

The Impact of Technology Innovativeness on Four and Five Star Hotels in Switzerland

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Abstract

Despite the undisputed importance of organizational innovation, and despite decades of academic research on the subject, there is surprisingly little agreement on what innovativeness really means to a hospitality business, and how it may be enhanced. Furthermore, exploration of the differences between the theory and practice of innovation, as interpreted by managerial experience rather than academic speculation, is undeveloped. This paper explores perceptions of Technology Innovativeness (TI) within a sample of deluxe hotels (4 and 5star) located in Switzerland. It describes the views and opinions of senior managers on innovativeness. The findings highlight how top managers and owners of these hotels perceive and use innovativeness in order to gain competitive advantage, how local and national culture is used in developing that advantage, and how a strong relationship between all major stakeholders in the hotel industry could hold the key to both origin and destination innovation. This research also provides a good understanding of the impact of Technology Innovativeness in Four and Five Star Hotels in Switzerland, and showed TI's value in improving both the top and bottom line. There is however some doubt as to whether developed markets can afford to be first in the implementation of TI in the foreseeable future.

Key words: Innovativeness, Management culture, Technology, Destination innovation, Swiss hotel industry, TI, 4 and 5 star Hotels

Introduction

This study has its roots in the interest of the writers in the area of technological innovation (TI) and its effects on the hospitality industry. It is apparent that hospitality managers find the impact of innovation in technology on their operational capacity something of a puzzle, because on the one hand it seems so important for the future viability of the industry (especially if one takes a historical perspective), and on the other changes in technology are usually very expensive and therefore something to be approached with caution. Even in the 4 and 5 star hotels of Switzerland it has not been common to introduce new technologies before they have been proven in other businesses or industries. This has also meant a dearth of research on the introduction of technology in the hospitality industry; a situation that is unfortunate because the authors believe that learning from professionals such as General Managers, CEOs and Owners who are confronted directly on a daily basis by the need for and the effects of technological innovation at this level of service quality is

important to the understanding of the relationship of technological innovation in the Hotel sector as a whole.

As in other countries, the Swiss hotel industry is divided into those businesses that are classified by level of quality and those that are not. The classification used in Switzerland is based on the world-wide Star system, the highest rating being five Stars. A little over 40% of the total number of hotels in the country are currently classified; 8.2 percent at 4 Star and 1.6 percent at 5 Star levels, with the largest group (17.7%) being in the 3 star category (Hotelleriesuisse, 2010). The star rating system allows both the customer and the business to benchmark desired and actual levels of service in relation to pricing and facilities offered. This recognition ability also has an impact on marketing and investment in the industry.

In the higher star-rating levels we expect to find continuous technological innovation in at least the Front-office, with well known software programs such as OPERA® and Galileo CRS® for all the booking, reporting and information processing that is needed to manage a complex business that must deal with the management of room availability, reservations, guest history, check-in and out, forecasts, yield management and the other reports of various types that are generated for each category of information needed. In addition, many hotels now have their own websites, to advertise the hotel, the different rooms, room categories, and facilities in the hotel, contact phone numbers, price lists, online reservations, pictures and maps of the location of the hotel (Kotler and Keller 2009). Indeed, at the higher star-rating levels innovativeness is possibly the only feasible line of action if companies are to achieve growth in the future (Brännback 1999).

Nevertheless, definitions of innovativeness are rarely discussed. This is partly because there are many interpretations and approaches, which can lead to ambiguity and confusion in practice (Tajeddini et al. 2006). More specifically, little knowledge exists as to whether the perception of top management in relation to innovativeness in the service industry (in our case in the hotel sector) is different from those in manufacturing industry (e.g., auto makers; Ottenbacher and Gnoth 2005). Ottenbacher (2007) states that surveys are needed to study hotel industry innovation development in order to increase insight about the impact of the level of innovativeness on the issues that are associated with service failure and success. Prior research has thus failed to address the impact of technology innovation in the hospitality industry in general and in the hotel industry in particular. This paper attempts to fill some of this gap. As in the case of Orfila-Sintes and Mattson (2009) the study used statistical models and cross sectional survey data from a stratified sample of hotels, both to verify our operational model of innovativeness and to analyse the impact innovation has on hotel performance.

Background

When we more closely analyse the concept of innovation, a difficulty arises because of the variety of innovations in “hotellerie” practice, ranging from the initial idea to develop a 'new' class of hotel through to operational improvements for existing hotels (Emsley 2005). In today's business model keeping the directions and methods inherited from days gone by is becoming increasingly difficult because a company that is incapable of innovating constantly and making changes in their hotel will lose the path of success (Gunther-McGrath and MacMillan 2000). Wong and Pang (2003) also suggest that a culture of innovativeness can reduce the barriers inhibiting the creative potential of hotel employees, and that this may also have some impact on technological innovativeness.

