Impact of Service Innovations in Hospitality Industry.

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Abstract
The purpose of this research paper is to understand the various service innovations adopted by hospitality sector and to examine the impact of the same. The paper also discusses how these innovations in services generate customer satisfaction. To conduct these research responses were collated through survey. The tool used is well constructed set of questions. The respondents were categorized into business traveler and leisure traveler. Also few respondents were the travel agents/marketers who provide innovative services to travelers in the hospitality sector. The data were analyzed through graphical representation and statistical test. The results clearly indicated few service innovations which were more preferred by these two categories of traveler such as flexible check in, customized services, child care facility, kitchen and IT/internet related facility. The results also depicted that there exist a positive impact of these services with satisfaction. This highly influences the business of hospitality sector.

Keyword- Service Innovations, Hospitality Sector, Customer Satisfaction

Introduction
These days every industry is constantly bombarding customers with rewarding services and offerings to attract them in this ever changing competitive market. As a result of that customer also demand for more options and innovations in services. The innovations in offerings and services have gradually changed the face of hospitality industries. Not only that, product-oriented firms have distinguished the payback of including service innovations to their business strategies. The benefits through service innovations are quite noticeable in any industry. The challenge for adoption of different service innovations lies in the way of implementation. The innovation should be in such a manner that it should fulfill customer expectations as well as should be economically viable for the firm. Hospitality industries are a perfect example where people directly get benefits from the service innovations. Generally these sectors were over - flooded with service innovations and people feel inundated. It also happens that due to huge offering and easily substitutable service offerings, customers got variety of options to choose for and it ends up with extreme competitions. This causes difficulty for the entire hospitality industries which include hotels as well as travel companies to plan for the differentiators from their competitors which will be economically viable for the firm as well. The next most important aspect is that acceleration of information and technology based services in the rapidly changing hospitality industry. The managerial level needs to be more focused on customer preferences, quality of services and upgraded IT interfaces in order to sustain in the competitive environment. A traveler no longer depends on loyal behaviour regarding choosing the hotels or travel package. They rather patronize their package depending on the best offer on that period of time to select the same under their choice of budget. So the industry needs to understand these situations and have to act considering these underlying facts before introducing any service innovation. This paper is an attempt to understand the service innovations happened in hospitality industry (hotel & travel industry) and the impact of these innovations in travelers. The impact in business can be highlighted considering the perspectives of managers who are into the business in the hospitality industries.

Review of Literature
In hospitality industry there has been abundance of options to choose from while determining the type of product and the services. Innovations in services play a key role in determining the impact in business. Understanding on various service innovations can be gained through various empirical research studies conducted previously by researchers. These studies on various service innovations heavily rely on customer perception and functionality (Anderson and Narus, 1998).
Gathering and understanding vital information on the reasons behind guests choosing particular hotel or travel services became important in driving the business. Lacking in understanding customer preferences leads to problem in designing services and offerings (Schall, 2003). Research studies from various existing literatures shows that most successful innovations were those who take into consideration of customer preference in designing the same (Karmarkar, 2004). Higher priced hotels usually adopt innovative practices by offering high quality services with the rooms which is expected to boost the occupancy Trendy boutique hotel is also an innovation in hotel industry that creates an impact and mark to consider for (Binkley, 2003). The additional innovation is the adoption of information technology or technological features in hotel services which include Wi-Fi services, availability of ATM’s, online booking services etc (Namasiyam et.al. 2000).

Skinner, 1974 suggested in his research about customization of services as per customer need/preference. He also mentioned in his research that, though this type of service is hard to implement operationally. But customized services do help in generating business in highly competitive market.

The adoption of various service related innovation changes the market orientation in any sector either it is hospitality or any other service sectors which in turn increases the firm performance (Agarwal et.al. 2003). Thus reviewing various researches in service innovations it is quite evident that service innovations can be adopted based on customer preference and it plays an important role in any innovations firms are looking for.

Objectives

a. To understand and examine the impact of service innovations on customers satisfaction.
b. To examine the impact of service innovations on business in hospitality sector.

Hypothesis

H0a: Service innovations have positive impact on customer satisfaction.
H1a: Service innovations have no impact on customer satisfaction.
H0b: Service innovations have positive impact on business in hospitality sector.
H1b: Service innovations have no impact on business in hospitality sector.

Methodology

The aim of this study is to explain the association between variables of customer satisfaction, and service innovations. This research is a descriptive research based on the method of obtaining the data. The data is collected through survey with questionnaire as data collection tool. 12 questions are considered to evaluate customer satisfaction; 12 questions are considered to evaluate service innovations and 11 questions are considered to evaluate the impact of customer satisfaction and service innovations on business. The responses to the questions are given using by a five-point Likert scale. The first few questions tell the basic information about the respondents i.e. age, income detail, type of traveler, frequency of travel etc. The statistical technique incorporated for analyzing data is regression and ANOVA technique using SPSS 16.0. The sample size of this study is 100. The sample includes 60 customers and 40 service providers or travel agents across Pune region, Maharashtra.

