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The influence of hotel product innovation on customer loyalty in Cape Town

Darlington Onojaefe
Graduate Centre for Business and Management Sciences
Cape Peninsula University of Technology, South Africa
onojaefed@cput.ac.za

and

Nicholas Nhepera*
Masters of Technology Business Administration
Cape Peninsula University of Technology, South Africa
nheperanicholas90@gmail.com
213306166@mycput.ac.za
078 2519795 / 021 506 0999

Corresponding author*

Abstract

This paper identified and examined evidence on how customer loyalty is influenced by hotel product innovation. This examination helps to understand differentiation and the competitive benefits of innovation in product and loyalty for such innovation. The innovation influence provides rationale to extend product innovation as a strategy to differentiate, compete, and gain loyalty in the hotel industry. With increased competition in the hospitality industry, the examination of hotel product innovation becomes imperative for both practical and theoretical relevance. This examination was done using a survey method to collect data from 242 travellers who visited Cape Town, stayed in a graded hotel, and visited Kirstenbosch Gardens during the period of the study. This quantitative survey was supported by data triangulation approach with respondents chosen using systematic random sampling. The semi-structured questionnaire comprised mainly closed-ended and a few open-ended questions. The study found that hotel product innovation has greater influence on customer loyalty and hotel choice. However, not all product innovations have the same level of influence, and not all influences are statistically significant. However, the degree of influence was found to be a useful enabler of competitive and loyalty strategy in the hospitality industry.

Keywords: Innovation, Hotel product, Hotel product innovation, Customer loyalty, Radical and incremental innovation

Introduction

The usage of product innovation is assumed to be a vital strategic tool to attract and build customer loyalty in hotel industry. Literature from as long as a decade ago shows that hotel customer patronage and loyalty choices may be influenced by hotel innovation (Victorino & Verma, 2005). While tangible and intangible product innovations may influence customer patronage and loyalty decisions, the extent of innovation influence on customer loyalty remains unknown. The limited knowledge on innovation influence is due in part to business, leisure, and other travellers arriving with high expectations of hotel service. Therefore, this paper presents hotel product innovation dimensions and examines the extent to which each hotel innovation may be used to attract and build customer loyalty (Shoemaker & Lewis, 1999).

Over the past two decades, there have been numerous studies on innovation in hospitality and the tourism industry at large. These studies focused largely on the impact of innovation on operational strategy, and on inter-firm differences in hotel product innovation to establish whether service firms innovate at all, and secondly on how service firms organise innovation activities (Sundbo, 1997:432-455). Further studies largely focussed on determinants of innovation activity in the hotel industry with emphasis on how to develop successful hospitality innovations (Ottenbacher & Gnoth, 2005:205-222) and factors influencing new service success (Ottenbacher, Gnoth & Jones, 2006:344-363). Ottenbacher (2007:431-454) further focussed on whether hospitality firms should have different approaches depending on the three performance dimensions of market performance, financial performance, as well as employee and customer relationship enhancement. Contemporary studies by Martınez-Ros & Orfila-Sintes (2009:632) addressed innovation activity in the hotel industry (Technovation) and explored the influence of a variety of firm and market characteristics on radical and incremental innovations. Perera (2014:241-264) focussed on innovation and its contribution toward a hotel product and its online presence, while Sandvik et al. examined the relationship between the innovativeness of hotels and their profitability (Sandvik et al., 2014:165–185). However, no research in hospitality innovation has examined the influence of hotel product innovation on customer loyalty. Therefore, through this paper, an important understanding can be established:

1) the extent to which customer loyalty decisions are influenced by hotel product innovations,
2) what innovations are important to guests when deciding on hotel stay, and
3) whether there is any relationship between hotel product innovation and guests' return intentions.

Hence, assuming that return guests are loyal to a hotel offering innovative products, there is a need to obtain clarity on this assumption. Therefore, the study examined the influence of product innovation on customer loyalty in Cape Town Metropole, South Africa. The respondents were drawn from guests who stayed in graded hotels for leisure, business, and other purposes.

Literature review

This section of the paper defines innovation, hotel product and expands the perspectives of hotel product innovation approaches to get an understanding of the influence on customer loyalty. Customer loyalty (dependent variable) is discussed and its dimensions in hospitality industry at large. Also, innovation dimensions (independent variables) are discussed so as to get an understanding of the influence of each hotel innovation on customer loyalty. This paper focusses on hotel design (hotel looks or feel), technological, marketing and the human resources innovations (service delivery).

Innovation and innovation approaches

Initial studies by Schumpeter (1934) defined innovation with no specific focus on the hospitality industry. He qualified innovation as the carrying out of new combinations of products or services, new production techniques (processes), and new organizational structures. With the adoption of innovation and innovation research in service industries, common attributes from Schumpeter's view of innovation are identified in contemporary studies in hospitality innovation. For example, Hall and Williams (2008) defined innovation as a systematic process of generation, acceptance, and implementation of new ideas, processes, products, or services to improve customer experiences, and is perceived as new by an individual (Ottenbacher & Gnoth, 2005:206). Furthermore, Hall (2009) elaborated that innovations in hospitality enable hotels to meet international standards such as the Leading Quality Assurance (LQA) and Relais Châteaux,

among other hotel categories. Concurring with Hall, the World Tourism Board (2008) viewed innovation as an outcome-focused process aimed at achieving a specific objective. Through innovation, quantifiable measures across the industry form the basis for comparison of hotels in different geographic regions. Therefore, innovation in hospitality may be seen as the implementation of processes for problem solving when management deals with guest complaints (Kanter, 1995 as cited in Smiljana & Daniela, 2012:338; Gronroos, 1990). Other examples may include usage of technology to improve organisational communication and guests' experiences (Keller, 2006); bringing brand new (or differentiated) products or services to the industry (Johanesson, Olsen, & Lumpkin, 2001); and products reproduced from competitors or adapted from industry's existing products or services (Linton, 2009).

Innovation studies established that approaches to innovation for products or services can be incremental or radical. According to Norman and Verganti (2012:5) incremental innovation involves improvements within a given frame of solutions whilst radical innovation involves changing the product and ultimate standards. While, on the one hand, radical innovation results in discontinuity with past products, it does encourage incremental product innovation on the other (Garcia & Calantone, 2002). Incremental product innovation implies development of the existing product offerings aimed at supporting the customization of hotel product offerings (Danneels, 2002). Thus an incremental product innovation can be a new problem solving idea (Kanter, 2005 as cited in Hall and Williams, 2008).