About ten years ago the Swiss Hotel industry, especially the 4 and 5 star hotels,

began to be interested in TI. This may be because the industry as a whole had fallen asleep on its reputation, lulled by the slogan: "The Swiss Hotel Industry is the best in the World"(Thorne 2011: 1). This may have been true before and after the 2nd World War but in the 1960s, 1970s and 1980s there was nothing done to improve their service offerings or understand what the client wanted; they just followed rules that their predecessors had taught them and slept on their laurels. From the mid 1980s to the mid 1990s however Europe went through a large economic/industrial crisis, and Switzerland was not spared (Weiermair and Bieger 2005). The tourism offices and the hotel industry of Switzerland came together to discuss this situation and to find solutions for their problems, and it was concluded that hotel prices in Switzerland were very high for the services they offered, and Swiss Hoteliers were just looking out for their benefit and did not care about the customer's needs and wants. So, in the 1990s the Swiss hotel industry felt that something was going wrong and observed the number of overnights stays was reduced. From this point on, the Industry changed attitude and began to invest in new technology and began to find innovative solutions to meet customers' demands, as for example internet websites (Scaglione et al. 2009)

There is no doubt that innovations were, are and will be very vital for human beings and society. The best way to understand history is through innovation and development. Communities and people realize more and more that innovations are even more significant now than in the past (Shavinia 2003). But, what is important and surprisingly easy to forget is that clients do not actually feel concerned about a particular hotel's investment in innovation, what they worry about is their own wants and needs and how to meet them(McGrath and MacMillan 2000). Nevertheless, competition in the global marketplace has made differentiation and innovation essential for all enterprises (Tajeddini and Trueman, 2008). Innovativeness has been accepted as a factor of economic growth and competitive expansion; it is valuable to consider innovativeness in terms of its effect on the increasing global competition, rapid changes in market situations, rapid technological change, continuing client and customer exigencies, and the demand for excellent services (Damanpour and Gopalakrishan, 2001).

Some writers view innovativeness as the intellectual ability necessary to introduce innovation and implement it in such a way as to reap maximum benefit (Hinks and Dunlop 2007). Others believe the introduction of a culture of innovativeness in a company is to change the direction and the way the enterprise approaches all innovation; it is to introduce innovation as a natural approach to business (Hurley and Hult 1998). This approach to innovation and by implication to TI is complicated by socio-cultural factors such as cultural values, family, lifestyles, reference groups, attitudes (Pride and Ferrel 1995), and these factors strongly impact on the services required or demands for TI by the General Manager (GM), Director, Owner and interested groups such as customers. As a result, these influences along with life and demographic traits seem to be the most important influences on decisions concerning TI (Reddy 1997).

There is a growing recognition in strategic management and marketing literature that 'innovativeness' provides a competitive advantage (e.g., Deshpandé et al. 1993; Tajeddini and Trueman 2008). Technological innovativeness is considered to disrupt the status quo by either displacing existing technology or by introducing a new concept to customer. While a large number of empirical studies over the last decade have focused on new manufacturing and primary product development, less attention has been paid to new service development (NSD). Nevertheless, services are among the fastest growing sectors in most countries in the 21st Century. More specifically, little knowledge exists regarding the perception of technological innovativeness among companies that provide services to the

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consumer, such as hotels (Orfila-Sintes and Mattsson 2009; Tajeddini 2010).

Today innovativeness in the hotel industry has become a pillar in bringing products to hotel clients, but it is important to know how much technological change is really used to achieve this perception of innovativeness and in what areas or departments of the hotel its impact is most felt. In addition, although prior research has investigated the impact of technology in different industries, little literature exists about how innovations in technology influence the hotel sector. Until now the result of the arrival of technology in the hotel industry has been to simplify the job of employees, managers and owners. However its impact on the *culture* of hotels has also grown over the years. Innovativeness allowed hotel chains to bring ever higher levels of quality facilities to guests, to manage much more easily the increasing demands of clients, to ensure brand loyalty, but at the same time more precisely control costs.

The aim of this research therefore was to identify the key influences on technological innovativeness in 4 and 5 Star hotels in Switzerland, filling a gap in existing research and providing insights for hotel management. The Swiss hotel industry was chosen as a context for the study because of its reputation for excellence and providing high quality, reliable services (Tajeddini 2010). The study contributes to the body of knowledge about the early stages of innovativeness through both the perceptions and the actual practices of hotel senior management. In particular it is believed that 4 and 5 Star hotel properties are large users of technology and it is important to know what are the factors, effects and impacts of TI in the operation of such hotels in Switzerland.

The Factors Underlying Technological Innovation in the Swiss Hotel Industry

The upper end of the hotel accommodation sector was chosen in order to take advantage of a certain internal homogeneity at this level, as it has been shown previously that the innovation adoption process can differ across and within industries depending on such factors as capital intensiveness, human resources and the nature of clients (Garau and Orfila-Sintes 2008). The objective was to fill a gap in understanding of the imperatives in hotel management with this study; the target being to confirm the key elements of TI in the hotel industry. But to understand those imperatives we have to understand the specific conditions within which the Swiss hoteliers are working.

In Switzerland the population lives in an area of 41285 km² and the population is 7.78 million people in 2010 (Swiss world, 2011). The cultural context is that this small country has more or less always been faced with finding solutions to the problem of generating local economic activity because Switzerland has few mineral or agricultural resources to sell to the wider world. This means that the population has always been attuned to innovation and has always been heavily influenced by the countries surrounding it; France, Germany and Italy. Geographically, Switzerland is also an area where the impact of TI is very important because of its well-known diversity and its complicated landscapes. Life in Switzerland is very expensive as a result and in all industries innovation is a very important factor (Beinert 2006). To avoid falling behind in their markets, Swiss companies must search for resources and today this includes technology.