Data Analysis

The figure below shows the categorization of travelers that are an integral part of the survey and avail the services provided by hotels and travel industry very frequently. The responses that were taken into consideration comprises of respondents from various age groups from 18- 25 years to above 50 years, who travel frequently minimum twice a year and are further categorized into business traveler who travels for business or official trips and leisure traveler who travels with family or friends. The figure below (Figure 1) shows the frequency of leisure traveler is more in number as compared to business traveler.
Figure 1: Categories of Traveler availing hospitality Services

![Category of Travelers Graph](image1)

Figure 2: Innovative services preferred by both the category

![Innovative Services Graph](image2)

Figure 2 clearly depicts the innovative services availed and preferred by the two categories of traveler offered by the hospitality industry. In general business traveler look for more IT and service related facilities for satisfied service whereas leisure traveler look for various services like flexible check in, child care facility etc which become more important while travelling with family.

Testing of Hypotheses using Regression Analysis and ANOVA

The hypotheses framed for the study below was used at 95% confidence interval.
H0a: Service innovations have positive impact on customer satisfaction.
H0b: Service innovations have positive impact on business in hospitality sector.
Table 2: Regression Analysis.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R</th>
<th>R2</th>
<th>Adjusted R2</th>
<th>Std of the Estimate</th>
<th>F</th>
<th>Sign</th>
</tr>
</thead>
<tbody>
<tr>
<td>H0a</td>
<td>0.775</td>
<td>0.601</td>
<td>0.339</td>
<td>4.346</td>
<td>204.16</td>
<td>0.000</td>
</tr>
<tr>
<td>H0b</td>
<td>0.782</td>
<td>0.611</td>
<td>0.351</td>
<td>0.032</td>
<td>133.112</td>
<td>0.002</td>
</tr>
</tbody>
</table>

The results Table 1 shows acceptable R and R squared values. Thus, we can clearly interpret that there exists a very good and sufficient correlation for variables considered. R-squared values should range from 0 to 1. The R squared values for these hypotheses are 0.601 and 0.611 respectively.

**H0a: Service innovations have positive impact on customer satisfaction.**
The hypothesis is approved as the significance value is less than 0.05.

**H0b: Service innovations have positive impact on business in hospitality sector.**
The hypothesis is approved as the significance value is less than 0.05.

Further after approving and accepting both the hypotheses we will go for Analysis of variance (ANOVA). ANOVAs are helpful because they possess an advantage over a two-sample t-test. Doing multiple two-sample t-tests would result in an increased chance of committing a type I error. For this reason, ANOVAs are useful in comparing two, three or more means.

Table 3: ANOVA Test

<table>
<thead>
<tr>
<th>Models</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>H0a</td>
<td>Regression</td>
<td>3756.237</td>
<td>1</td>
<td>3756.237</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>1043.273</td>
<td>59</td>
<td>17.683</td>
<td>0.943</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4799.51</td>
<td>60</td>
<td>7.948</td>
<td></td>
</tr>
<tr>
<td>H0b</td>
<td>Regression</td>
<td>3982.712</td>
<td>1</td>
<td>3982.712</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>816.798</td>
<td>39</td>
<td>2.225</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4799.51</td>
<td>40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta</th>
<th>t- Value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Customer Satisfaction</td>
<td>0.662</td>
<td>-4.10 13.038</td>
<td>.000</td>
</tr>
<tr>
<td>Constant Service Innovations in Business</td>
<td>0.690</td>
<td>-5.341 12.242</td>
<td>.000</td>
</tr>
</tbody>
</table>

On the basis of statistical analysis performed in this segment the results designate that service innovations has been influential on creates a positive impact on customer satisfaction as well as on business in the hospitality sector.
This also indicates that various service innovations implemented in hospitality business generates satisfaction among customer which tends to be fruitful for the business.

**Conclusion**

The present research very clearly suggests that service innovation has positive impact on business as well as influence customer satisfaction. In highly competitive market where everyone is competing with each other any new service innovations actually elevates the business. Especially in hospitality sector where there lies immense opportunity to satisfy the customer through service related innovations. In both hotel and travel industry every customer look forward for better and new services. During the survey, the researcher tried to collate some of these services which two categories of traveler have identified to be most satisfying services. The respondents were either business traveler or leisure traveler. These two categories have shown their satisfaction in various services for e.g. a business traveler is satisfied with customized services, internet and other IT related facilities, with kitchen (like mini bar, coffee maker etc). While a leisure traveler who travels with family prefer all the above mentioned services and apart from these they also prefers child care facilities (if available), flexible check in facilities. All these services create a positive impact on overall satisfaction level of the traveler (either leisure or business). The satisfaction further generates business. Thus through this research the researcher validated that service innovations has positive impact on customer satisfaction as well as in business. The business where service innovations majorly flourished is the hospitality sector.

**References**