Thus, from analysing the different views above, one can conclude that innovation results in changes to previous problem-solving practices. This comes from changes to structures and human resources, or by bringing new offerings and differentiated hotel experiences to guests. Hence, in trying to identify hotels that may effectively implement an innovation strategy, Hjalager (2002) argued that innovations are central to higher graded hotels which have the resources required to implement and commercialise innovations processes. Therefore, questions may be raised whether such investment to implement innovations will enable transforming transient guests into loyal customers. To establish such an understanding, the following section clarifies the meaning and dimensions of hotel products.

Hotel product defined

In order to understand hotel product innovation approaches, it is vital firstly to clarify the meaning of "hotel product" as used in the context of the tourism industry at large. It may be acknowledged that hotel products are a fundamental element of the hospitality product. Therefore, for the purposes of this study, the definition of hotel product has been drawn from the definition in the context of the hospitality product. Similar to hotel products, Yilmaz and Bititc (2006:378) argue that a tourism product carries characteristics of both a service and a tangible product which Reuland et al. see as a harmonious combination of materials, skills, behaviour and attitude of employees (responsible for service delivery), and the environment (ambience, accessories, art and design) as key components of a hotel product (Reuland et al., 1985, as cited in Debasish and Dey, 2015:2). Weiermair, on the other hand, defines a tourism product as an experience, characterised by simultaneous production and consumption (Weiermair 2006, cited in Carvalho & Costa, 2011:25). The obvious products in a hotel are items that can be sold, such as wine or hotel-branded clothes, and the services which are done for someone, such as cleaning a room or ironing clothes. Other examples include providing different options when engaging with guests (up-selling), concierge services, tour guides, and driving guests around. Therefore, one can argue that an innovation on the physical hotel product augments the delivery of a quality service and becomes part of the ultimate memorable guest experiences.

Theoretical concepts of customer loyalty

Oliver (1997) as cited in Sondoh et al. (2007:89) argued that loyal customers hold deeper commitments to rebuy or repatronise a preferred product consistently in the future, despite situational influences and marketing efforts that have the potential to cause switching behaviour. Another report by Dick and Basu (1994) emphasised customer commitment to repeating patronage and a favourable attitude through recommending the services and products to other people, as key attributes of loyal customers. Sharpley (2002:2) assumes that the likelihood of a customer revisiting a hotel confirms the quality of the relationship between the hotel and the customer, where needs and expectations are being fulfilled. Thus, one can argue that the ability of a hotel to develop a long-term relationship with guests may be dependent on the hotel's promise and commitment to offer superior products to the customer on future visits. Therefore, the study examined the influence and importance of innovation on behavioural customer loyalty. With the view that loyalty is assumed to be associated with customer's repetitious purchase behaviour as an indicator of loyalty for product, brand or service (Bowen & Chen, 2001).

Product innovation strategies in hotel industry

Different studies established a trend that guests regard boutique hotels as highly innovative and stylish. They are therefore prepared to pay premium rates for the extra amenities (Binkley, 2003, cited in Victorino et al. 2005:559). Elaborating on the competitive nature of the hotel industry, Ritchie and Crouch (2003:1) identified fierce international competition as the most threatening factor. They recommend innovation and willingness to change as critical strategies if tourism destinations are to regain their competitive position. Therefore, there is an assumption that innovation is important in designing modern hotel products to attract guests, increase hotel patronage, and accept hotel offerings. Santos (2014), as cited in Gomezelj (2016:8), established that tourism destinations are forced to implement innovative approaches to attract potential customers and continuously provide a unique customer experience. One distinctive feature of the hotel product is that it is intangible; it cannot be seen or touched physically prior to purchase. The intangibility makes hotel products difficult to buy, but easier to distribute (Evans et al., 2003). Intangible hotel products depend on printed or audio-visual presentations and descriptions. Marketing innovations through branding has proved to be an important tool to integrate intangible hotel products with physical products. Thus, the qualities of the tangible product components are perceived to influence guest experiences. However, it is not clear whether the tangible components influence customer loyalty the same as service delivery and other intangible components.

Dimensions of hotel product innovations (variables)

Ottenbacher and Gnoth (2005) identified four main dimensions (or origins) of innovation, these being marketing innovations, the product or service, process innovations, and organisational innovations. Prior studies by Atuahene-Gima (1996) established that, irrespective of the origin of innovation, the main objectives of innovation processes in either services or products are to gain competitive advantage, increase market share, and build customer loyalty. Therefore, concurring with the views of the above authors, this study examined the influence of hotel innovation dimensions on customer loyalty. Hjalager (2010) also identified a set of innovation dimensions in hospitality, hence the study also focused on the influence of hotel innovations originating from hotel design, technological innovations, marketing innovations, and human resources innovations (managerial and service delivery). To understand the influencing factors of hotel product innovation on customer loyalty, the researcher found it essential to review further literature on different innovation dimensions in the hotel and hospitality industry at large. This analysis provides

understanding whether innovative practices influence guest experiences and their ultimate return intensions. Thus, for the purposes of this study, it is imperative to examine the influence, importance, and any existing relationships between four major innovation dimensions and customer loyalty (dependent variable) in the hotel industry.

Hotel design innovations

Hotel art and different room designs have emerged as an innovative strategy adopted by many boutique and luxury hotels. Riewoldt (2006) argued that innovations in hotel design offer guests an environment with unique décor, ambience, and illuminations to create feelings to influence guests' imaginations whilst providing relatively differentiated emotional experiences. Therefore, one can concur that the tangible components influence hotel image, which could be crucial for guests to develop brand association (Hall & Williams, 2008). Agreeing, Haywood (1983) echoed the similar argument of Karmarkar (2004) that hotel design creates an opportunity for providing unique experiences at every guest encounter, thereby increasing the propensity to attract customers. Therefore, through this examination, the extent to which hotel art and different room designs are important to guest return intentions is established.

Influence of technological innovations

Modern guests use smart phones, tablets, and laptop computers for communication. These communication devices require wireless internet connections which may have an influence on hotel choice and guest experiences during the period of stay. Olsen and Connelly (2000) argue that the demand placed on internet and computer technology (ICTs) related offerings is increasing across the world. In a different study Buhalis (2008) found that the use of technological innovations and internet-based interaction necessitate immediate responses during the information searching phase of the purchasing decision making process. Namasivayam et al. (2000) argued for the relative influence of wireless technology — such as curb-side check-in, voice recognition, and smart cards — on customer decisions. However, it is not clear whether technological product innovations are important to guests when deciding on hotel stay and future visits. Therefore, despite various uses of technological innovations, this examination established whether hotel business centres with advanced computer technology and free Wi-Fi access have significant influence on customer loyalty.