Within this context the extent of investment in TI depends on the underlying approach towards competition of a hotel or a hospitality group; it will depend on the amount

of investment made in research and development (R&D) and in its human resources (Anselmi, 2008). For hotel owners, investors and hotel managers it is necessary to know what are the impacts, factors, effects (sometimes generalized as Return on Investment (ROI)) of investment in technology and the innovation which brought it about. Also for marketing and management purposes they should innovate not just for its sake but because they understand how innovativeness actually affects their business.

Their Take-Up of Technological Innovations

For the Swiss owners and managers of hotels the effect of technological innovation is important (Tajeddini and Trueman 2008). However, Rost et al. (2010) have underlined that past innovation investigations have largely ignored the potential effects of strategic choices, governances, and the results of innovation management outcomes. The meaning of “innovativeness” is rarely discussed leading to ambiguity and confusion in practice (Tajeddini et al. 2006). Nevertheless, there is an interest in innovativeness among the corporations who offer services to the customer based on amusements parks, leisure facilities and hotels (Orfila-Sintes and Mattsson 2009; Tajeddini 2010). So that at least in this sector they are convinced to invest in TI, because is a good choice (Hurley and Hult, 1998).

Because the country is small and the price of land is very expensive, geography often has a big impact on how decisions on technology investment are made. Planning for change is a particularly sensitive issue here because the delivery of products can be so difficult due to the topography that some companies refuse to deliver goods because it is too complex or because they have to charge the Hotelier so much that the price is no longer affordable. Therefore before a company can think to invest in TI it has to consider if it is worth the, at times, higher cost. Nevertheless, most hoteliers have no choice except to invest in TI. It's no more a question of 'I don't know', or it's too expensive, because most customers find it important to find at least the same standard of technology in their hotel as is present at home. The customers of 4 and 5 star hotels are very observant of the level of such investment; the client in a 5 star is looking more at the items he or she can touch, feel or see but often just wants 'The Best' because they think they deserve it! For these customers, TI may affect the choice to stay in this or that Hotel because of these perceptions.

Rogers (1962) as later related by Keegan and Green (2008), identified 5 stages for the adoption of innovations: relative advantage, compatibility, complexity, divisibility and communicability. In terms of the adopters of an innovation there are also 5 stages (Rogers, 1962): innovators, early adopters, early majority, late majority and laggards. From a marketing viewpoint, the adoption of innovation at the organizational level in Swiss hotels becomes problematic because of the range of innovations in industrial practice, each at a different point on a continuum from initial idea to full implementation (Emsley, 2005). Conventional wisdom also holds that caution must be used in transferring research on innovation theory from other sectors to the service sector (Tajeddini, 2010). In this context, it is very important that the decision makers are willing or at least not resistant to the innovation (Hult et al. 2003; Dampour and Wischnevsky 2006), because to invest in TI usually means a large commitment of capital plus all the ancillary charges that the hotelier must take into account (training of staff, new organisation, infrastructure changes and also the maintenance of equipment or new technical installation).

The Swiss Hotelier And Technological Innovation

The initial expectation in this study was that Swiss Hoteliers would be up-to-date and informed about TI, because owners and management understand that to invest in TI will reduce the amount of factors that they have to personally control, and that therefore they would have more time for their clients, staff or other internal matters. In this way the hotel would also better managed, because decisionmakers can concentrate their energy on strategic factors such as those incorporated in product advantage, technical synergy, business resources, planning, and advertising synergy (Ozer 2004). To an extent, in the literature and in their comments on our questions, we found that they have been proactive: about 15 - 20 years ago, 4 and 5 star hotels had the opportunity of building their first web sites making the hotel much more visible for potential clients. This new technology also raised the possibility at the time of investment in other websites and systems such as reservation, payment and confirmation and making these functions all much easier to operate. The 4 and 5 starhotels began to use TI widely in this area and even small and medium sized hotels now can participate in search engines, making web marketing a reality (Murphy and Kielgast 2008).

Nonetheless, while innovativeness is an important factor in the development of a company and TI contributes to this, the reality revealed by the work undertaken in this study points to the fact that the impact of TI is astonishingly small in Switzerland's higher quality hotels. In response to a recognized need for more investment in TI, the information from most of these oteliers in Switzerland seems to point to a preference to invest in known and tested products and ideas instead of in new technology where they have to test or are faced with a lot of unknowns. Ottenbacher (2006) argue that having innovative technology in place is not a significant factor in new-service development for these hoteliers. Thus, even though growing global and local rivalry combined with rapidly varying technology and the limitation of the company management life cycle, has made companies more vulnerable than at any time in history (Wong and Pang 2003), innovativeness is still not seen as the only true possibility if a company wants to achieve growth in the future.

