A LITERATURE REVIEW OF INNOVATION RESEARCH IN THE HOTEL SECTOR

ABSTRACT

The aim of this paper is to provide a systematic review of literature pertaining to innovation activity within the hotel sector. Owing to the importance hotel sectors plays in the tourism industry, the features of hotels’ innovation activity are of utmost importance for the whole tourism economy. However, due to the complexity of (service) innovation operational definition and consequently its measurement, research on this subject is still not mature. The paper reviews and systematizes the existing empirical studies on hotel innovation and provides suggestions for further research.

Keywords— hotel sector, innovation, literature review, empirical studies

INTRODUCTION

It is generally acknowledged that innovation is one of the key drivers of development and competitiveness (Griesmann et al, 2013; Kessler et al, 2015). After a long domination of research on innovation in manufacturing, in recent decades research on innovation in services is catching up (Sirili i Evangelista, 1998; Hipp i dr., 2000; Drejer, 2004; Avermaete et al, 2003; Cainelli i dr., 2006; Hogan et al., 2011; Carlborg et al, 2014). The same can be said for innovation research in tourism, one of the major sectors in global economy (WTTC, 2016). The first considerations are found in 1996 in Hjalager’s work (as cited in Hall and Williams, 2008) but since then, the literature is steadily growing (Hjalager, 2002, Jacob et al., 2003; Volo, 2004; Pikkemaat and Peters, 2005; Orfila-Sintes and Mattsson, 2007, Hall and Williams, 2008; Hall, 2009, Hjalager, 2010; Pivcevic and Garbin Pranicevic, 2012, Brooker et al., 2012; Gomezelj, 2016). Still many inconsistent findings and open questions exist (Hjalager, 2010). Owing to the complex nature of both tourism and innovation, this is not surprising, to the contrary.

The tourism system is very heterogeneous but there is a general agreement that the hotel sector is one of its key sectors (Martinez-Ros and Orfila-Sintes, 2012) with strongest link to tourism demand, consumption, employment and revenues. Thus the aim of this review is to present and review the existing body of research on innovation activity in the hotel sector revealing the major themes covered and the insights they provide. Based on that, the areas and directions for further research on this subject are derived. To fulfill these aims, the paper firstly addresses the concepts of innovation and tourism and the complexities they entail, given in the next section.

Innovation – definition and

Reviewing the literature on innovation, one soonly notices that the concept is very hard to grasp. The evidence to this is the variety of different definitions of innovation, more than 60 distinct found by some authors (Baregheh, Rowley, and Sambrook, 2009 as cited in Brooker and Joppe, 2013). However, a common feature to all of them is the aspect of “newness” (Johannessen et al., 2001). Still, it is noted that innovation has become a buzzword for any sort of improvement, regardless of the extent of newness (Brooker and Joppe, 2014). But, as Johannessen et al. (2001) point out, a useable definition of innovation must provide answer to three questions: what is new, how new and new to whom? The first question refers to the types of innovation commonly differentiated as product, process, marketing and organizational innovation (OECD, 2005; Schumpeter, 1934). The answer to the second question differentiates incremental (significant improvement) from radical (completely new) innovations (Schumpeter, 1934) while the answer to the third questions reveals whether the innovation is new to the world or to the unit of observation (Sundbo, 1998; Sørensen, 2004). The other key feature of innovation is implementation (Toivonen i Tourninen, 2006; Kessler et al, 2015) i.e. innovation occurs when products/services, processes, marketing methods and organizational measures are put to use in the organization’s operations.

As such, innovation is often misunderstood and used as a synomy with similar but distinct concepts, this often being the case with innovativness (Sandvik et al., 2014; Kessler et al. 2015). However,
Innovation behaviour is the extent to which innovations are implemented within company (Orfila-Sintes et al., 2005; Pikkemaat and Peters, 2005) while innovativeness refers to the notion of openness towards new ideas as an aspect of a firm’s values and beliefs towards innovation (Hurley and Hult, 1998; Hult et al., 2004; Siguaw et al., 2006; Tajeddini, 2010). In other words, innovativeness is an attitudinal dimension (Hurley and Hult, 1998) while innovation activity is the "behavioral" dimension of innovation (Orfila-Sintes et al., 2005; Griessman et al., 2013). In this review, studies taking the latter view and addressing innovation activity/behaviour are discussed.