Influence of hotel marketing innovations

Damanpour, Walker and Avellaneda (2009) contend that marketing innovation focuses on building external relationships with customers, markets, suppliers, and competitors. Promotional strategies have been adopted to cultivate inter-linkages and associations with the hotel offerings and guest experiences (Scarpato, 2002). As an example, wine marketing to compliment the experiences around the actual hotel has been regarded as a vital marketing tool (Carlsen, 2006). Flexible check-in/check-out is seen as an effective innovation strategy to satisfy customised guest requests. Skinner (1974) found that, for hotel innovations associated with flexibility to be successful, the innovation strategy must be closely aligned with the business strategy. For example, a flexible check-in/check-out requires changing work schedules to ensure that rooms are ready in time for preceding bookings. Such product-oriented innovations require balancing marketing and operational activities to ensure that guests benefit without operational complications. VIP membership loyalty programs and customisation of guest's amenities has become a key marketing innovation to foster a long term connection with guests toward building customer loyalty (Mann, 1993).

However, Lal and Bell (2003), cited in Danna, L.D. (2008:169), argue that despite the popularity of loyalty programs, they are generally ineffective in attaining customer loyalty. To settle the question, this study examined the unique and commonly used aspects of VIP loyalty innovations and flexible check-in/check-out, as well as the importance and influence of such marketing innovations on customer loyalty.

Influence of human resources innovations

The human resources (people) are key components of the intangible hospitality product since they determine the quality of service delivery. Ottenbacher and Goth (2005) call staff the business's 'human capital' and argue that people are crucial components of the hotel product — they move the tangible products of the hotel and deliver various services which help in creating guest experiences Through several service journeys, staff and management expertise determine the eventual experience delivered to the guest (de Brentani & Ragot, 1996). Thus the ultimate goal of skilled human resources is to avoid customer complaints associated with slow service and poor communication. Thus a hotel's success depends increasingly on the diverse knowledge, skills, creativity, and motivation of all employees. To ensure such an innovative and people-oriented service environment, leadership commitment to staff satisfaction requirements would be imperative. In fact, several studies have shown a positive relationship between quality of service delivery and sales (Chiang-Ming Chen & Yu-Chen Lin, 2012:1332).

Therefore, it can be argued that no matter how beautifully designed the hotel is, poor personal service may hinder the guests from returning (Mann, 1993). Therefore, it is assumed that quality of service delivery may be important to encourage guest satisfaction and retention (Hersh 2010:209 & Ladhari 2009). Thus, through this examination, conclusions could be drawn on the influence and importance of serving guests with a smile, calling guest by names at every service encounter and management involvement (Siguaw & Enz 1999) on customer loyalty.

Research methodology

Presented here is an overview of the data collection process, study population, the sample, and the execution of data analysis techniques to achieve research objectives. An explanatory study was undertaken to examine the influence of hotel product innovation on customer loyalty. More specifically, a survey was undertaken using a research instrument constituted of both Five Point-Likert Scale (1932) questions (closed-ended) and open-ended questions (Jennings, 2001). Thus, to curter for the large samples of respondents, the quantitative approach supported by data triangulation (Olsen, 2004:103) was implemented and random systematic sampling enabled obtaining respondents to a structured self-completed questionnaire (Baines & Chansarkar, 2002:63).

The rationale for systematic random sampling

- The systematic random sampling was suitable for the study as selection of each respondent was from an infinite population although controlled by the same probabilities
- Successive selections were independent of one another

Data collection technique

A paper based self- administered survey was implemented as a data collection technique to obtain primary data for the study. A survey questionnaire was administered to guests (customers) visiting

and staying in Cape Town Metropolis hotels during the period of study. Therefore, systematic random sampling of 250 respondents was found sufficient to obtain generalised findings about the influence of innovation on customer loyalty in Cape Town hotel industry. The first respondent was chosen at random and there after a systematic way was followed, where every third guest entering the Kirstenbosch Gardens had an equal chance to participate by filling the questionnaire for this study. Two screening questions were asked to ascertain whether the respondents were staying in a graded hotel from Cape Town Metropolitan. The motivation for using the self- administered questionnaire:

- Non- response rate and delay for online questionnaire administration was avoided.
- Allowed asking of screening questions to ascertain whether the respondent was staying in graded hotel from Cape Town Metropolitan
- Easy access and screening to respondents enabled obtaining data relevant to the study.
- Interviewer variability would be eliminated, hence, characteristic of the researcher would not influence judgement and content of the responses (Campion et al., 2001)

However, the researcher took cognizance of the limitations of self – administered questionnaire mainly the lack of probing, hence inclusion of open- ended questions to get extra opinions from the respondents.

Piloting and response rate

In other studies of this nature, online survey has been argued to be effective as it does not interfere with guests' schedule. However, due to time constraints and low response rate experienced during online pilot survey from a specific hotel customer relationship management system (CRMS), the researcher decided to administer questionnaires directly to the suitable respondents at the designated study areas. To eliminate the weaknesses associated with interviewer's influence on responses, the same questionnaire design as for the online survey was administered directly in a paper format to the participants.

Data analysis

This section discusses how quantitative and qualitative data analysis of the survey was conducted for the purposes of answering research objectives. Standard quantitative methods were employed to analyse quantitative data from closed-ended questions. The data was captured on Microsoft Office Excel sheet before imported to the SPSS version 23 statistical software package. Descriptive statistics by means of frequency tables (Lacobucci & Churchill, 2010:352) was applied to describe rather than judge (Landman, 1988:59), and allowed the researcher to acquire an accurate first impression of what the data looks like (Salkind, 2000). The data in frequency tables was further analysed in Contingent tables so that more than one variable could be analysed simultaneously. The inferential statistics was applied through the Chi-Square Tests (X^2); and the logistic regression analysis. Inferential statistics enabled examination of relationships between independent and dependent variables (innovation dimensions and customer loyalty respectively). More specifically, the Chi-Square Tests (X^2) establish the statistical significance of the individual independent variable (innovations) as presented in contingent table. On the other hand, the Logistic regression statistics established the relationships between the combined hotel innovations and customer loyalty. Therefore, based on the statistical model applied, a Chi- Square Tests and or Logistic p-value ≤ 0.05 concluded to have a significant influence or importance whilst p-values > 0.05 presents an insignificant influence or importance. Thus, the data was summarised and presented in tables, charts and graphs.