Consequently, pushing 4 and 5 star hotels to be both innovative and adaptive has become of the highest importance for the hotel industry as a whole. From this point of view, some commentators have become more vocal in calling for stronger tactical marketing and management, and contend that innovativeness makes a significant input to their corporate performance and competitive advantage (Deshpandé et al. 1993; Deshpandé and Farley 1998; Hurley and Hult 1998; Tajeddini et al. 2006; Tajeddini and Trueman 2008). In the literature on technology innovativeness we as a result find that it is important for companies to encourage new ideas, share knowledge within the company, and reward creativeness and open mindedness. However observation of these different concerns has not clarified the factors, effects and impacts linking technology innovativeness with the other needs of management. By studying 4 and 5 Star Hotels in Switzerland the difficulties that TI has to face in the hospitality sector can begin to be clarified and possible avenues for future investigation and analysis can be identified.

Methodology

The purpose of this paper is therefore to examine the the importance of TI in 4 and 5 Star hotels in Switzerland, and attempt to analyse the variables and obstacles involved in its implementation. In this regard, an important unknown for management in the Swiss Hotel industry is the impact of TI on their business; is it necessary to invest in TI or would it be more judicious to invest in another aspect of the business such as the restaurant or in room service?

This study is important therefore because it compares and tests some of the ideas that have been developed in the field of innovativeness on a segment of hotel industry, and in particular on 4 and 5 Star Swiss Hotels. However, following Hellström et al. (2002), it is important to note that this study is not designed to make generalizations about behaviors and characteristics of all Swiss hotels, but rather to gather specific data from senior executives in a particular subsector to learn more about their approach to innovativeness and to record their processes. In this study, the following questions are addressed:

- What are the factors underlying the adoption or eschewal of TI in the operation of 4 and 5 star hotels in Switzerland?
- What is the effect of technology innovation on 4 and 5 star hotels in Switzerland?
- What is the impact of innovativeness on the business of 4 and 5 star hotels in Switzerland?

The Survey

The study used a combination of postal questionnaires and interviews with owners and senior managers. The major survey was based on the three principal questions underlying TI (Adoption factors, Effects and Impacts), and was sent to more than 500 hotels. The second method involved a small number of face-to-face interviews to validate the survey results and to make sure the questionnaire was understood in the way it was designed. Based on an internet website list from “My Switzerland”, there were 502 hotels with 4 and 5 stars in Switzerland as at 2011. Owners, directors or general managers were chosen as respondents because they are usually the only contact persons allowed to relate information about the use of TI in their establishments. In 4 and 5 star hotels it is long standing accepted practice that it is always an owner, director or GM that can make important decisions on technology adoption, because of their position of responsibility and their two-fold authority for day to day operations and the strategic aspects of the implementation of any form of TI.

After this process had been completed, a letter was mailed to the designated recipients to introduce the researchers and our research aims. Further, we provided an explanation of our approach and a general explanation of the domain of TI. This was done in the 4 languages (French, German, Italian and English) used in Switzerland. At the end of this communication respondents found a hyperlink that sent them directly to the survey questionnaire in their respective languages. The questionnaire was prepared using Likert scales, a psychometric scale commonly employed in research that involves questionnaires. The items under investigation were adapted from scales used in the literature to measure innovativeness, and financial and non-financial business performance (Hurley and Hult 1998).

For the personal focus Interviews the city of Zermatt was chosen as the venue. These interviews were designed to verify that the interviewees had the necessary level of comprehension as to the meaning of the questions. The e-mails containing the questionnaire were sent a total of three times to the 502 potential respondents during a period of six weeks in the middle of 2011, and the personal interviews were completed over a period of one week (with four persons representing four different hotels as a check on the survey data).

Results

Of the 502 questionnaires sent to the hotels, 82% (412) went to 4 star and the remainder (90) to 5 star hotels. A total of 17% (86) usable responses were obtained, 11 from 5 star hotels and 75 from 4 star hotels, together with the results of the validation exercise. We consider this to be a good response and a statistically valid sample according to Kaplowitz et al. (2004). As in most previous studies of this type (Tsang et al., 2000), 84% of the respondents were male and only 16% were female. The reason for this response bias may be due to the fact that in the hospitality industry there is historical preference for establishments to be supervised by a male (Ng and Pine 2003), or simply because males are more represented in these positions in the Swiss hotel industry 4 and 5 star category at this time. As might be expected, the majority of responses were from managers over 40 (88%), although within this there was a strong younger age group bias: 48% from those between 40 and 50 years old, 30% between 50 and 60 years old, and only 10% from the 60 to 66 years old age group. Finally, this section of the survey results accentuated the age vs. experience idea by showing that 85% of respondents had between 11 and 25 years of experience in the industry.

Our initial evaluation of the survey results indicated that TI is not a strong factor in decision making on operations, does not have a large organizational effect and does not create a marked impact on 4 and 5 star hotels in Switzerland (see also Balachandra and Friar 1997). Nevertheless, the limited quantitative results confirmed by the personal interviews demonstrated some interesting points and a weak correlation was observed between some areas of investigation. However, we were not able to establish strong links between TI and any financial metrics or management indicators. This could be partially due to weaknesses in the survey structure and questionnaire or as mentioned may be a signal that the Swiss hospitality industry is not committed to TI to reach its management goals. At the same time this inquiry has benefited from a good measure of genuine appreciation on the part of the respondents who showed real interest in pursuing more and deeper investigation of this matter.

