main components, namely accommodation, transportation, food & beverage and attraction. One of the major component which always be composed of accommodation, food & beverage, leisure activity, spas, architecture and so forth, all elements are comprised of one broad word namely “hotel”. To attract more customers, enhance the customers’ loyalty and get competitive advantages, hotels need to improve from various aspects. This study aimed to discover the new trends and innovations in selected five star hotels in Bangkok, Thailand. Researcher conducted study within three phases. (1) It analyzed the reasons and drivers of innovations, trends, challenges and innovations in selected five-star hotels in Bangkok. (2) It identified the practical innovations applied in business and assess innovation outputs. (3) It measured the customers’ satisfaction and business performance influenced by innovational practices. Accordingly, the research objectives are set as follows:

- To analyze trends, challenges and innovations in selected five-star hotels in Bangkok.
- To examine how hotels follow up new trends and innovations.
- To discover innovation outputs and innovativeness in selected five-star hotels.
- To measure the customers' satisfaction and business performance affected by innovations and innovative practices in selected five-star hotels.

### Review of Literature

The core factor of hotel and hospitality industry is service where the recipient of service is customer. Hackett & Melia (2012) argued that modern hotel customer is searching for unique experiences, new challenge, and multi-entertainment in the form of action, emotion and entertainment. Resorts require considerable understanding hotel trends, guest desires and expectations (Elliot & Johns, 1993). Hotels need to consider more customizable to meet customers' needs. Jayawardena *et al.* (2013a) pointed out that hoteliers should face three main challenges namely economic downturn, competition and human resources. Rayna & Striukova (2009), Sipe & Testa (2009) and Anthonisz (2014) stated that although competition in hotel industry is serious, competition creates pressure to change and with the purpose of stand out of the competition. Anthonisz (2014) claimed that organizational culture and local ownership of the brand are directly influencing innovation within the hotels. Jayawardena *et al.* (2013b), Anthonisz (2014), Hackett & Melia (2012), Sturman (2011) and Michelli (2011) indicated that tourists in the future will be more sophisticated, educated and well-travelled. They are looking for better value of money and more than traditional hotel product. Hoteliers have to provide a product that meets the needs of tomorrow customer who is value conscious. Hoteliers also have to understand the term "value pricing" which means that they need to offer a high and wide variety of products exceeding customers' expectation (Hackett & Melia, 2012). Sturman (2011) argued that hospitality manager is to find methods to improve guest's experience by highlighting their awareness of the enjoyable experiences they will have, are having and did have. According to Michelli (2011), guests today willing to be thrilled, to feel extraordinary satisfaction by getting much more value, attention, or enjoyment than they expected. Innovative technology and technological innovations are major trend and innovation in tourism and hospitality

industry (Jayawardena *et al.*, 2013b; Anthonisz, 2014; Rayna & Striukova, 2009). However, Anthonisz (2014) and Rayna & Striukova (2009) argued that it is probably hard to survive without using technology in modern hotel industry, but the very nature of high-end hotel business is that human contact which is usually more valuable than impersonal technology.

### Methodology

This study employed qualitative method to examine new trends and innovations in selected five-star hotels in Bangkok. Qualitative approach was appropriate to get meaningful and deep understanding from informants. Qualitative techniques are commonly used in leisure and tourism research (Veal, 2006). Initially, this study collected the secondary data mainly from Emerald journal articles, reports, books and authorized tourism websites. Primary data were collected through semi-structured checklist questions of in-depth interview with three leading hotel officials from five-star hotels in Bangkok. The interviewees were selected according to preliminary contact, permission, accessibility and reciprocal consent to take part in this research based on purposive sampling method. All interviews were conducted on condition of anonymity. The name of the hotels and informants were not disclosed in the research. Interviews were conducted from 16<sup>th</sup> July to 29<sup>th</sup> July 2015. A semi-structured checklist of 15 questions was used to collect information. Half hour interviews were conducted in the English language. Each interview was recorded and then transcribed. During the research in selected hotels premises, the researcher employed direct observation on the same day of interview to examine the layout and decorations in physical innovative places. Two hotel tours were organized by informants who accepted to be interviewed. The hotel tours interviews revealed the main trends and innovations in two selected hotels. Thematic analysis and content analysis methods were used to analyze the data obtained from in-depth interviews and observation. All the transcribed interview records and notes were converted into word file, then researcher read transcripts verbatim to discover the information which interviewees said. Coding, categorizing, abstracting and summarizing raw data were employed to analyze data and conclude the findings.