Rationale for using Chi-Square Tests Statistical analysis

After consideration of the assumptions for Chi-Square Tests as first developed by Fisher (1922) and Pearson (1900), it was found suitable for the study in that:

- It tests the statistical significance of the survey data expressed in and measured at the nominal level Pearson (1900)
- The expected frequencies were sufficiently large
- The chi-square was found to be compatible with the systematic random sampling procedure adopted
- Data was obtained from independent respondents and presented in a mutually exclusive row and column variable categories

Rationale for using the logistic regression model

- The logistic regression analysis enabled the predicting of categorical outcomes based on predictor variables that are continuous or categorical (Hosmer & Lemeshow, 1989)
- Predictions could be made about the likelihood of occurrence which is compatible to the research purpose: To examine the extent to which product innovation may influence customer loyalty (likelihood of guest return).
- Binary logistic regression predicted two categorical outcomes of customer loyalty (return intentions i.e. Yes/No)

Qualitative data analysis

The responses from open-ended questions have been analysed quantitatively using frequencies to obtain an inference on the influences on certain loyalty pattern established from quantitative analysis. The data was coded to reduce the effect of multiple meanings associated with qualitative data (Miles and Huberman, 1991). The process of coding involves cutting the text content in units of analysis, then classified into categories and defined in accordance with the purpose of the study (Allard-Poesi, et al., 2003:460 as cited in Aldebert et al.,2011:1207). Thus each response data was put in a specific innovation category based on concepts and similar meanings Neuman (2000). Conclusions have been drawn about specific broad innovation dimensions and their respective influences and importance customer loyalty decisions. The findings are presented in charts.

Findings and data interpretation

The Chi-Square test statistics established the significance of the relationships presented in contingency tables. The general approach is that all p-values below 0.05 (Chi-Square p-value <0.05) are regarded as significant on customer loyalty. Conversely, Chi-Square p-values above the 0.05 (Chi-Square p-value >0.05) limit are regarded as statistically insignificant relationships between individual innovation dimensions (independent) and customer loyalty (dependent). This paper adopted the logistic regression model to analyse combinations of innovation influences (eight binary predictor variables) on customer loyalty (outcome variable). The logistic regression analysis established the significance of each response parameter as presented in the descriptive statistics (negative influence, no influence, or positive influence). Like the Chi–Square tests, the significance level is set at 0.05 (logistic p-value < 0.05).

Analysis of sample demographics

Descriptive statistics was applied to establish a pattern of customer loyalty from a diverse sample respondents' in terms of gender, age and education level. The results from Chi- Square tests and descriptive statistics are presented in a contingent table I and II respectively:

Table I: Sample demographics Chi- Square Statistics

Chi-Square Tests Statistics			
Predictor Variable	Value	df	Asymptotic Significance (2-sided)
Age Group	6.077[a]	4	0.194
Education Level	3.778[a]	4	0.437
Gender	.276[a]	1	0.599

Analysis of return intentions by gender: Table II below show that 85 out of the 112 males and 100 of the 127 female respondents indicated that they would return to the same hotel. Frequency distribution analysis shows that 24% of the male and 21% of the female respondents said they would not return to the same hotels stayed at before. The difference in return intentions between males and females concurs with previous studies by Fischer et al. (2004:87) suggesting that gender affects perceptions of service quality due to gender influence on preferences and differences in information processing.

Table II. Innovation influence on customer loyalty: Gender based

Would you return to the same hotel?			
Gender	**Yes**	**No**	**Total**
	n=185	n=54	n=239
Male	85	27	112
Female	100	27	127

However, results of inferential statistical analysis does not support the findings from descriptive statistics; it establishes that gender has an insignificant influence on customer loyalty, confirmed by a Chi-Square test p-value above the significance level of 0.05 (Chi-Square value = 0.276, df = 1, p-value = 0.599). Future studies may need to examine the reasons for the higher proportion of males with no return intentions to a hotel stayed before compared for females

Analysis of return intentions by age: The age profile of the total sample (n=239) is illustrated in Table III below. The majority of the respondents were in the age groups 41 to 50 years (29%), followed by 18 to 30 years (28%), the 31 to 40 year old group constituted 21%, whilst 51 to 60 years covered 15%. The 60 years and older age category had only 7% of the respondents.

Table III: innovation influence on customer loyalty: Age based

Would you return to the same hotel?			
Age Group	**Yes**	**No**	**Total**
	n=185	n=54	n=239
18 – 30	48	19	67
31 - 40	35	14	49
41 - 50	57	12	69
51 - 60	29	8	37
60+	16	1	17

Given the analysis above, one can argue that active population groups (18 to 50 years old) comprise a significant proportion of guests who said they would return to the same hotel used before. However, results of inferential statistical analysis show that age has an insignificant influence on customer loyalty — confirmed by a Chi-Square Test p-value above the significant level of 0.05 (Chi-Square value = 6.077, df = 4, p-value = 0.194). Therefore, future studies may need to examine the product innovative factors influencing customer loyalty for different age.

Analysis of return intentions by educational level: Table IV below represents the education characteristics of the sample (n=240; of 242) respondents, 2 participants did not specify their education level. Holders of senior secondary certificates and Doctorate degrees had 6% each with a total of 28 participants. Additionally, 26% of respondents had National Diplomas (62). The largest group (117 people, 48% of the sample) had degrees whilst 14% of the participants (33 people) had Master's degrees.

Table IV: Education level influence on customer loyalty

Would you return to the same hotel?			
Education Level	**Yes**	**No**	**Total**
Total	n=184	n=54	n=238
Senior Secondary (Matric)	12	2	13
National Diploma	50	12	62
Degree	87	30	116
Master's Degree	24	9	33
Doctorate	13	1	14

However, results of inferential statistical analysis confirm that education level has an insignificant influence on guest return intentions as confirmed by Chi-Square Test p-value above significant level of 0.05 for education (Chi-Square value = 3.778, df = 4, p-value = 0.437). Therefore, future studies may need to establish specific product innovations influencing customer loyalty for different educational levels in the hotel industry.

Analysis of return intentions by purpose of visiting Cape Town

The analysis was done to understand and identify the influence of hotel product innovation on customer loyalty for leisure, business, and other travellers in the Cape Metropole. A total of 130 participants reported to be leisure guests (54%), 64 respondents were business travellers whilst 46respeondents stated their purpose of visit as neither leisure nor business were classified as other travellers

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Table V: Return intentions by purpose of visiting Cape Town

Would you return to the same hotel?			
Purpose	**Yes**	**No**	**Total**
	n=186	n=53	n=239
Leisure	104	26	130
Business	50	14	64
Other	32	13	45

The overall Chi-Square Tests statistical analysis shows an insignificant relationship between the Despite seemingly significant return intentions drawn from the descriptive statistics above, the overall Chi-Square test shows an insignificant relationship between the purpose of visit and return intentions (Chi-Square value = 1.535, df = 2, p-value = 0.464). Further analysis and discussion of product innovation influences and purpose of visit is given below:

Leisure travellers: The descriptive statistics showed that of the 130 respondents on leisure, 104 said they would return to an innovative hotel, whilst 26 had no return intentions. Table VI and Table VII presents results from Chi-Square tests and logistic regression analysis respectively. The Chi-Square tests show that on their own, hotel art and different room design (Chi-Square value = 10.154, df = 2, p-value = 0.006), and hotel business centres (Chi-Square value = 7.789, df = 2, p-value = 0.027) together have a statistically significant influence on customer loyalty for leisure guests. VIP loyalty innovations have shown lesser influence on loyalty (Chi-Square value = 5.051, df = 2, p-value = 0.080). With the exception of the three innovations mentioned above, all other innovations have an insignificant influence (p-value>0.05).