Determinant Factors in the Introduction of TI in 4 and 5 Star Hotels in Switzerland

In all categories of respondents the essential external factor in introducing TI in the hotel was viewed as being 'Competition is the determinant factor to introduce TI', with 69% agreeing with this (Figure 1). Also important with 24% was 'Pressure of the environment' which can be interpreted as adding weight to the competition factor. As further evidence that Management is directly involved in TI decisions we see that when respondents are choosing from the internal factors that influence investor decisions and are given the opportunity to choose more than one answer (Figure 2), the determinant is overwhelmingly 'Management Influence and Direction' compared to its closest rival in 'Wellness and Spa'. Management is predominant at 94% and the influence of the other departments even in combination at 44% has a low impact on whether to invest in TI. This is generally viewed as correct in Switzerland where most hotels are individually owned and the Director or GM runs the business as opposed to what might be found in North America where most are part of large chains or franchises owned by diffuse shareholdings.

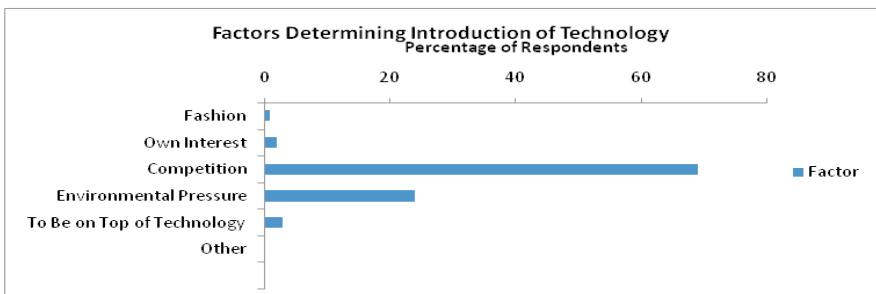


Figure 1: Factors Determining the Introduction of Technology in Swiss 4 and 5 Star Hotels

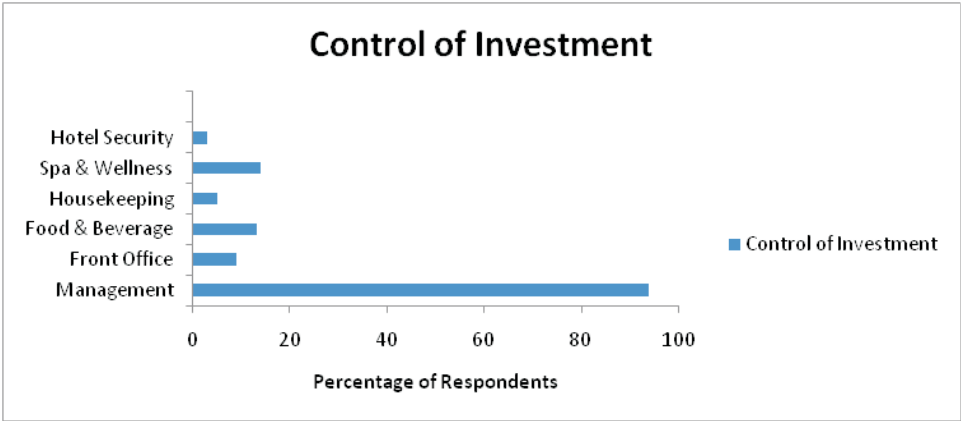


Figure 2: Departments Determining Investment in Technological Innovation in Swiss 4 and 5 Star Hotels

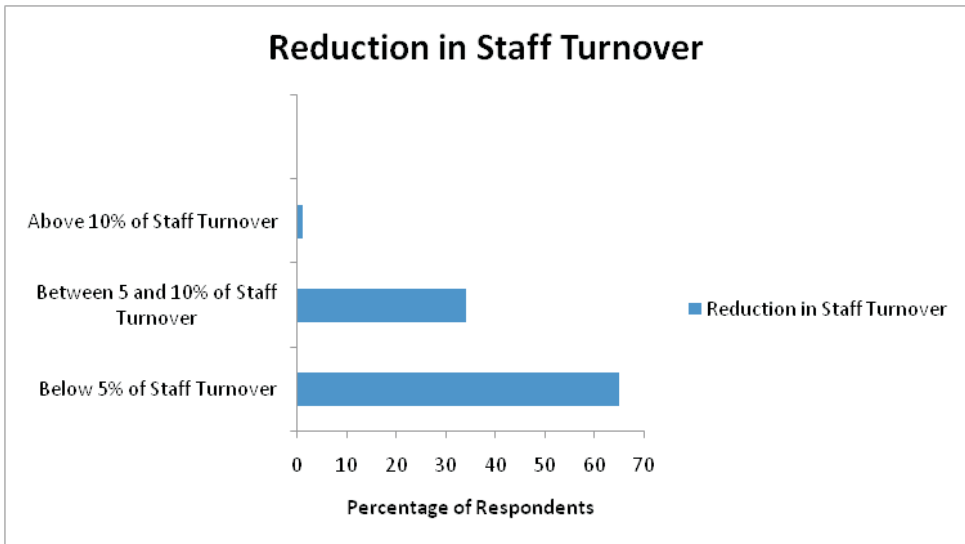


Figure 3: Reduction in Staff Turnover Attributable to Investment in Technological Innovation in Swiss 4 and 5 Star Hotels.

