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Chapter 10

# Managing the physical environment

## Chapter Objectives

After working through this chapter, you should be able to:

- Understand the role of the physical environment in marketing a hospitality business
- Have an awareness of the design principles used in the development of the hospitality product
- Identify the external and internal elements of the hospitality physical environment
- Recognize the importance of maintenance and refurbishment programs in delivering customer satisfaction in hospitality properties.

## Introduction

The physical environment sends important signals to all of the hospitality organization's stakeholders, but most importantly to customers. Customers intuitively respond to the signals that the external appearance and internal atmosphere project. If the physical environment is appropriate, then target markets are more likely to find the offer attractive and want to buy; at the same time, potential customers who do not 'fit' into the target market profile can be deterred. In this sense, the physical evidence in the hospitality product helps 'tangibilize the intangible' aspects of hospitality services. At the same time, the physical environment influences customer expectations in the pre-encounter marketing stage, and customer experiences during the encounter.

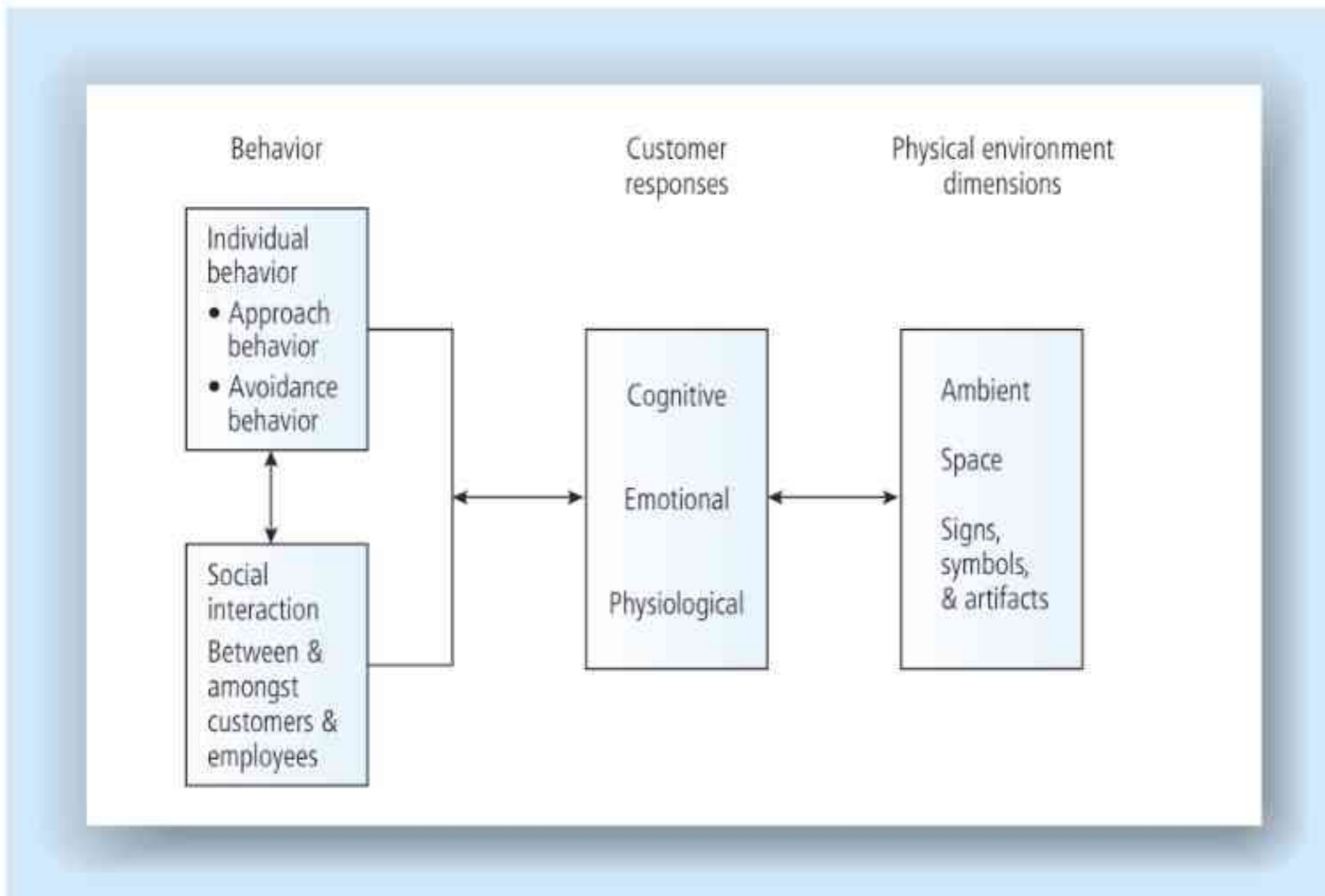
In this chapter we will explore how environmental psychology helps hospitality companies to understand consumers' responses to the physical environment. We will then introduce key principles in design, and discuss the various elements of the physical environment. Finally, we will focus on the crucial issue of maintenance and refurbishment. The physical environment in hospitality is closely linked to the product, and product design decisions are interconnected with the physical environment.