Over the past two decades the literature on innovation in services has been growing steadily, and the same goes for research on innovation in tourism (Hjalager, 2002; Pikkemaat and Peters, 2005; Orfila-Sintes and Mattsson, 2007, Sundbo et al. 2007; Pikkemaat and Weiermair, 2007; Hall and Williams, 2008; Hall, 2009, Mattsson and Orfila-Sintes, 2009; Hjalager, 2010; Pivcevic and Petric, 2011; Brooker et al., 2012; Sandvik et al., 2014; Gomezelj, 2016). However, it is fully reasonably argued that more empirical evidence is needed (Hjalager, 2010) and the reasons for the paucity of research are multiple. Firstly, with tourism not being a standard sector in national classifications, the research on innovation in mostly based on case studies and selected samples of companies, as opposed to large national surveys such as CIS (Hall, 2009). Secondly, the tourism product definition poses problems (Smith, 1994) as well as the inappropriateness of standard innovation indicators used in other areas/sectors, such as the number of patents, investments in research and development (Pivcevic and Garbin Pranicevic, 2012). The other problems derive from the specific features of services in general i.e. intangibility, perishability, inseparability, variability, co-terminality (Sirili i Evangelista 1998, Tether, 2004; Van der Aa i Elfring 2002) which make it difficult to collect objective data about many service-related constructs, including innovation.

Simultaneously, innovation is being widely recognized as a possible avenue for increasing the competitiveness of products, businesses and destinations (Hall and Williams, 2008; Hall, 2009). This is especially the case of traditional tourist destinations - faced with decreased productivity and growth they increasingly see innovation as a solution (Pikkemaat and Weiermair, 2007; Pechlaner and Volgger, 2012). However, tourism business have significant difficulties in "protecting" their innovations as it is usually rather easy for competitors to copy new successful ideas (Camisón and Monfort-Mir, 2012). Thus tourism firms are forced to continually innovate in order to preserve their competitive advantage (Porter, 1998) and are prompted to identify innovations that are difficult for competitors to copy (Vila et al., 2012). Consequently, innovation is crucial to reducing production costs, enhancing marketing and providing product value (Weiermair, 2005) in order to stay ahead of competitors in this highly competitive sector (Hall and Williams, 2008).

Despite and surprisingly perhaps, most studies find that the degree of innovation in tourism is lower than in other manufacturing and service industries (Volo, 2004; Camisón and Monfort-Mir, 2012). Thus, although some studies have identified highly innovative small tourism enterprises (Ateljevic and Doorne, 2000; Jacob and Groizard, 2007), most studies argue the sector entails potential for increased innovation activity (Hjalager, 2002; Sundbo et al., 2007; Pivcevic and Petric, 2011; Carvalho i Sarkar, 2014). However, one can agree with Hjalager (2010) that the existing research is fragmented and there is an obvious need for better quantification and comparability of data. Same author also posits that scarce research is devoted to position of tourism in national innovation policies and the relationship between the two (Hall & Williams, 2008; Scheidegger, 2006 cited by Hall, 2009).

Besides the differences in the specific aspect of innovation being focused on, the studies also differ according to the unit(s) being observed. From that point of view three group of studies can be found. The first focuses on the destination level (Stamboulis and Skayannis 2003, Volo, 2005; Sundbo et al. 2007) and the second on a particular partial tourism product, mostly hotel industry (Orfila-Sintes et al., 2005; Weiermair et al., 2005) but also others (Cheng and Cho, 2011; Brooker et al., 2012). The third group focuses on small and medium-sized tourism enterprises (Pikkemaat and Peters, 2005; Thornburn, 2005 as cited in Thomas et al., 2011; Pikkemaat and Weiermair, 2007; Tajeda and Moreno, 2013). As per the SMEs, despite their predominance in the tourism sector, it is stressed that only minimal understanding of their role in innovation in tourism is reached (Thomas et al., 2011). The richness of topics researched in tourism and hospitality innovation is analyzed in Gomezelj’s (2016) recent systematic review. Using a bibliometric methodology, she found nine broad themes/clusters within this subject: fundamental studies, RVB and competitive advantage, innovation in organizations, networking, the importance of innovation in services, innovation systems, knowledge management of
organizational innovation and technology. The author finds (p.20) that the cluster on innovation in organizations is particularly numerous in studies in hotels.