As a reason for undertaking investment, when answering the question “How much has TI contributed to a reduction of Staff Turnover”, we found that 65% chose 0 to 5% of reduction of staff turnover (Figure 3). This confirms prior work on the effect of TI on staff turnover in industry (Cano and Cano 2006), but the reduction of 0 to 5% in staff turnover even at 65% of respondents is not significant, especially when the relatively small size of Swiss hotels is considered. More interesting is that a total of 100% of hotels are getting some reduction in staff turnover. This pattern can be explained by the expressed wish (expressed in the focus interviews) and ability of Management to use any gains in productivity to strengthen the personal service in their hotel.

Figure 4 is very interesting because it quantifies the interest in investing in technological innovation amongst the managers of these hotels: 54% of respondents professed to investments of 1 to 3% of sales revenue, and when we add those who invested

above 3% the results show that 85 of all respondents invested in technological innovation. This is significant and confirms that it is not sufficient to have a positive attitude towards innovation but that management needs to take concrete actions in order to create value (Atuahene-Gima 1996). Although these results may seem to show a low level of actual investment, the absolute amounts represented are quite high, ranging from CHF 300 to CHF 3000 per room, which even in the smallest of hotels would translate into large TI budgets. This result is important and especially indicative if compared to other line items such as return on advertising (Hotel leriesuisse 2011). In relation to this result we must also consider that only 14% of the hotels who answered are not investing at least 1% of their sales budgets in TI. We can therefore infer that for Swiss hotel owners and managers at these quality levels, investment in TI is important.

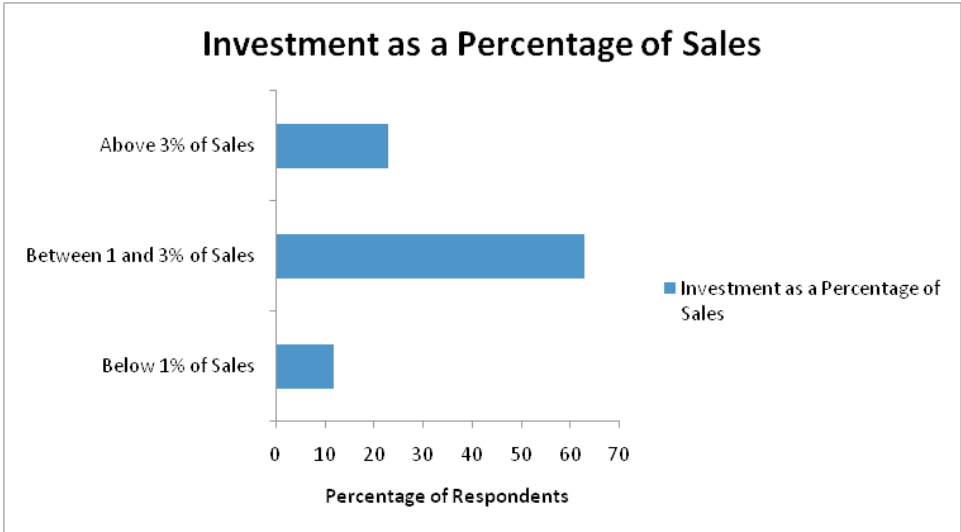


Figure 4: Investment in Technological Innovation as a Percentage of Sales Revenue in Swiss 4 and 5 Star Hotels

Figure 5 helps to further pinpoint the exact areas or departments in which investment in TI is being made. This result has probably carried more importance in the last 3 years as a result of the impact of the Euro crisis. Because of the heavy emphasis of 38% and 29% of the total in the Wellness and Spa and Food and Beverage Departments, we can suppose that the hotels have invested a lot in these branches of their business. These are the 'hot' areas but they tend to be labor intensive, and the need to remain competitive as well as pressure from customers means that the Swiss hotelier would naturally focus on the importance of investing in innovation in these segments to improve productivity and minimize on-going variable costs while improving the customer service experience.

When asked 'How much % has TI contributed to an increase in sales?' a majority of 58% answered 5 - 10 % of sales revenue (Figure 6), and if one looks at all the categories 100% of respondents have benefitted directly in net profit increases of some kind (Figure 7). In financial terms these are high results and indicate clearly the impact of TI on the Swiss Hotel industry at the 4 and 5 Star levels and in itself would be a good motivator for Managers to continue investing and implementing TI. We believe that if this can be confirmed for other classes of Hotels and in other regions this may constitute reason enough for most hotels to make TI an important component of their continuous improvement process.