## Environmental psychology and customers' response to the physical environment

This discussion is largely based upon the research carried out by Zeithaml and Bitner (2003), who put forward a framework for understanding the impact of physical surroundings on customers and employees. Figure 10.1 summarizes these influences, and helps us to understand customers' psychological and social behavior within the physical environment. There are four elements, which we will now discuss – individual behavior, social interaction, customer responses, and the characteristics of the physical environment. Although most of this discussion refers to the 'built environment', the principles apply equally to the natural environment.

### Individual behavior

Research by environmental psychologists suggests that people respond to the physical environment with one of two diametrically opposed types of behavior. People are, to varying degrees, comfortable in a physical environment or they are uncomfortable. When people are comfortable, this creates *approach behavior*. Customers who demonstrate approach behavior are more likely to enter the hospitality outlet, stay and spend money; they may return and/or recommend the experience to others. When people are uncomfortable with a physical environment, this causes *avoidance behavior*. Consumers who demonstrate avoidance behavior will probably walk or drive past the hospitality unit; if they do enter the premises, they may walk out without purchasing anything. Indeed, consumers with an extremely negative attitude to the physical environment can even become hostile towards that hospitality brand.



**Figure 10.1** Customer behavior and responses to the physical environment (source: Zeithaml and Bitner, 2003)

When designing the physical environment, it is important both to create positive responses from the target markets to attract them into the premises, and to create an environment in which it is appealing to work. At the same time, environments can be designed deliberately to deter people who do not fit into the target market profile.

## Social interaction

Research also suggests that the physical environment influences how customers and employees relate to each other. The design of the physical environment can actually encourage or discourage social interactions.

Different types of hospitality product need to generate different types of social interaction. Hospitality business products and quality restaurants are designed to create more formal social interactions. Customers who do not know each other will be polite, but they will not normally engage in any other type of conversations. Customers will also adopt formal, polite behavior with employees, and similar behavior from the employees will be expected. However, many hospitality leisure products are designed to encourage customers to interact with each other, and with employees, in a much more informal manner. Indeed, social interactions form a significant element of some hospitality product concepts. In some environments, such as dance clubs, social interaction is the core product that customers buy. If the social aspect of the consumption experience is disappointing, this will adversely influence customer satisfaction. Therefore, the character of social interactions needs to be incorporated into the product concept and the design brief. Designers should consider:

- The use of space
- The design of seating arrangements – the distance between the seating can encourage or discourage conversation between customers

- The décor – the choice of colors, fabrics and furniture
- Lighting and background music.

Ultimately the physical environment sends signals to consumers about how to conduct social interaction, by defining what is acceptable and appropriate behavior and what is not.

### Consumer responses to the physical environment

There are three types of human responses to the physical environment: cognitive, emotional and physiological.