Table VI: Leisure travellers: Descriptive and Chi- Square tests statistics

	Innovation influence on leisure travellers											
		Case Processing Summary						**return? (Responses)**		**Chi-Square Tests[a]**		
Q#	**Innovation**	**Valid**		**Missing**		**Total**		**Yes**	**No**	**Value**	**df**	**P- Value**
03.1	Flexible check-in and checking-out	130	99.2%	1	0.8%	131	100.0%	104	26	3.682	2	0.159
0 3.2	Hotel art and different room design	130	99.2%	1	0.8%	131	100.0%	104	26	10.154	2	0.006
03.3	Availability of Fee Wi-Fi	129	98.5%	2	1.5%	131	100.0%	104	25	3.682[b]	2	0.159
03.4	VIP loyalty innovations	128	97.7%	3	2.3%	131	100.0%	102	26	5.051	2	0.080
03.5	Staff friendliness (smiling , calling guests by name)	129	98.5%	2	1.5%	131	100.0%	103	26	1.958	2	0.376
03.6	Management involvement	129	98.5%	2	1.5%	131	100.0%	104	25	0.799	2	0.671
03.7	Hotel business centres	128	97.7%	3	2.3%	131	100.0%	102	26	7.789	2	0.027
03.8	Employees providing options (service	129	98.5%	2	1.5%	131	100.0%	103	26	0.336[b]	2	0.845
	a. Purpose = Leisure											

Results from logistic regression analysis (Table VII) establishes that when product innovations are combined, availability of free Wi-Fi access has strongly positive significant influence on customer loyalty for leisure guests — the logistic p-value < 0.05.

Table VII: Variables in the Logistic regression equation - Innovation influence on leisure travellers

Variables in the logistic regression equation:Leisure						
		B	S.E.	Wald	df	p-value
Step 0	Constant	-1.427	.227	39.419	1	0.000
Availability of Free Wi-Fi	Q03.2			2.692	2	0.260
	Q03.2(1)	-23.999	27544.170	.000	1	0.999
	Q03.2(2)	-22.193	27544.170	.000	1	0.999
	Q03.3			5.576	2	0.062
	Q03.3(1)	-1.892	.933	4.112	1	0.043
	Q03.3(2)	-1.308	.624	4.387	1	0.036
	Constant	21.994	27544.170	.000	1	0.999
a. Purpose = Leisure						
b. Variable(s) entered on step 2: Q03.3.						

Thus, the conclusion can be drawn that more than one innovation must be combined when designing product offerings to influence the loyalty and ensure retention of leisure guests. Hotel art and unique room design, availability of free Wi-Fi access, business centres, and VIP loyalty innovations could be combined in creating such product offerings

Business travellers: As presented in Table VIII, descriptive statistics for innovation influencing factors on loyalty of business travellers show that 50 of the 64 respondents in this group said that they would return to the hotel stayed at. The remaining 14 respondents had no intentions of returning, irrespective of innovative products offered.

Contrary to the descriptive statistics, the Chi-Square tests and logistic regression model established that product innovations have no significant influence ($p > 0.05$) on customer loyalty for business travellers. Hence all predictor variables are listed under variables are listed in under "variables not in the equation". Thus, one can argue that business travellers do not appear to put much focus into the innovations that hotels offer. This could be due to the fact that business trips are imperative and organised by individuals who are not directly involved with the consumption

Table VIII: Business travellers: Descriptive and Chi- Square tests statistics

	Influence of innovation on business travellers												
Q#	Innovation	Case Processing Summary						Would you return? (Response		Chi-Square Tests[a]		
		Valid		Missing		Total						
		N	%	N	%	N	%	Yes	No	Value	df	P- Value
03.1	Flexible check-in and checking-out	63	98.4%	1	1.6%	64	100%	49	14	.595	2	0.743
0 3.2	Hotel art and different room design	64	100%	0	0.0%	64	100%	50	14	3.814	2	0.149
03.3	Availability of Fee Wi-Fi	64	100.0%	0	0.0%	64	100%	50	14	2.294	2	0.318
03.4	VIP loyalty innovations	64	100%	0	0.0%	64	100%	49	14	1.961	2	0.375
03.5	Staff friendliness (smiling , calling guests by name)	64	100%	0	0.0%	64	100%	50	14	0.284	1	0.594
03.6	Management involvement	63	98.4%	1	1.6%	64	100%	49	14	1.961[b]	2	0.375
03.7	Hotel business centres	63	98.4%	1	1.6%	64	100%	49	14	0.984	2	0.611
03.8	Employees providing options (service delivery)	63	98.4%	1	1.6%	64	100%	49	14	1.845	2	0.398
	a. Purpose = Business											

Other travellers: Table IX below presents Chi-Square tests results on the influence of product innovation on customer loyalty decisions for respondents travelling for other purposes (neither

business nor leisure). The majority (36of45) reported strong intentions to return to the hotel stayed at previously.

Table IX: Other travellers: Descriptive and Chi- Square statistics

Innovation influence on other travellers												
Q#	Innovations influence	Case Processing Summary						Would you return? (Responses)		Chi-Square Tests[a]		
		Valid		Missing		Total						
		N	%	N	%	N	%	Yes	No	Value	df	P- Value
03.1	Flexible check-in and checking-out	45	97.8%	1	2.2%	46	100.0%	32	13	3.953	2	0.139
0 3.2	Hotel art and different room design	45	97.8%	1	2.2%	46	100.0%	32	13	2.285	1	0.131
03.3	Availability of Fee Wi-Fi	45	97.8%	1	2.2%	46	100.0%	32	13	3.001[b]	2	0.223
03.4	VIP loyalty innovations	45	97.8%	1	2.2%	46	100.0%	32	13	0.791	2	0.673
03.5	Staff friendliness (smiling , calling guests by	45	97.8%	1	2.2%	46	100.0%	32	13	13.412	2	0.001
03.6	Management involvement	45	97.8%	1	2.2%	46	100.0%	32	13	3.027	1	0.082
03.7	Hotel business centres	45	97.8%	1	2.2%	46	100.0%	32	13	13.412[b]	2	0.001
03.8	Employees providing options (service delivery)	45	97.8%	1	2.2%	46	100.0%	32	13	9.952[b]	2	0.007
	a. Purpose = Other travelers											

The Chi-Square tests statistics show individually, staff friendliness (with Chi-Square value = 13.412, df = 2, p-value = 0.001), skilled employees capable of providing options (Chi-Square value = 9.952, df = 2, p-value = 0.007) and hotel business centres have strong statistical evidence (Chi-Square value = 13.412, df = 2, p-value = 0.001) that they have significant influence on guest return intentions.