Furthermore, adjusting the classification of Mattsson et al. (2005), and Medina-Munoz et al (2013) Gomezzelj (2016) concludes that the overall literature on innovation in tourism and hospitality can be devided into three groups: (1) papers analysing the importance of innovation for firms, (2) papers dealing with regional innovation and (3) papers focusing on innovation in general. This view is congruent with Sundbo's (2007) point that innovation can be understood and investigated at three levels – firm, network and system level and Williams and Hall's (2008) distinction of tourism innovations at the firm, resort, destination and national tourism system level (as cited in Booyens, 2015). Gomezzelj (2016) finds that the firm level analyses are the predominant ones, covering 69.08% of papers analyzed, with a almost a quarter of them focusing on hotel firms. This is one of the reasons they are chosen as the focus of this review, with other reasons being elaborated in the next section.

INNOVATION IN HOTELS SECTOR - LITERATURE OVERVIEW

As said earlier, the nature of tourism as a “product" involving a combination of many tangible and intangible elements creates difficulties in developing and conducting empirical studies in tourism, including the one on innovations. For example, a tourism destination is formed by different suppliers, such as hotels, restaurants, entertainment firms, car-hire firms and tourism guides, attractions, merchants and many diverse more. As such tourism enterprises share service and particular tourism characteristics while at the same they are very heterogeneous among each other (Tremblay, 1998; Martinez Ros and Orfila-Sintes, 2012). As as consequence, intrasectoral differences in innovation are apparent (Camisón and Monfort-Mir, 2012). Moreover, considerable spatial and temporal differences are found even within the same subsector because, obviously and logically, the drivers of innovation are time and place specific (Hall and Williams (2008). Therefore, the mature research on particular elements of the tourism offer is the necessary first step in a quest to analyze to whole system. As the main element of tourism offer and a common proxy for tourism destination development (Martinez-Ros i Orfila-Sintes, 2009), accommodation is a logical first choice. In it, hotel sector plays a prominent role and, compared to the rest of the tourism sector is relatively homogeneous in operations (Orfila Sintes et al, 2005). For these reasons it is the most common object of existing studies, including this review.

Besides hotel foces papers, an insight into the innovation activities of hotels are found in studies focused on measuring innovation at the destination level. Such studies have shown that hotels are the most innovative segment of the tourism offer (Jacob et al, 2003; Sundbo et al, 2007; Pikkemaat and Weiernar, 2007; Pikkemaat, 2008); most often introduce technological innovations (Orfila-Sintes et al, 2005) and that innovations have positive effect on hotel image, profitability and customer satisfaction (Jacob et al, 2003). On the other hand, a more detailed findings are found in studies focusing on innovations in the hotel sector (Agarwal et al., 2003; Ottenbacher and Gnoth, 2005, Orfila-Sintes et al., 2005; Pikkemaat and Peters, 2005; Orfila-Sintes and Mattsson, 2007; Jacob and Groizard, 2007; Pikkemaat, 2008, Martinez-Ros and Orfila-Sintes, 2009; Tajeddini, 2009).