### Findings

The first part of this study is to assess the true nature of innovation and to discover the drivers that create innovations. The trends, challenges and innovations are summarized as

follows:

#### New Trends in Five-star Hotels in Bangkok

Coding, categorizing and abstracting were employed to classify informants' opinions into various codes and themes. There are four main trends in selected five-star hotels, namely: (1) The green and sustainable concept has already become the industry regulation in terms of responsibility and care of society. In daily hotel operation, hoteliers try to act responsibly to minimize carbon footprint and impact on the environment and try to use more green energy to reduce resource consumption. Meanwhile, tourists would like to find hotels with green practices, offering organic food and rewarding local communities. Green and sustainable concept is also considered by conscious guests. (2) Interviewees mentioned the technology that is used in hotel such as mobile check-in, pad controlled or voice controlled guest room and high-tech meeting room. These technology provides smart and convenient service to guests which can improve their experience during their stay. (3) Hotel operators have to think from the view of customers. Focusing on customers' experience and doing research on customers' behavior which develops into one trend of hotel running. Hotels are now being required to recreate, to offer a memorable experience which has to fit with needs of customers. Fourthly, due to economic down turn around the world, especially the recession in Europe and America, the booming and robust Asian countries turns into main tourism markets. Asia remained the key growth driver for the world outbound travel market with a growth rate of 8% in the first eight months in 2014. Economic grow in Asia keeps steady overall with a 4.7% rise in regional GDP expected in 2014 followed by 4.6% in 2015 (ITB Berlin, 2014). With rising of economy in China and India, the world tourism operators turn their focus on Asian market. China and Japan now represent for around 50% of all Asian outbound travel (ITB Berlin, 2014).

Table 2

*Expected GDP Development in Selected Asian Countries*

GDP	Total Asia	China	Japan	South Korea	India
2014	+4.7%	+7.4%	+1.0%	+3.5%	+5.9%
2015	+4.6%	+7.1%	+1.1%	+3.6%	+6.0%

Source: ITB Berlin. (2014). ITB World Travel Trends Report 2014/2015.

Berlin. Mess Berlin GmbH.

### Challenges in Five-star Hotels in Bangkok

There are three main challenges. Initially, though tens of millions of international tourists came to Thailand every year, to attract tourists to return to that very hotel and survive in fierce competitions is really difficult. Local brand hotel compete not only among themselves but also with leading global hotel brands who are considered strong competitors. Developing customers' loyalty while and competing with hotels in the similar location, offering the similar service and price is tough. Operational space should be considered by hoteliers. Some hotels are located near the Chaophraya River while some of them are in the center of city. Some hotels which have been existing for a long while needs renovation to provide big rooms and space for group check-in, meetings and dining. Finally, in tourism and hospitality industry human contact and face to face service is important. Service quality is also affected by employees. The image of the hotel and customers' satisfaction are highly influenced by the people who provide service. This is quintessential of success in hotel operation. Hotels have to concentrate on human resource management.

### Innovations Existed in Five-star Hotels in Bangkok

The major innovations identified by informants in five-star hotels in Bangkok as follows. First of all, technological innovations, such as electronic check-in, Ipads in guest rooms that provide customers with smart and convenient control of facilities. Motion control technique also used in some cutting edge hotels. Creating a homey and comfortable atmosphere in hotel room is another innovation where the hotel provides kitchen and real wooden floors in guest rooms. In addition, the innovation on different creative themes such as campus and health themes, plus different kinds of spa that could be new selling points to

hotels. Those innovations make the hotel more active and attractive.

### **Hotels Follow up New Trends and Innovations**

Participants who follow up the trends and innovations

For local branches and subsidiaries, predominant tasks are mainly on operations. Furthermore, local branches of hotels do not have that strong power to change the style and trend. The R&D department or specific people who take in charge of these issues in local hotel are the headquarters or regional offices which usually do the research and design.

Approaches to follow up the trends and innovations

The responses of interviewees were divided into two types of approaches. One type is to follow up trends and innovations from inside, and another type of methods is to follow up trends and innovations from outside. Companies disseminate information and study novelties and newness through interior meetings. In addition, hoteliers also can keep track on new trends and innovations directly from their customers. The observation of customers' behavior can provide data on what guests are looking for

Learning and thinking from inside are far from enough so hoteliers have to broaden their horizon by studying from the outside. Professional workshops and seminars provide good platform to follow the new trends and exchange opinions from experts. Industry association can be an important role in disseminating and leading the trends. Professional market survey from headquarters can support operation of local hotels efficiently. Both interior and exterior approaches can help hoteliers to follow up the new trends and innovations.