Furthermore, the logistic model shows that the combination of hotel business centre innovations (logistic p-value = 0.000), flexible check-in and check-out (logistic p-value = 0.018), and availability of free Wi-Fi (logistic p-value = 0.003) exert a statistically significant influence on customer loyalty for other travellers. The logistic results are presented in Table X below:

Table X: Other travellers: Logistic regression analysis summary

Step Summary								
Variable	Step	Improvement			Model			Correct Class %
		Chi-square	df	p-value	Chi-square	df	p-value	
IN: Q03.7: Hotel business centers	1	17.764	2	.000	17.764	2	.000	73.3%
IN: Q03.3:Availability of Free Wi-Fi	2	11.517	2	.003	29.281	4	.000	88.9%
IN: Q03.1:Flexible Check-in and Check-out	3	7.981	2	.018	37.262	6	.000	93.3%
a. Purpose: Other								
b. No more varibales can be deleted from or added to the current model								

The influence of hotel product innovations on guest return

The descriptive and inferential statistics particularly the Chi-Square tests and the logistic regression statistics were used for analysis of raw categorical data in order to establish individual or combined innovation influences on guest return intentions.

Chi-Square tests statistics results

Chi-Square tests worked best as the expected frequencies were sufficiently large such that no expected frequency would be less than 1 and no more than 20% of the expected frequencies would be less than 5. Hence, the statistical significance of the relationships established in the joint frequency table may be identified. Table XI below presents Chi-Square tests results:

Table XI: Influence of product innovation: Descriptive and Chi-Square statistics

Innovation Influence		Descriptive Statistics Response parameter				Chi-Square Tests		
Q#	Independent Variable	Negative Influence	No Influence	Positive Influence	Total	Value	df	Asymptotic Significance (2-sided)
03.1	Flexible check- in / out	9	66	164	239	3.646[a]	2	0.162
0 3.2	Hotel art and room design	4	37	199	240	6.644[a]	2	0.036
03.3	Availability of free Wi-Fi	48	25	166	239	.313[a]	2	0.855
03.4	VIP loyalty benefits	11	110	117	238	.189[a]	2	0.910
03.5	Staff Friendliness	7	77	155	239	.930[a]	2	0.628
03.7	Hotel business canters	14	114	109	237	6.483[a]	2	0.039
03.6	Management involvement	6	136	96	238	.744[a]	2	0.689
03.8	Employees provide options	8	72	158	238	3.236[a]	2	0.198
		107	**637**	**1164**	**1908**			

The Chi-Square test (refer Table XI above) confirmed that on their own, there is strong evidence of a significant relationship between hotel art and different room design — and guest return intentions (Chi-Square value = 6.644, df = 2, p-value = 0.036).Also, on their own, hotel business centres have shown significant positive influence on guest return intentions (Chi-Square value = 0 6.483, df = 2, p-value = 0.039).However, on its own most innovations have shown an insignificant influence on guest return intentions(p-value>0.05): Free Wi-Fi access (Chi-Square value = 0.313, df = 2, p-value = 0.855), flexible check-in/check-out times (Chi-Square value = 3.646, df = 2, p-value = 0.162)and VIP loyalty innovations (Chi-Square value = 0.189, df =2, p- value = 0.910). Similarly, human resources innovations have an insignificant influence on customer loyalty as confirmed by p-value>0.05. Most notably, staff providing options during service delivery (Chi-Square value = 3.236, df = 2, p-value = 0.198), management involvement (Chi-Square value = 0.744, df = 2, p-value = 0.689) and staff friendliness (Chi-Square value = 0.930, df = 2, p-value = 0.628). Therefore, an innovation strategy focused on hotel design and business centres can be implemented to effectively influence customer loyalty in hotel industry. The results from logistic regression analysis presented below:

Logistic regression analysis results

The logistic regression model was applied to establish the relationships and examine the significant influence of combined innovation dimensions on customer loyalty. Significant to this paper, the logistic regression analysis enabled the predicting of categorical outcomes based on predictor variables that are continuous or categorical (Hosmer and Lemeshow, 1989). Drawing meaning from Table XII below, results of logistic regression analysis have shown that when an innovation strategy combines all innovations, a strong positive significant influence on customer loyalty is achieved from flexible check –in/check-out (logistic p-value = 0.004) and management involvement innovations having a significant influence for both positive influence and no influence response parameters respectively (logistic p-value= 0.031 and logistic p-value= 0.047).

As presented in Table XII below, the logistic model has shown statistical significant influence existing between hotel business centres and guest return intentions (logistic-p-value=0.004). Therefore, the findings support Berezina & Cobanoglu (2010) who found that technological business services have high likelihoods of influencing customer loyalty in hospitality. Thus, flexible check-in and check- out supported by management involvement may be implemented to support other innovations to influence customer loyalty.

Table XII: Variables in the logistic regression equation: (innovation influences)

Variables in the Equation: innovation influence								
Variable	**Q#**	**B**	**S.E.**	**Wald**	**df**	**p-value**	**Exp(B)**	**Comments**
Flexible check-in / checking- out times	Q03.1			15.170	4	.004		
	Q03.1(1)	-18.987	18567.141	.000	1	.999	.000	
	Q03.1(2)	-17.941	24002.466	.000	1	.999	.000	
	Q03.1(3)	2.789	1.009	7.631	1	.006	16.258	Significant positive influence when flexible check-in times
	Q03.1(4)	3.520	.949	13.761	1	.000	33.792	
Direct management involvement during service delivery	Q03.6			4.777	4	.311		
	Q03.6(1)	40.936	45247.696	.000	1	.999	5999534510 89476990.00 0	
	Q03.6(2)	-20.542	17130.966	.000	1	.999	.000	
	Q03.6(3)	-1.376	.691	3.960	1	.047	.253	Significant positive influence when management
	Q03.6(4)	-1.584	.734	4.661	1	.031	.205	
Business centers with latest computer technology	Q03.7			15.381	4	.004		
	Q03.7(1)	.109	25269.499	.000	1	1.000	1.116	
	Q03.7(2)	-1.044	.978	1.139	1	.286	.352	
	Q03.7(3)	-2.605	.741	12.347	1	.000	.074	Significant positive influence when business centres
	Q03.7(4)	-2.254	.737	9.356	1	.002	.105	
	Constant	-.855	.857	.996	1	.318	.425	
a. Variable(s) entered on step 1: Q03.7.								
b. Variable(s) entered on step 2: Q03.1.								
c. Variable(s) entered on step 3: Q03.6.								
d. Stepwise procedure stopped because removing the least significant variable results in a previously fitted model.								