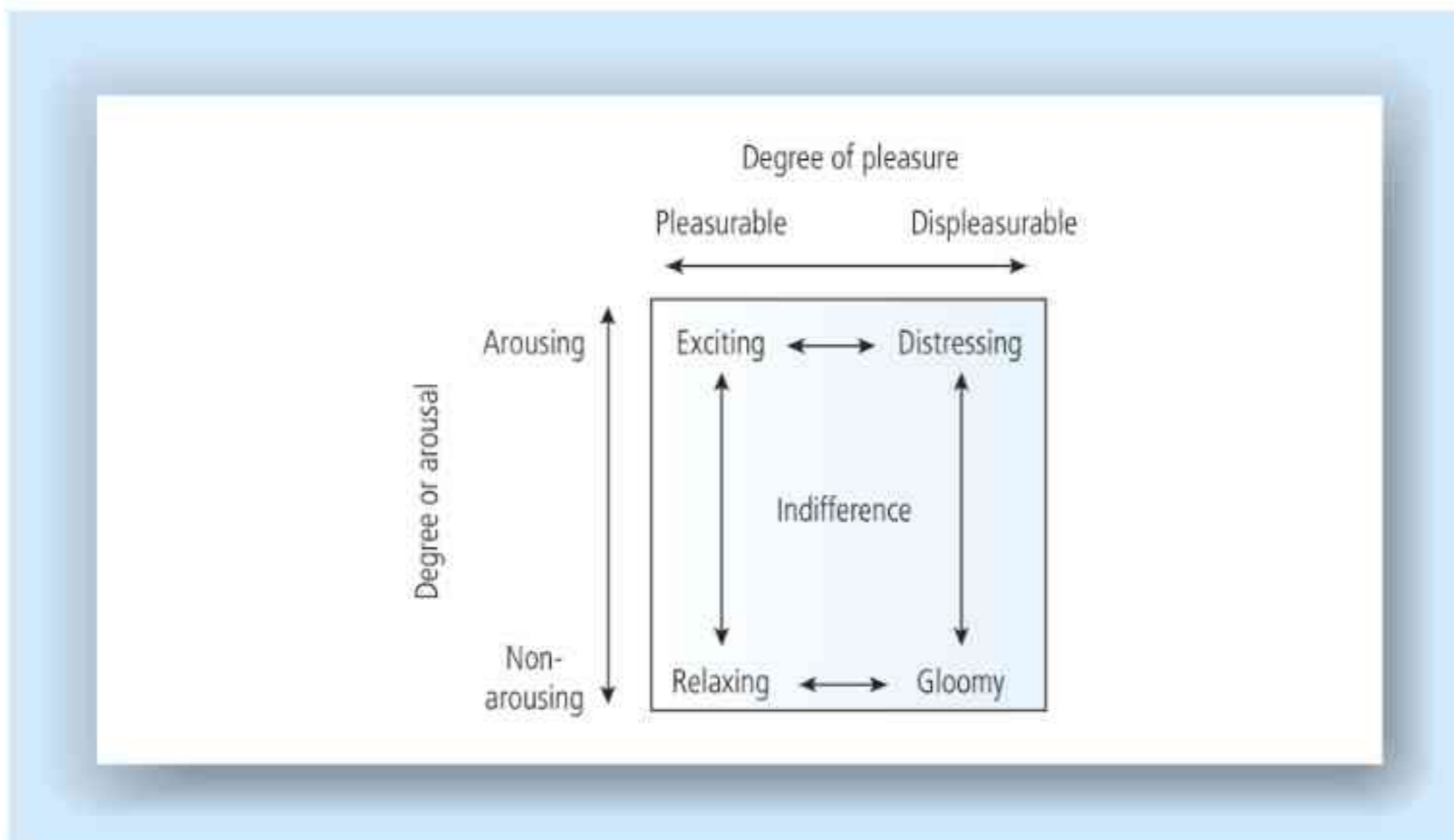
**The physical environment and cognition** Cognition in this context means knowledge and perception. The physical environment influences people’s beliefs about places, which in turn creates preconceptions about the characteristics of the product and the behavior of people in that environment. Therefore, the physical appearance and layout of hospitality premises, the décor and employees’ dress, reinforces or challenges people’s prior beliefs about the hospitality offer. Consumers recognize different combinations of the physical environment, and these differentiate different product categories from other product categories. In this sense, the physical environment acts as a tangible clue for consumers and helps them to categorize the firm’s marketing offer accordingly.

#### Activity 10.1

Compare the physical environment of two restaurants you know; one can be a fast food restaurant and the other a fine dining restaurant. What signals does the physical environment send to potential consumers?