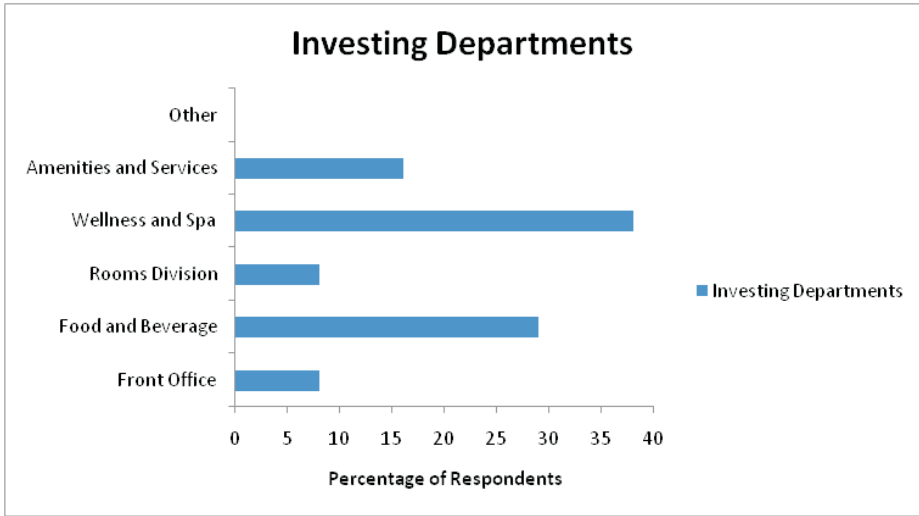


Figure 5: Departments Investing in Technology in Swiss 4 and 5 Star Hotels

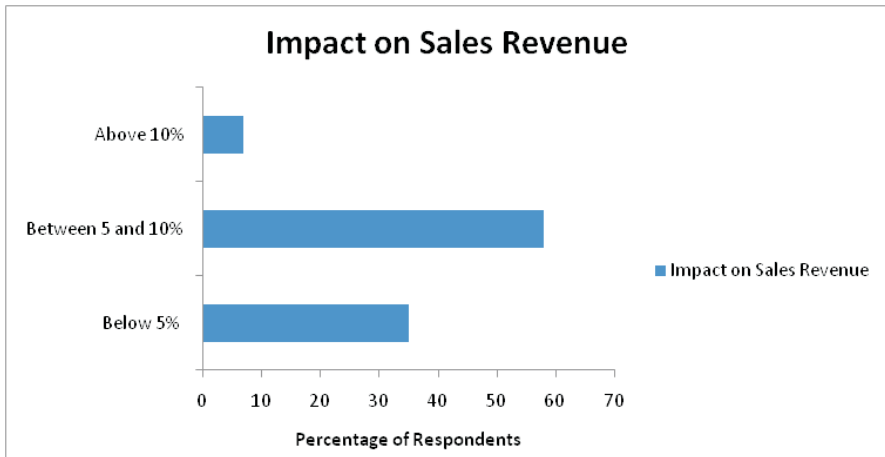


Figure 6: Impact on Sales Revenue of Investment in Technological Innovation in Swiss 4 and 5 Star Hotels

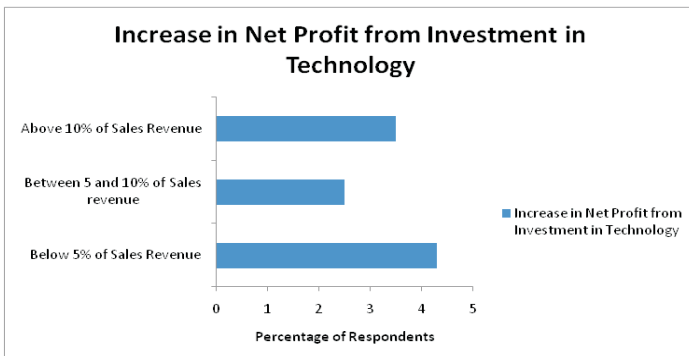


Figure 7: The Increase in Net Profit from Investing in Technology in Swiss 4 and 5 Star Hotels

Finally, Figure 8 indicates that the impact of technological innovation is considered positively by 90% of respondents, even if the tendency is towards a relatively medium level of impact (52%).

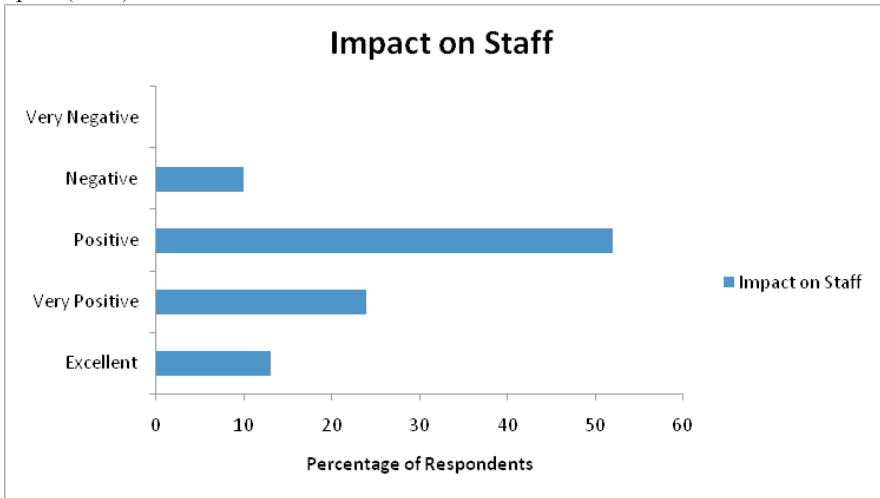


Figure 8: The Impact on Staff of the Introduction of Technological Innovations in Swiss 4 and 5 Star Hotels

Conclusions

This section summarizes the findings and attempts to formulate recommendations based on the results of this study to Directors, Owners and General Managers of 4 and 5 Star hotels in Switzerland that also could be useful to hotel managers in general because of the increasing standardization of the hospitality industry. In conclusion the authors offer some proposals for supplementary research into areas this study has not covered but that warrant further study.