Furthermore, logistic regression analysis has shown innovations with no statistical significant influence (logistic p-value>0.05) when combined and these are: hotel art and different room design (logistic p-value = 0.33), VIP loyalty innovations (logistic p-value> 0.05), staff providing options (logistic p-value = 0.487).

Also, despite the positive influence established from descriptive statistics, no statistically significant influence exists between staff friendliness and customer loyalty (logistic p-value = 0.655). Thus, the variable has been removed as the least significant variable in the model.

Analysis of the importance of innovations on return customer loyalty

Descriptive and inferential statistics have been applied to analyse the importance of hotel product innovation on patronage and return intention decisions. The results are presented in contingent Table XIII (below). The findings shows that on its own, hotel business centres are highly important to guest return intentions (Chi-Square value = 19.471, df = 2, p-value = 0.001) and further significant importance emerge when business centres are combined with other innovations (logistic p-values = 0.004). Therefore, as presented in Table XIV below, it can be established that hotel business centres are highly considered important to guest return decisions (p-values < 0.05). Also, it can be deduced from the table above, the majority who said addressing guests by name is not important for them have stated that they are happy to return to the same hotel where they have stayed before. Furthermore, inferential statistics established that staff calling guests by name — on its own — has a strong significant importance for guest return intentions (Chi-Square value =10.079, df = 2, p-value = 0.006) and also when combined with other innovations (logistic p-value = 0.023).

Table XIII: Importance product innovation: Descriptive and Chi-Square statistics

Innovation importance		Descriptive Statistics Response parameter			Chi-Square		
Q#	Response parameter	Important	Neutral	Unimportant	Value	df	Asymptotic Significance (2-sided)
04.1	Each visit you stay in a room with a different design	25	94	117	3.319[a]	2	.190
04.2	Staff calling you by name (friendliness & smiles)	21	72	144	10.079[a]	2	.006
04.3	Loyalty card (VIP status) with membership benefits	21	95	120	5.627[a]	2	.060
04.4	Availability of free Wi-Fi (internet access) around hotel	26	45	166	1.989[a]	2	.370
04.5	Direct management involvement during service delivery	43	103	91	4.566[a]	2	.102
04.6	Business canters with latest computer technology	26	45	166	19.471[a]	2	.000
04.7	Employees provide options during service delivery	14	84	137	4.416[a]	2	.110
04.8	Flexible check-in and check-out times	16	40	181	1.516[a]	2	.469

Therefore, can be argued that staff friendliness has significant importance for customer loyalty, and that a strong relationship exists between staff friendliness and customer loyalty. The majority78%of respondents (184) said they would return to the same hotel stayed at before, irrespective of VIP loyalty benefits and Chi-Square tests provides evidence that VIP loyalty innovations on their own have insignificant importance for guest return intentions (Chi-Square value = 5.627, df = 2, p-value = 0.060). When combined with other innovations, an insignificant importance exists (logistic p-value = 0.610). Therefore, it can be concluded that guests may return, whether they are going to get loyalty benefits or not.

Table XIV: Variables in the logistic equation (innovation importance)

Variables in the Equation							
Variable	**Q#**	**B**	**S.E.**	**Wald**	**df**	**p-value**	**Exp(B)**
	Constant	-1.256	.159	62.571	1	.000	.285
Staff calling you by name (friendliness & smiles)	Q04.2			7.528	2	.023	
	Q04.2(1)	1.257	.524	5.752	1	.016	3.514
	Q04.2(2)	.746	.387	3.713	1	.054	2.109
Business canters with latest computer technology	Q04.6			17.153	2	.000	
	Q04.6(1)	-.865	.523	2.737	1	.098	.421
	Q04.6(2)	0	.382	16.968	1	.000	.207
	Constant	-.818	.284	8.329	1	.004	.441

Therefore, using logistic regression, management involvement, art and different room design, free Wi-Fi access, flexible check-in / check-out, staff providing options shows insignificant importance for customer loyalty when combined with other innovations. Hence, the variables were not included in the equation. Thus, decision making would rely on descriptive statistics which have shown some importance to those guests who want to receive special attention during product and service consumption.

Qualitative data analysis

This section presents an analysis and discussion of the responses from open-ended questions which were coded into broad innovation categories. As described in the literature review, these then became response parameters — (hotel design, technological, marketing, and human resources innovations). Non-innovative factors were also classified to establish what the respondents said were the most important factors affecting current hotel choice. The

understanding drawn from this qualitative data analysis explain some of the findings flowing from the quantitative data analysis.

Innovation influence on hotel choice: Table XV shows that, of the total respondents to question Q05 (n=170), technological innovations had most influence on hotel choice, followed by marketing and human resources innovations. From these qualitative findings it appears that non-innovative factors (such as location, value, and pricing) do not exert significant influence on return intentions.

Table XV: Qualitative data- Innovations with most influence on hotel choice

Innovations with most influence to your hotel choice			
Response Code	Response Category	Frequency	Frequency Distribution
1	Hotel art & unique room design	21	12%
2	Technological	55	17%
3	Marketing	41	16%
4	Human resourses	31	14%
5	Other innovations	7	4%
6	Non- innovative factors	15	8%
	Total	**170**	

Concurring to studies by Siguaw and Enz (1999) held that technological innovations have more influence on customer satisfaction and increases return intention. In a different study, Singh and Kasavana (2005:28) stated that technological innovations have become an integral influencing factor on guest hotel stay

Innovation importance on hotel choice: The frequencies presented in Table XVI below depict that the majority (46) believed human resources innovations were most important for their hotel choice. This concurs with Winslet (1973) who identified human service delivery as the distinctive attribute for a hotel to lead against competitors. The second choice at 39 was technological innovations, followed by innovations related to hotel and rooms design (25), and marketing innovations at 24. These results concur with Ottenbacher and Gnoth (2005), emphasising the importance of innovation and consistent service delivery for repeat business in a service industry. Other innovations not covered in this study have shown some noteworthy importance. Often mentioned options included advanced kitchen accessories (such as coffee machines) in hotel rooms, cleanliness of the hotel, frequency of cleaning rooms, frequency of changing bed linen, and variety of food options

Table XVI: Qualitative data – Innovations with most importance on recent hotel choice

Innovation important to your recent hotel choice			
Response Code	Innovation category	Frequency	Frequency Distribution
1	Hotel art & unique room design	25	15%
2	Technological	39	13%
3	Marketing	24	9%
4	Human resourses	46	19%
5	Other innovations	22	11%
6	Non- innovative factors	5	3%
7	All innovations	3	2%
		164	

A small proportion (2%) of respondents consider all the innovations before choosing a hotel to stay at. This finding concurs with Porter & Stern (2001) who found that non-innovative factors

(such as location and cleanliness) matter in guests' hotel choices. Thus, a hotel business strategy has to consider both innovative and non- innovative factors which are important when deciding on hotel stay.