<i>Physical evidence</i>	<i>Fast-food branded restaurant</i>	<i>Fine dining restaurant</i>
Surrounding environment		
External building appearance		
Signage		
Décor		
Table setting		
Staff appearance		

**The physical environment and emotion** As human beings, we are all aware of our own emotional responses to the physical environment. Research suggests that the physical environment can, subconsciously or overtly, generate two types of emotional response: pleasure and arousal. Figure 10.2 illustrates four emotional responses based on the pleasure/arousal continuum. Of course, different consumers will respond to the same physical environment differently – some people will feel



**Figure 10.2** Emotional responses to the physical environment (source: Zeithaml and Bitner, 2003)

excited by the sounds, visual and video effects generated in a younger contemporary music scene, whilst other people will be distressed by them. In the same way, some people will be excited and others distressed by an outdoors action-adventure holiday environment. Research suggests that there is a U-shaped relationship between pleasure and arousal; too little or too much arousal is unpleasant, and the optimal level of arousal lies between these two extremes. Consumers' emotional responses to the physical environment influence their behavior, and therefore an understanding of peoples' emotional responses is important when designing the physical environment.

**The physical environment and physiological response** People have different physiological responses to environmental stimuli. Environmental stimuli can be sensed through one of the following, or any combination:

- Visual stimuli (brightness/darkness; colours; shapes)
- Aural stimuli (the volume, pitch and character of sounds)
- Olfactory stimuli (fresh or foul scents and smells)
- Oral stimuli (bitter/sweet tastes, and hot/cold ingredients)
- Tactile stimuli (the texture in food products, the softness in furnishings, and the level of comfort with the temperature).

Extreme stimulation can cause consumers varying degrees of physical discomfort, ranging from the mildly aggravating to the medically threatening. Clearly these types of physiological factors influence both consumers' and employees' response to the physical environment, and consumers' initial attraction, enjoyment and propensity to return or reject the hospitality offer.

As consumers have become more sophisticated and markets more fragmented, hospitality operators have recognized the importance of physiological stimuli in

designing the physical environment to satisfy the needs and wants of the target markets (see Case study 10.1).

## Case study

### 10.1 TGI Friday's approach to design

TGI Friday's was one of the first American casual dining chains that recognized that consumers were looking for a dining experience. The restaurants, with wooden floors, Tiffany lamps, bentwood chairs, striped tablecloths, stained glass and authentic memorabilia, are designed to provide a comfortable and relaxing environment. TGI Friday's has always emphasized the design of the physical environment as a key component in its marketing offer.

(Source: TGI Friday's website)

### Variations in consumer responses to the physical environment

Throughout this discussion, we have mentioned the differences in consumer responses to the same physical environment. Consumer behavior research into personality traits can explain why certain types of personality might respond to certain types of physical environment differently. Each of us can also respond to the same physical environment differently according to changes in our disposition (good mood/bad mood). Variations in peoples' responses can be linked to different lifestyles and different cultural backgrounds. In hospitality markets, we have already discussed how the 'purpose of visit' influences consumers. The same customer may show different responses to the same physical environment, depending on whether the purpose of the visit is business or leisure.

## Dimensions in the physical environment

Companies can control the built environment and create atmosphere through design. Three environmental dimensions – ambience, spatial layout and functionality, and signs, symbols and artifacts – influence the cognitive, emotional and physiological response behavior.

The *ambient dimension* refers to the sensory elements we have just discussed – features such as color and lighting (which impact on consumers' visual senses) and temperature (which impacts on consumers' sense of physical comfort) can be linked to consumers' zones of tolerance (see Chapter 3). Relatively minor irritations can be a source of amusement for some consumers, while more extreme ambient conditions can be a genuinely serious issue and create highly distressed customers.

*Spatial layout* refers to the way in which space is used (the actual layout of the lobby and front desk, and access to public rooms and bedrooms), and where furniture and

equipment is placed in rooms. The scale and size of a hospitality property influences the spatial layout. Functionality refers to the effectiveness of the spatial layout to facilitate efficient service and deliver customer satisfaction. Spatial layout achieves an optimal balance between operational requirements and customer expectations. Employees such as kitchen crew and waiting staff need to be able to perform their jobs effectively and efficiently, but the needs of the customer must also be considered.

*Signs, symbols and artifacts* refers to the range of tools that companies can use to communicate either directly or indirectly with consumers.

Each of these three dimensions needs to be coordinated effectively to ensure that a consistent and appealing physical environment is achieved.