Innovations outputs and innovativeness in selected five-star hotels.

According to Sipe & Testa (2009), the categories of innovation outputs can provide preliminary research into hospitality and tourism innovation study. This typology provided a relatively clear and useful classification to both scholars and practitioners.

According to the interviews, there are seven innovation outputs in selected hotels. It is hard to separate service innovation and product innovation in hospitality industry. There are three innovations from hotel A and B in level 6. Hotels have to do something new, something challenging and even something impossible. Meanwhile, there were three



innovations in level 5 which reviewed from Table 3. Benchmarking to learn what other companies are doing and enhancing their service , such as handicapped facilities, transparent glass barrier near riversides restaurants and international employees already became industry benchmark and regulations which can improve customers' satisfaction. In the last column, the researcher illustrates the unit of implementation. Three out of seven innovations are implemented just in company level, it means that these innovations are unique and distinct features only in their companies. One innovation is in department level which states that this new concept is only used in certain department. Other innovations are in the industry level, it illustrates that these innovations are applied as standard in hospitality and tourism industry.

Table 3

*Innovation Outputs and Innovativeness in Selected Three Hotels in Bangkok*

Description of innovation outputs	Type of innovation	Degree of innovativeness	Unit of implementation
Hotel A Kitchen and utensils	Product/service	Level 6- Different	Company
Hotel A 25m Long table	Product/service	Level 6- Different	Company
Hotel B Campus concept	Service	Level 7- Impossible	Company
Hotel B Residential style	Service	Level 6- Different	Department
Hotel C Transparent barrier	Product/Service	Level 5- Copying	Industry
Hotel C Handicapped facility	Product/Service	Level 5- Copying	Industry
Hotel C International employees	Service	Level 5- Copying	Industry

Source: Adapted from Sipe, L., & Testa, M. (2009). What is Innovation in the Hospitality and Tourism Marketplace? A Suggested Research Framework and Outputs Typology. Presented at International CHRIE Conference, University of Massachusetts Amherst, US.

### Customers' satisfaction and business performance

After innovations and innovative practices are implemented, customers' satisfaction and business performances are improved. According to interviewees "improvement of guests' satisfaction" is the most significant effect of innovations. The innovations will impact on future hotel operations. Hotel businesses have to provide customer experiences that fit their needs. Some innovations and concepts can attract specific group of customers, and even a number of guests came just for the new concepts. Modern technologies, eye-catching



service and concepts can be efficient development for attracting tourists.

The informants described that “attracting more guests”, “bring more revenue” and “profit unique selling point” are the key words for improvement of business performance impacted by innovations. According to the response of interviewees there is no specific figure comparison between pre-innovation and post-innovation from business performance. But, all the informants claimed that innovations benefit hotel operation, whether in the form of hotel profit or market share. Successful innovations make the guests become even more enthusiastic for new concept for new and repeat customers.

### Discussion

The results show that green and sustainable, technology and concerning customers' needs are common trends in five-star hotels in Bangkok. These findings match with the findings of Jayawardena *et al.* (2013b), Hackett & Melia (2012) and Anthonisz (2014) that environmental concern and technological utilization are important for modern hotels. Secondly, the guests from Asian countries such as Chinese, Indian, Korean and Japanese are main target for five-star hotels in Bangkok. The result was supported by study conducted by Jayawardena *et al.* (2013b), who stated that Asia is one of the key factors that dominate the future of the international hotel industry. Thirdly, international employees can be a unique selling point for five-star hotels in Bangkok. This finding is similar to the findings of Jayawardena *et al.* (2013a), Hackett & Melia (2012) that it is necessary for staff to be experts in different aspects such as IT, marketing and languages. Besides that, there are some trends like single lady tourists and repeated tourists which were not mentioned in previous researches. Competition is one of challenges faced by hotels. In Jayawardena *et al.* (2013a), Rayna & Striukova (2009) and Anthonisz (2014) studies, they concluded that a major challenge in tourism and hotel industry is intensive competition between different brands and even from other countries. Human contact is still important for hotel industry, so maintenance and development of staff is one critical factor. This finding matches with the findings of Jayawardena *et al.* (2013a) that align the hotel staff behavior and attitudes with the brand is essential for success in hotel management. Moreover, company culture affects innovative decisions in hotel as well. Likewise, Anthonisz (2014) and Sturman (2011) found that the innovation within the hotel is directly linked to the organizational culture and

ownership of the brand.