Why returning to the same hotel: As presented in Table XVII below, out of the total respondents (n=174), 53 alluded that service delivery is vital to their hotel choice and return intentions. The second largest proportion (18%) showed that they have no intentions of returning to a hotel stayed at before, irrespective of the innovations on offer.

Table XVII: Qualitative data – Why returning to the same hotel?

Why returning to the same hotel?			
Response Code	Response category	Frequency	Frequency Distribution
0	No return intention	31	18%
1	Hotel art & unique room design	16	5%
2	Technological	11	4%
3	Marketing	17	6%
4	Human resourses	53	19%
5	Other innovations	18	8%
6	Non- innovative factors	28	14%

Conclusion and recommendations

This section mainly overviews the general conclusions of the study and recommendations are made to hoteliers, hotel product strategists, and marketers in South Africa and the hotel industry in general. The study hopes to provide an understanding that aids in formulating informed hotel product innovations to influence customer loyalty and increase patronage. Overall the study suggests that hotel product innovation influence customer loyalty, however guests may not be influenced by one innovation variable, travellers tend to demand a combination of innovative hotel offerings. The specific conclusions for study objectives are:

Conclusions with regards to objective1: The objective to identify and understand the influence of hotel product innovation on customer loyalty for leisure, business, and other travellers in Cape Metropolis region has been met. It can be concluded that:

- Technological innovations (hotel business centres) have significant influence on customer loyalty, on its own and when combined with other innovations. Also, on their own, hotel art and unique room design have significant influence on customer loyalty. (Chi-Square value = 6.644, df =2, p-value =0.036).
- Individually, availability of free Wi-Fi access, flexible check-in/check-out, and staff friendliness have no statistically significant influence on customer loyalty (Chi-Square p-value >0.05).
- Customer loyalty for leisure guests is influenced significantly by hotel business centres with the latest computer technology, as well as hotel art and unique room design. Concurring to Starkov (2001), when innovations are combined, availability of free Wi-Fi access around the hotel has shown to be an effective strategy to influence customer loyalty for leisure guests (logistic p-value<0.05).
- VIP loyalty innovations with membership benefits have a lesser influence on loyalty decisions for leisure guests.

- Drawing inference from Chi-Square tests and the logistic regression statistics, it can be concluded that hotel innovations, both individually and in combinations, have insignificant influence on loyalty decisions for business travellers visiting Cape Town. As presented in the literature review, loyalty innovations are seen to be ineffective in influencing customer loyalty (Lal & Bell, 2003).
- Staff friendliness, staff providing options during service delivery, and hotel business centres individually have significant positive influence on customer loyalty for travellers for other purposes (Chi-Square p-value <0.05).
- When product innovations are combined it turns out that free Wi-Fi access has a significant influence on return intentions for travellers for other purposes. Therefore, the study established that visitors for other purposes are to a greater extent influenced by human resources innovations than leisure and business travellers.
-

Conclusions regarding objective 2: The objective to identify and understand Importance of hotel product innovation on customer loyalty was accomplished. From the results presented, it can be concluded that technological innovations in the form of business centres with latest computer technology and staff friendliness (addressing guests by name) and VIP loyalty innovations on their own have greater significant importance on guest hotel choice and customer loyalty. Further analysis revealed that when considered individually, hotel art and unique design, management involvement, and availability of free Wi-Fi have shown no significant importance for customer loyalty and patronage decisions. The findings are in line with those in related studies (Barnes, 2002; Singh and Kasavana, 2005) which hold that free Wi-Fi access has become such a common hotel offering that guests now take it for granted. This is further supported by responses to open-ended questions wherein the respondents mentioned that the low costs of internet data compared to the high cost of a hotel room means that travellers do not consider free internet as a priority for hotel choice.

Conclusions regarding objective 3: The relationship between hotel product innovations and customer loyalty was achieved. From the results presented, it can be concluded that when innovations are combined, flexible check-in/check-out times and direct management involvement during service delivery have a significant positive statistical relationship with customer loyalty. Also, on their own, the study established significant relationships existing between customer loyalty and individual innovations such as availability of hotel business centres. Furthermore, staff addressing guests by name and business centres again have a significant relationship, and have been shown to have significant importance for customer loyalty. Therefore, product innovations in the form of business centres, staff addressing guests by name, management involvement, and flexible check-in/check-out may be relied on in formulating strategy to build customer loyalty.

Objective4: To provide recommendations: This section presents recommendations drawn from the relationships established on hotel innovative product preferences that influence customer loyalty for leisure, business, and other travellers. This paper established significant relationships between product innovation and customer loyalty in the hotel industry. Therefore, suggests that other innovations have significant relationships which could be established, particularly with reference to the purpose of visit (leisure, business, and other travellers). Leisure travellers have shown a higher likelihood of returning to the hotel which provides flexible check-in/ check-out times, hotel art, and unique room design. The strong relationship established could be that leisure guests may prefer to stay in a different room on every visiting encounter, assured of a unique art gallery and décor in the hotel. Supporting significant relationships established, responses to open-ended questions said human resources innovations are important and influence their patronage and loyalty decisions. On the other hand, customer loyalty for business travellers has shown no significant relationship with hotel product innovation. Above all, availability of free Wi-Fi access

around the hotel, as well as hotel art and unique room design, stood out to have a positive relationship with customer loyalty among guests who travel for other purposes. Therefore, leisure guests are strongly influenced by hotel art and different room design, hotel business centres, VIP loyalty innovations, and availability of free Wi-Fi access around the hotel. Travellers for other purposes have shown to be influenced by staff friendliness (calling guests by name, serving with a smile), hotel business centres, availability of free Wi-Fi access around the hotel, employees providing options, management involvement during service delivery, and flexible check-in/check-out times.

Therefore, arising from the results of the survey, certain areas which could justify further research were highlighted. These are on the influencing innovative factors for business travellers, with focus on group choice and decision making. Also, further studies should analyse the influence of cultural differences and environmental innovations on customer loyalty. It will be important for replica studies to be continually conducted, with more components of each innovation dimension being tested, and adapting to the changes that come with new inventions.

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