## Design and the physical environment

During the development stage of a new hospitality product, factors such as ownership, the site's characteristics and planning permissions/conditions will influence the type of development built. Multi-brand operators will evaluate the market potential for their different branded concepts before selecting the most appropriate brand for a specific site. Hospitality brands vary from the formulaic, standardized concepts, where the design component is replicated in each unit, to eclectic collections of units that have no common design theme at all. From a design perspective, ownership is also closely linked to the budget available. Occasionally, wealthy individuals can afford to be extravagant when investing in an ancillary interest like a hospitality development, but usually the independent sector is characterized by restricted funds. However, the major operators have access to more significant financial resources and can invest in design. When the product concept and funding has been agreed, the architects, interior designers and management team need to draw up detailed plans for the site. Architects are not hoteliers or restaurateurs, and many new-build hospitality units have problems because marketing objectives are not included as part of the design brief. Effective marketing is based on the design concept satisfying the needs of target markets and ensuring the service process is efficient. Marketers and operations personnel should be involved in developing the design brief and providing input into the planning stage.

The physical environment has also been described as a 'servicescape' (Zeithaml and Bitner, 2003), paralleling the landscape of the natural environment. Servicescapes have two dimensions, servicescape usage and service space complexity, that can be used to identify different classes of physical environment. We will now discuss three elements that need to be considered when designing the physical environment.

- 1 Servicescape usage – how each area in the site plan will be used
- 2 Service space complexity – the level of complexity in the operation;
- 3 Aesthetics – the creation of the design style.

## Servicescape usage

Different hospitality product concepts have different servicescape characteristics, according to the level of service that is offered and the amount of interaction between customers and employees in the operation. Three categories of servicescape are self-service, interpersonal service, and remote service (see Table 10.1).

**Table 10.1** Typology of the Physical Environment for Hospitality and Leisure (adapted from Zeithaml and Bitner, 2003, *Services Marketing*, p. 285, reproduced with permission of The McGraw-Hill Companies)

<i>Servicescape usage</i>	<i>Complexity of the servicescape</i>	
	<i>Elaborate</i>	<i>Lean</i>
Self-service (customer focus)	Self-service restaurant	Vending machine dispensing food
Interpersonal services (customer and employees)	Cruise ship	Coffee shop
Remote service (employee focus)	Contract catering for airlines	Pizza home delivery

A *self-service operation* relies on customers serving themselves. There are few (if any) employees, and the design of the physical environment focuses on ensuring that customers can conveniently and cost-effectively look after themselves.

An *interpersonal service operation* involves both customers and employees using the same physical environment at the same time. The design of the servicescape needs to ensure that customers are comfortable within the physical environment, and at the same that employees can perform their job efficiently. Sometimes poor design of the servicescape creates conflict between customers and employees.

*Remote service*, in this context, means a physical environment where there are no customers. The key design issues focuses on employee needs and efficient production. Since customers never visit the servicescape, there is limited if any customer/employee interaction.

### Service space complexity

Obviously there is a wide variety of different types of hospitality operations, ranging from small-scale, simple, single product units to large-scale, complex, multi-product units. The scale and complexity of the operation will influence the servicescape needs. Simple servicescapes are described as lean, and complex servicescapes as elaborate.

*Lean servicescapes* have a limited number of variables, products, equipment and employees to control, and only require a limited amount of space. The key focus in design is the effective use of this limited space.

*Elaborate servicescapes* have many variables, and are much more complex. There can be different floor levels, different types of room usage, and more equipment – which can be technologically very sophisticated. Elaborate servicescapes need more space, and the design issues can be complicated and intricate.

### Aesthetics

Aesthetics is the study of form and beauty. In design, aesthetics is concerned with the tastefulness of the décor. The interior designer is given a design brief and the budget, as part of the hospitality product concept, to create the décor scheme. The scheme should include floor and wall coverings, lighting, fabrics and furniture, and artifacts. It is the interior design that provides the tangible elements of the atmospherics in the

hospitality product – look at the Case study 10.2, which presents details of Sweden’s atmospheric Icehotel.

## Case study

### 10.2 Sweden’s Icehotel

In November each year, building starts on the new Icehotel in Swedish Lapland, just 200 km south of the Arctic Circle. The hotel is entirely constructed of ice – some 30,000 tons of snow and 4000 tons of ice are used to build the 60-bedroom resort complete with restaurant, an Iceart Exhibition, Absolut Icebar (drinks are served from iceglasses sculptured from the River Torne), Icehotel cinema, an Icechurch for weddings, and conference facilities. There is a wide range of winter sports activities available for customers. In the winter season, more than 14,000 guests spend the night and 37,000 day visitors walk in through the ‘reindeer-skin covered doors’. A different hotel is designed every year by architects Ake Larsson and Arne Bergh, because by the end of April or early May the hotel slowly melts away back into the River Torne. The ‘ice’ theme obviously dominates this unusual and very successful hospitality design concept.