A systematization of these studies and their findings reveals several research topics explored so far which are, in many cases, combined and overlapping in studies. The first is the innovation activity measurement. Some studies find the hotels to be low innovative (small and medium-sized hotels in Austria, Pikkemaat, 2008), others moderately innovative (Pivcevic and Garbin Pranicevic, 2012) while some find evidence of highly innovative hotels prevailing (Jacob and Groizard, 2007). The studies have found service innovations to be most common in some countries (Croatia in Pivcevic and Garbin Pranicevic, 2012) as opposed to dominant management innovation in hotel chains in other (Spain in Vila et al., 2012). Also, evidence is found that hotel are prone to introduce technological type of innovations (Groizard and Jacob, 2007; Pikkemaat, 2008). It is important to note that the studies in question were performed by differented ad hoc approaches thus direct comparisons and generalizations are limited. However, they support the Hall and Williams (2008) stance that innovation activity varies depending on the time and place of observation/measurement. These differences call for further investigation and measurement tools unification. Furthermore, studies have found that in most cases innovation activity increases with the hotel size (Pikkemaat and Peters, 2005; Orfila-Sintes et al., 2005, Orfila-Sintes and Mattsson, 2007; Jacob and Groizard, 2007; Pikkemaat, 2008, Martinez-Ros and Orfila-Sintes, 2009) although there are exceptions to this as the study in Croatia has shown (Pivcevic and Garbin Pranicevic, 2012). Issue to be noted in context of size-innovation relation is that it is argued that in tourism only minimal understanding of the role of SME in innovation is reached
The second line is research is focused on key determinants i.e. antecedents of hotel innovation activity. Such studies have found that innovation in hotels is affected by organisational climate (Bellou and Andronikidis, 2009); by the forms of management and marketing strategy (Martinez-Ros and Orfila-Santes, 2009); by training plans and managerial characteristics (Martinez-Ros and Orfila-Santes, 2012); by technological capability (Kumar et al., 2008) as well as basic hotel features such as hotel location (Vila et al., 2012; Martinez-Ros and Orfila-Santes, 2009), hotel size (Martinez-Ros and Orfila-Santes, 2009; Jacob and Groizard, 2007), and hotel category (Orfila-Santes et al., 2005; Pikemaat, 2008; Tajeddini, 2009). Moreover, Ottenbacher and Gnoth (2005) found that hotels operating in chains and independent hotels vary greatly in terms of the elements determining the success of new services while several studies have found that certain forms of cooperation have a positive impact on hotel innovation (Sørensen, 2004; Orfila-Santes et al, 2005; Pikemaat and Weiermair, 2007; Sundbo et al, 2007; Pikkemaat and Weiermair, 2007; Pikemaat, 2008; Pivcevic, 2010). To be noted here is an emerging theme of relational process in tourism (Williams, 2014) which does not focus on entrepreneur per se but on the networking behavior of tourism entrepreneurs and firms.

In this line of research a significant number of papers adresses the role of human resources in hotel innovation.Chang et al. (2011) have identified three streams of hospitality innovation research : critical development procedures, innovation typologies and factors that may enhance hospitality innovation. One common thread they find among them is focus on the importance of human resources and HRM practices. In their empirical research among Chinese hospitality firms (hotels and restaurants), they found a significant and positive effect of HRM practices (selection and training) on innovation supporting the conclusion that competitiveness and adaptation of the tourism sector to new market environments heavily depend upon investments in quality of staff and managers (Carvalho and Srakar, 2014). Furthermore, several studies have found evidence to support the positive relationship between innovation activity and employee training (Orfila-Santes et al, 2005; Orfila-Santes and Mattsson, 2007; Martinez-Ros and Orfila-Santes, 2012), while others report the lack of qualified employees as an obstacle for innovation (Jacob et al, 2003). There are also some diverging findings - some studies find professional leadership to be an important determinant of hotel innovation activity (Sundbo et al, 2007; Orfila-Santes et al, 2005; Martinez-Ros and Orfila-Santes, 2009) while in others the findings on owner-manager relation to innovation behaviour are inconsistent across different years (Martinez-Ros and Orfila-Santes, 2012). Chatatoth et al (2014) argue that the infrastructure that would facilitate employee empowerment and creativity is a critical antecedent for hospitality innovation. Drawing on work of Ottenbacher and Harrington(2010) and Zeithaml and Bitner (2006), they posit that hotels often have the same basic “hardware”. Therefore, because of their direct impact on consumers’ satisfaction, new service approaches i.e. innovations require employees to be the element of service differentiation. Additionally, in their empirical study they find the lack of innovation as one of the barriers of successful deployment of consumer engagement.

The themes that can also be fitted into this group include a growing research body on entrepeneurial, customer and market orientation often combined with inovativeness (Agarwal et al., 2003; Sandvik and Sandvik, 2003; Tajeddini, 2009; Griessman et al., 2013; Gomezelj Omerzel, 2014; Sandvik et al., 2014). Other antecedents of innovation behaviour are also being explored - such as ability to acquire, assimilate and utilise external knowledge (Thomas and Wood, 2014). As hotels are particularly dependent on external sources of knowledge, this is argued to be one of crucial dimensions of innovation whilst also evidence is found that technological turbulence is positively correlated to innovation (Campo et al., 2014).