Most of the five-star hotels in Bangkok do not have R&D Department so they need to follow the design from headquarters. Sometimes the timing and budget are also overdue. The result is supported by study conducted by Anthonisz (2014), who stated that innovation must remain at the top of the agenda, specifically in a destination where competition is intensive.

The researcher found that it is difficult to separate product and service innovation in the tourism and hospitality industry. Major innovations belong to innovativeness level 5-Copying, level 6-Different and level 7-Impossible in selected hotels in Bangkok. Majority of innovations were implemented in the company and industry levels. The result was supported by study conducted by Sipe & Testa (2009) who stated that a classification framework provides a common term to discuss the ambiguous concept of innovation and innovativeness degree.

Innovations and innovative practices improved customers' satisfaction and customers got better experience from the novelty and newness. Innovations assist companies to improve financial performance, increase the market share and administrative efficiency. Likewise, Jayawardena *et al.* (2013a), Rayna & Striukova (2009), Hackett & Melia (2012) and Anthonisz (2014) found that the hotel industry has made considerable amount of innovations intended to improve customer experience, create operational efficiency and develop more sustainable approaches to doing business.

### Conclusion

The findings showed that green and sustainable, high-technology, thinking from customers' side and Asian guests are the main trends in hotels in Bangkok. There are three main challenges faced by hoteliers which are: branding and competition, operational space in hotels and human resource. The study described many innovation outputs which belong to product innovation, service innovation and administrative innovation, respectively. The findings also indicated that hotels utilized many interior and exterior methods to follow up new trends and innovation. Furthermore, these innovations and innovative practices have improved customers' satisfaction and business performance for the hotels.

## References

- Anthonisz, A. (2014). Assessing the future of housekeeping operations in Dubai's five-star hotel industry – room for innovation? *Worldwide Hospitality and Tourism Themes*, 6(4), 352-361. doi: 10.1108/WHATT-01-2014-0005.
- Elliott, J., & Johns, N. (1993). The influence of international tourism trends on the design of leisure resorts. *International Journal of Contemporary Hospitality Management*, 5(2) doi:10.1108/09596119310036566
- Hackett, G., & Melia, D. (June, 2012). The hotel as the holiday/stay destination: trends and innovations. Presented at THRIC Conference, Belfast, Ireland.
- ITB Berlin. (2014). *ITB World Travel Trends Report 2014/2015*. Berlin. Messe Berlin GmbH.
- Jayawardena, C., Jarvis, J., Adams, K., Lu, Z., & Tyrewala, A. (2013a). Innovations in hotel administration in Canada. *Worldwide Hospitality and Tourism Themes*, 5(2), 164-176. doi: 10.1108/17554211311314119.
- Jayawardena, C., McMillan, D., Pantin, D., Taller, M., & Willie, P. (2013b). Trends in the international hotel industry. *Worldwide Hospitality and Tourism Themes*, 5(2), 151-163. doi: 10.1108/17554211311314100.
- JLL Hotel & Hospitality Group. (Mar, 2015). *Hotel Destinations Asia Pacific*. Australia: Jones Lang LaSalle Property Consultants Pte Ltd.
- Michelli, J. A. (2011). *The new gold standard: 5 leadership principles for creating a legendary customer experience courtesy of the Ritz-Carlton Hotel Company*. New York: McGraw Hill Professional.
- Rayna, T., & Striukova, L. (2009). Luxury without guilt: service innovation in the all-inclusive hotel industry. *Service Business*, 3(4), 359-372. doi: 10.1007/s11628-009-0072-8.

Sipe, L., & Testa, M. (2009). What is Innovation in the Hospitality and Tourism Marketplace? A Suggested Research Framework and Outputs Typology. Presented at International CHRIE Conference, University of Massachusetts Amherst, US.

Sturman, M. C. (2011). *The Cornell school of hotel administration on hospitality: cutting edge thinking and practice*. Hoboken, NJ: Wiley.

TAT News. (Jan 28, 2015). ASEAN Tourism Forum 2015. Retrieved June 11, 2015, from <http://www.tatnews.org/asean-tourism-forum-2015/>.

The World Tourism Organization. (2015). UNWTO Tourism Highlights 2015 edition. United States. UNWTO.

Veal, A. J. (2006). *Research methods for leisure and tourism: a practical guide*. Harlow: Prentice Hall/Financial Times.