(Source: [www.icehotel.com](http://www.icehotel.com))

Design and designers are in the fashion business. At one time, hotels were considered to be boring, functional places with unimaginative décor. However, in recent years hotels and restaurants have engaged with the fashion industry and designers have been allowed to use their flair to create visually striking exteriors and interiors for hospitality product concepts in a wide range of different types of hospitality buildings. Visionary hospitality entrepreneurs, like Ian Schrager and Terence Conran, have championed this design revolution, and global hospitality chains have been influenced by the independents. The ‘W’ brand, Sheraton’s boutique hotel chain, is a chain-hotel response to competition from independent boutique hotels. Table 10.2 provides examples of innovative hospitality design concepts.

**Table 10.2** Innovative Design Concepts (Riewoldt, 1998)

<i>Hotels</i>	<i>Examples</i>
Contemporary designer hotels	The Mondrian, Los Angeles, USA, designed by Philip Starck
Art hotels	Art’Otel, Dresden, Germany, designed by Rolf and Jan Rave and Dennis Santachiara
New business hotels	Sheraton Paris Airport Hotel, Roissy, France
New grand hotels	Park Hyatt, Tokyo, Japan, and the Four Seasons Hotel, Istanbul, Turkey
Resort and theme hotels	The Palace of the Lost City, Sun City, South Africa, and Kingfisher Bay Resort and Village, Fraser Island, Australia

## Elements of the physical environment

The physical environment for hospitality products comprises external features, the internal design, employees and customers. Table 10.3 provides a summary of the key components of the physical environment.

### External

The external environment for hospitality products is the equivalent of a shop window in retailing. The visual display in a shop window sends powerful messages about product and service quality, and price. The shop window reinforces the positioning and brand image. The surrounding environment, the external appearance of the building, landscaping, access routes, car parking facilities, signage and logos, and lighting are the shop window for the hospitality business.

We discussed the surrounding environment in Chapter 6, within the context of site selection criteria, and emphasized that the surrounding area must be compatible with the product concept. When the surrounding environment does match the hospitality product, potential customers will be attracted to the physical environment. However, through no fault of the hospitality operator, the surrounding area can change over time; neighboring properties can be sold, and the new owners might change the use of buildings in a way that changes the character of the area. When the surrounding environment becomes incompatible with the existing hospitality product, then the operator will have to make a strategic decision whether to sell the property or reformulate the product concept.

The external appearance of the hospitality premises – the building, its size, age, architecture and, in particular, the quality of maintenance – sends cues to customers. Attractive, well-maintained properties inspire confidence, but buildings that appear neglected can actually deter potential customers. Effective landscaping can transform the visual appearance of a property. Well-maintained grounds, attractive

**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		

lawns and gardens, pretty flower boxes and elegant outdoor swimming pools all contribute towards a positive image of a hospitality property. The availability of sufficient secure car parking, close to the property, is important for all hospitality businesses that depend upon customers traveling by motorcar. Well-maintained attractive signage, including brand logos, and effective external lighting send out positive signals to customers, whilst tired and damaged signage and poor lighting send out negative signals. Investment in the external physical environment can help to attract customers into the premises.

## Internal

Whilst the external environment creates the first impression for potential customers, it is the internal environment that is most significant in determining whether customers are going to enjoy consuming the hospitality product. Internal factors include the layout, décor, furniture and furnishings, equipment, internal signage, temperature and air-quality, music and smells, which, combined together, convey the all-important atmosphere of the premises.

The internal layout refers to floor plans of the lobby area, front desk, lifts, bedrooms and bathrooms, restaurant, bar, conference, function and leisure areas. Although an architect is responsible for drawing the room layouts and making sure all the services (electrics, heating, ventilation and air-conditioning, communication systems, water supplies and drainage) comply with local building and safety regulations, it is essential for the hospitality management team to ensure that the layout actually functions effectively to meet the requirements of employees and customers. Numerous new-build hotels and restaurants have design faults caused by inexperienced architects and management who have failed to understand key operational details.