The study was aimed at identifying and analyzing the factors, effects and impacts of TI in the highest level of hotels of a country known worldwide for its commitment and real devotion to this important global industry. Overall it was found that the introduction of technological innovation in 4 and 5 stars hotels is seen by the participants in the study as much less important than efficiency in the human resources management or the extent and depth of employees' training (Ottenbacher and Gnoth 2005). Also of interest is that the study confirms that investment in TI, although difficult, does generate returns. However, the question of the level of benefit received seems still unclear as the main driver for investment identified by this study was 'competition drives investment that drives sales growth', at least in Switzerland's high end hotels. While a weak but interesting relationship seems to exist between TI and 'Staff turnover reduction' and 'net profit increase', the main improvement in the bottom line of many hotels is generated from a reduction in staff turnover, not by TI itself (although this might help in retaining employees). Never the less, this linkage is an area of inquiry which would be well worth exploring for its impact on the financial and social elements of business in an industry known for its high turnover (especially outside Switzerland). Other findings worth further investigation are a possible link to gender and profitability and a negative correlation between the number of quality Stars and the sales increases generated by TI. The latter effect may indicate a saturation stage, whereby once a

certain level of TI is reached then increased sales are not due to more investment but rather other factors such as the level and quality of personal service (as indicated in the interviews).

Recommendations

Han et al. (1998) proposed that a company that wants to sell more should be innovative, because this is the main way to achieve a level of superior operation. Given that, a company that is hoping to have more sensitivity and client-linking abilities should be in a situation of “innovativeness” to provide greater value for the targeted client (Narver and Slater 1990). Service companies therefore should develop new items and services, or new adaptations of old products, and/or discover new approaches or competitive strategies in service (Narver and Slater, 1995), and the bulk of relevant management literature supports the suggestion that “innovation” brings greater levels of performance (Zahra et al. 1988). This means that management should study the results of research on TI in terms of market orientation and profitability.

To improve a hotel's reputation and excellence of qualitative service through innovativeness it is very important for management and owners to take a new approach to the market. Deciding to change markets may turn out to be in the near future one of the most important factors in the continuing success of the hotel industry. The professional hotelier in 4 and 5 Star hotels perceived long ago that the attractiveness and potential of targeted markets are crucial because they have to make important pecuniary investments to attract them. The successful innovations are the ones that deliver an almost immediate Return on Investment(ROI) and promise a long-term volume of potential like: innovative Spa and Wellness facilities, new communication systems, and accounting systems that maximize economic benefits. This implies that they understand the potential of the market in terms of innovation (Ottenbacher and Gnoth 2005).

The relation between technological innovation or new services in a hotel and the demands of the market underline the fact that there must be measurement of the factors and results involved. We would suggest that successful innovations must promise a high ranking in the market and very positive financial returns before they are undertaken. These kinds of innovations are based on customer response and active research, because they anticipate client demand. The results emphasize the idea that novelty requires close customer contact, they have to differentiate what is fashion, fad or a real trend and a situation needing more detailed consumer research. However, the results of this study also confirm the indication in the literature that the human resources of a hotel are the real weapon in a manager's quest for innovativeness and give a competitive advantage to those hotels that liberate the human portion of the resource equation to provide that valued service that the client is always looking for.

The study purposely did not survey employees because of the large number that would be involved, but discovered that to overlook this avenue of information was probably incorrect. In fact, the study found that the “opinions of employees” about innovativeness was a major factor having an effect and impact on the decision making process for the owner and managers. To give members of staff the independence to control a range of work related issues was very important, and in hotels where management allowed workers to use their own judgment to solve problems, new innovations were most successful. In those hotels where management are the innovation pioneers it was still shown that it is crucial to provide opportunities for individual initiative, transfer responsibilities and show trust in employees in implementing those innovations.

In the Hotel industry, capability and marketing mix are the other key factors for the success of an establishment. This means appropriately priced, advertised and delivered offerings are the key points to observe closely. A reputation for progressiveness and using innovation might thus be an essential condition for a service provider to stay a head in the marketplace, particularly in four and five star hotels.

Finally, this research has provided a good understanding of the impact of technology innovativeness in 4 and 5 Star Hotels in Switzerland, and showed TI's value in improving both the top and bottom line. There is however some doubt as to whether such well-established operators like 4 and 5 star hotels can afford to be first in the implementation of TI in the foreseeable future in any market. Rather we suggest an implementation model that is not of first adopter but is rather one of waiting for proven technology to be incorporated in competitor's hotels, especially when upgrading existing properties. This is in fact a more rational approach and would serve all stakeholders equally, in any market.

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