The third line of research is devoted to the purpose and effects of innovations in hotel sector. As such, these studies focus on the impact of innovation behaviour on competitiveness, firm value and financial and non-financial business performance. Their results have shown that innovation behaviour of hotels positively influences their capacity usage i.e. occupancy rate change (Pivcevic and Petric, 2011), quality standards (Rogerson, 2013), future sales and firm value (Nicolau and Santa-Maria, 2013), and hotel guests satisfaction and company image (Jacob et al, 2003). As per hotel performance, several studies have confirmed positive impact of innovation behaviour on performance (Mattsson and Orfila-Santes, 2014; Orfila-Santes and Mattsson, 2009; Tajeddini, 2009; Orfila-Santes, and Mattsson, 2007; Agarwal et al, 2003; Campo et al, 2014) including financial performance (Ivanović et al., 2010;
Grissemann et al., 2013). However, there is e need to take a closer look at this in the group of small hotels as Pikkemaat and Peters (2005) found no statistically significant relationship between innovation activity and hotel manager's degree of satisfaction with the revenue/profit in the Alpine small hotel sector. Also, studies have found that the most important reasons for introducing innovations in the hotel business are improving quality and satisfying guests’ needs (Jacob et al., 2003; Pikkemaat and Peters, 2005).

The forth line of research focuses on the areas of hotel business in which innovations are implemented. In this group prominent topics are human resources (as already discussed above). ICT technology adoption (as already mentioned as a cluster found in Gomezelj Omerzel's review) but also environmental management (Best and Thapa, 2013; Le et al., 2006; Smerecnik and Andersen, 2011) as adopting green practices is argued to be beneficial for the hotel and tourism industry (Chou, 2014). ICT it is one of the most frequent areas of innovation in hotels (Jacob et al., 2003; Pikkemaat and Peters, 2005; Groizard and Jacob, 2007; Pikkemaat, 2008; Griessman et al., 2013). Experts predict it will remain as important in service innovations in foreseeable future, along with services personalization and customer relationship management (Verma et al., 2008). Thus, this body of research is expected to grow accordingly and the same is foreseen for environmental innovations.

CONCLUSION

The literature review presented provided an overview of themes covered in the existing studies on the subject of innovation behavior in hotels. As such, it is a solid base to draw conclusions on the about needed avenues for further research. Firstly, it is obvious more empirical work is needed, especially the ones conducted in multiple countries which are to date not common (cf. Sunbo et al., 2007). Such studies would enable the lacking cross-country comparisons and draw more reliable conclusions. Namely, evidence is found that national cultural values might play a role in affecting firm innovation (Hayton et al., 2002) and that innovation in tourism is not only place but also time-bound (Hall and Williams, 2008). Therefore, longitudinal studies are also needed and to date they are rare (for example Martinez-Ros and Orfila-Sintes, 2012). Namely, the same as drawing wider conclusions on a single or few countries profiles, drawing them on one-off time periods is of very limited validity. Development of cross-country and/or longitudinal studies could be a step forward to the much needed development of unified measurement tools for innovation behaviour in hotel sector. Such tools could then be applied and harmonized to other tourism segments to enable measurement and monitoring of innovation behavior on the system level. In this line of study, as Hjalager (2010) points out, a convergent and divergent approach may be opted for. Besides quantitative inquiries and data, qualitative research is also needed as it enables inclusion of local and regional specifics. Hjalager (2010) points to the importance of case studies for these purposes as they provide insights and explanatory value that the quantitative data can not generate but other methods as well as methods triangulation would also be beneficial.

As for the topics to be explored, the review has shown that in many aspects the collusion of results is found so further research is required in most, if not all aspects. However, topics for which the highest gap between their importance and frequency of research is found are: the features of innovative behavior of SME in hotel sector, barriers to innovation behavior, external determinants of innovation and innovation policy and its effects.

BIBLIOGRAPHY


Peclhaner, H. and Volgger, M. (2012), "How to promote cooperation in the hospitality industry: generating practitioner-relevant