Décor is really a matter of personal taste; but in hospitality it is a crucial ingredient in creating the 'feel' in a property. Décor translates the product concept into a reality, determining the mood and style of the hospitality experience. Creating a décor scheme is a job for a professional interior designer. Every element of the hospitality product that is visible to the customer should be designed professionally. The interior designer ensures that the floor and wall coverings, the curtains and lighting, the seating, beds, desks and tables, and the pictures, bric-à-brac and ornaments deliver a consistent style. For the product concept, décor is another tangible cue.

Equipment, in this context, refers to equipment that customers actually use – for example, the air-conditioning system in the bedroom, or the shower in the bathroom. It also includes equipment which employees use in front of customers. Customers expect equipment to work. Faulty or dirty equipment, especially in the bedrooms and bathroom, is a serious problem for customers and a major source of complaints.

Customers also expect the internal signage to provide clear directions throughout the property. Getting lost in a large hotel complex is embarrassing and frustrating for customers. The quality of the signage is another indicator of image.

We discussed the role of point-of-sale material in Chapter 9. From a physical environment perspective, point-of-sale material should be current, professionally presented and relevant. Unfortunately many hospitality businesses suffer from dated and tired point-of-sale material, which is counterproductive in generating a positive image.

Air quality and temperature in hotels, clubs and restaurants are governed by local responses to climate and cultural conventions. In guest bedrooms, customers need to be able to control air-conditioning and heating systems for themselves. Customers

who experience extremes of heat in bedrooms and restaurants, compared to their normal environment, can be very uncomfortable. If the management cannot respond quickly to solve the problem, customers may even check out and find a competitor with a more comfortable temperature.

Background music, live music or no music is another matter of personal taste. However, when designing the hospitality product, music plays a key role in complementing the décor and creating atmosphere in public areas. In particular, bar and restaurants use music to attract target markets and to generate atmosphere.

Smell in hospitality is mainly associated with food and beverage outlets. Attractive cooking smells can stimulate the taste buds and attract customers. Foul bar and cooking smells – the combination of stale beer, cigarettes and fried food sometimes found in bars – are a powerful disincentive to many customers.

The combination of all these internal factors creates an overall atmosphere that should, if properly designed, appeal to the target market. However, if some of the key internal environmental factors fail, or do not fit with, the customer's expectations, then customers can be dissatisfied.

## Employees

The appearance, attitude and behavior of employees should complement the positioning, product concept and physical environment. Employees' cleanliness, deportment and dress should reinforce the design theme and send a consistent message to customers. In formal, business-orientated hospitality operations, the staff uniforms reflect the business environment – professional attire in conservative colors and fabrics is the norm. In leisure and themed hospitality concepts, casual uniforms designed as part of the theme or no uniforms are appropriate. Contemporary boutique establishments often have contemporary designer-style dress for the employees' uniforms. Customers need hardly notice employees' dress and behavior, when it matches the brand image and other elements of physical environment. However, if the employee's appearance, attitude and behavior are inconsistent with the design concept, then customers will probably notice the inconsistency because it sends out a mixed message and confuses them.

## Customers

We discussed inseparability in Chapter 1. The customers' appearance and behavior when consuming the hospitality product also contribute hugely to the atmosphere in the physical environment. Potential customers see and hear other customers. If what they see and hear conforms with their expectations, then potential customers will feel comfortable. If other customers' dress seems inappropriate and their behavior in terms of language, loudness, politeness and sobriety is inconsistent with the expectations of potential customers, then again an inconsistent message causes confusion. We have already discussed the problems caused by mixing incompatible target markets. In today's social environment, conventions regarding dress and behavior are more informal than for previous generations. This makes it more difficult for hospitality management to control the dress and behavior of customers. A number of exclusive clubs, restaurants and hotels (such as the Ritz, in London) still insist on a dress and behavior code for customers.

### Activity 10.2

If you can, visit the two hospitality units that you identified in Activity 10.1. Evaluate the external appearance of the units before entering, and then go into the units and evaluate the internal décor, employees and customers.

- Does the external environment match the internal environment?
- Do you think the physical environment is appropriate for the target markets?
- Does it match your expectations of a fast-food restaurant and a fine dining experience?

## Maintenance and refurbishment

In our discussion of the external and internal physical evidence, we referred to the problems caused by damaged furniture, faulty equipment and tired décor. The role of maintenance and refurbishment is to maintain the hospitality product at an acceptable level to ensure customer satisfaction and efficient operation. Unfortunately, the nature of the hospitality business means that both customers and employees accidentally, and occasionally deliberately, cause damage to the property. In particular, bathrooms and toilets suffer from abuse and accidental water damage. The costs of not maintaining a property correctly include (Lawson, 1996):

- The loss of future revenue streams from potentially loyal customers who choose to patronize a competitor with a better-maintained product
- Loss of revenue caused by current customers walking out
- Loss of revenue caused by the inability to sell rooms that are out of operation because of maintenance problems
- Inefficient performance caused by faulty equipment and a loss in employee productivity
- Liability for safety and legal infringements.

Although the responsibility for maintenance and refurbishment is an operational issue, marketing tired brands and tired properties is extremely difficult.

### The maintenance and refurbishment life cycle

Effective maintenance should be planned into a new property as part of the design brief. The financial planning of a hospitality business will include a depreciation charge to cover the costs of wear and tear, and this depreciation charge is calculated by estimating the reasonable life expectancy of the décor, fittings, furniture and equipment. The life expectancy will be dependent upon the quality standards of the original décor scheme, and the desired market position. Whilst the depreciation

charge is a book-keeping transaction, companies will also provide a maintenance budget of approximately 2–4 percent of sales to cover repairs and redecoration. Older inns and hotels that have been converted from other uses can have difficult and costly maintenance issues. New-build properties should have fewer maintenance problems during the first years of operation.

Maintenance and refurbishment planning can be categorized under four headings (Lawson, 1996):

- 1 *Preventative maintenance* comprises the regular servicing of equipment, such as elevators, kitchen equipment and air-conditioning plant, to ensure they do not break down.
- 2 *Breakdown maintenance* includes all the minor damage caused during the normal daily operations of the business.
- 3 *Corrective maintenance* includes regular redecoration according to a planned schedule; when the hospitality product becomes tired, a major refurbishment program is needed.
- 4 *Designing out faults* is necessary when design faults emerge during the operation of the facility, and can improve guest comfort, operational efficiency, or both.

The refurbishment of public rooms, bars and restaurants varies according to usage and product concept. A popular venue with a short product life cycle might be refurbished every three years; and an established product might need new carpets and furniture as part of a major refurbishment scheme between every five and ten years. Hotel bedrooms should have a planned life cycle for maintenance as follows (Lawson, 1996):

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Décor and fabrics	2–4 years
Carpets and electrics	5–8 years
Furniture	7–10 years
Bathrooms	Renovated or replaced every 10–15 years

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The implementation of a refurbishment program can create problems for the hospitality business. Bedrooms and food and beverage outlets need to be closed whilst the work is undertaken, resulting in a loss of sales. Customers can suffer from the noise and mess, and possibly a reduced service level. Seasonal hospitality businesses can carry out routine maintenance and major refurbishment when the property is closed or during the low season. However, managers of properties in prime locations that enjoy high revenue throughout the year have to plan redecoration programs carefully to minimize the disruption to the business. Unfortunately, financial constraints during economic downturns often mean that the maintenance and refurbishment budgets are cut first, when in fact this is an ideal time for investment because there is less likelihood of losing revenue and upsetting customers.

## Conclusion

In this chapter we have discussed the importance of the physical environment in attracting customers into the premises and in contributing to the customer experience during the service encounter. Hospitality businesses that continually invest in refurbishment are

more likely to enjoy high repeat and recommended sales and nurture customer loyalty. Hospitality businesses that fail to maintain the physical environment of their premises will eventually become tired and have to compete on the basis of lower prices to attract customers; and this will result in lower profitability.

In this chapter, we have explained:

- The science of environmental psychology and customers' response to the physical environment
- How individual behavior, social interaction, customer responses and the characteristics of the physical environment influence customers and employees
- The importance of design in the hospitality servicescape
- The role of servicescape usage, servicespace complexity and aesthetics in designing the physical environment
- The characteristics of the external and internal environments in hospitality units
- The maintenance and refurbishment cycle (preventive maintenance, routine maintenance, corrective maintenance, and designing out faults).

Now check your understanding of this chapter by answering the following questions:

## Review questions

- 1 Discuss environmental psychology and customers' response to the physical environment in a hospitality context
- 2 Evaluate servicescape usage and servicescape complexity when designing a new hospitality premises for:
  - a self-service concept
  - an interpersonal concept
  - a remote service concept.
- 3 Why is the physical environment important to a hospitality premises?
- 4 Discuss the role of maintenance and refurbishment in the life cycle of a bar or restaurant.

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