TOURISTS' SATISFACTION WITH INNOVATION IN ROMANIAN HOTELS

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ABSTRACT

As competition in the hospitality industry grows more intense, accommodation facilities face the challenge of continuously adapting, improving, changing and renewing their offer of services, structure and ways of doing business. Thus, innovation plays an ever increasing role in the hospitality industry, although its impact on customer satisfaction and ultimately on the overall business performance remains little discussed. The purpose of this article is to investigate consumers' satisfaction with innovation in the Romanian hotel industry, as well as with innovation in individual hotel services such as accommodation, events, dining, spa and entertainment. The paper discusses the results of a questionnaire-based research, measuring perceived satisfaction on a five-level Likert scale. The study is exploratory, representing a relevant starting point for further research into the means of increasing customer satisfaction through innovation and creativity. Results show that tourists are less satisfied with innovation in Romanian hotels than with innovation in foreign establishments. As far as particular characteristics and services are concerned, the study indicates that tourists are most satisfied with payment methods, non-business events and booking. Furthermore, hotel services consumers feel that hotel enterprises should be more innovative in what regards entertainment services, environmental technologies and loyalty programmes. Results are particularly relevant to practitioners in the hotel industry and especially to hotel managers, as the study highlights the areas in which innovation could generate increased customer satisfaction and implicitly longterm competitiveness.

KEYWORDS: *hospitality, innovation, satisfaction, tourism*

JEL CLASSIFICATION: *L83, O14, M10*

1. INTRODUCTION

In an ever changing business environment, innovation is regarded as the most important means through which economic agents are able to convert changes and challenges into business opportunities (Huse et al., 2005, cited by Chen, 2011). However, innovation has been long regarded as a characteristic of the manufacturing industry, while innovation in services was considered minimal until the last decade of the 20th century (Decelle, 2004). Tourism made no exception. Thus, although tourism has been marked by continuous innovation (Hjalager, 2010), the subject is relatively new to academic literature, Hjalager herself being a pioneer in the field (Pivcevic and Pranicevic, 2012). Even at the time being, there is a lack of evidence regarding the level and intensity of innovation in the tourism industry and its implications for tourist destinations and national economies (Hjalager, 2010). Still, innovation is a reality for most tourism enterprises, with the hotel industry being regarded as the most innovation-intensive segment of the tourism value chain (Jong and Marsili, 2006, cited by Meneses and Teixeira, 2012). The current paper focuses on the degree of satisfaction that tourists show with regard to innovation in Romanian hotels, seeking to offer relevant insights into how customer satisfaction can be increased through new and improved services.

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2. LITERATURE REVIEW

The changes in the environment in which hotels develop and operate have gradually forced them into improving their competitive advantage by creating and selling new services (Martinez-Ros and Orfila-Sintes, 2012) and finding new and innovative ways of doing business (Monteiro and Sousa, 2011). This evolution is in line with the changes in consumer demand and with the emergence of the so-called "new tourism" (Poon, 1993), a tourism which places a stronger emphasis on cultural factors, environmental resources and new habits, many of which involving the use of communication and technologies (Aguilo et al., 2005, cited by Martinez-Ros and Orfila-Sintes, 2012). Innovation in the hospitality industry has several particular characteristics as opposed to other industries and economic sectors. Firstly, hospitality is human-resource intensive and implies a strong contact between customers and personnel. Because of this contact and of the knowledge about consumer demand, innovation is often generated in the interaction with the customer (Orfila-Sintes and Mattson, 2009) and in the hotel's daily procedures, being incremental rather than radical. Furthermore, since the personnel's interaction with the customer is intensive, innovation is generated not only back-office, by specialised personnel, but also front-office, by the personnel involved in operational activities.

Secondly, as hospitality is a non-intensive knowledge industry, organizations innovate by introducing externally-developed technologies and rarely by undertaking internal R&D activities (Hjalager, 2002; Orfila-Sintes and Mattson, 2009). Thus, innovation in the hospitality industry is very often supplier-driven or supplier-dominated (Meneses and Tuxeira, 2011) as new technologies are purchased from external suppliers and rarely science-based (Sundbo, 1997, cited by Orfila-Sintes et al., 2005).

Thirdly, innovation behaviour in the hospitality industry is highly heterogeneous, since the industry encompasses a great variety of actors. Due to this, innovation tends to vary across the industry, demonstrating a higher intensity in larger establishments (Meneses and Teixeira, 2011; Hjalager, 2002), in companies offering additional services (Orfila-Sintes and Mattson, 2009), as well as in companies which belong to a group, such as chain hotels (Orfila-Sintes et al., 2005).

Studies also show that innovation intensity depends on the organizational culture. Thus, hotel employees tend to display a stronger innovative behaviour when the culture of the organization they work for is perceived as supportive to innovation (Chen, 2011).

The existence of a positive correlation between establishment size and innovation intensity is not surprising, since small business generally lack the resources necessary to invest in product development and creativity enhancement (Pikkemaat and Peters, 2013). On the other hand, larger firms have more opportunities and resources to learn and gain knowledge about innovations in the marketplace, both managerial and technological (Sundbo et al., 2007, cited by Meneses and Teixeira, 2011). Furthermore, alliances, networks and integrated structures such as hotel chains allow individual enterprises to create synergies and gain economies of scope, with a positive impact on product and service variation (Pikkemaat and Peters, 2013). However, since the tourism industry is dominated by small and medium-sized enterprises (Hjalager, 2002; Pivcevic and Pranicevic, 2012) and innovation is most often generated externally (Hjalager, 2002), it is generally regarded as moderately innovative. Still, within the tourism industry, hotels are regarded as more innovative than other segments of the tourism value chain as suppliers' role in the generation of innovation is less prominent and the intensity of in-house innovation is higher (Jong and Marsili, 2006, cited by Meneses and Teixeira, 2012). This view is also supported by a pilot study conducted on consumers of various tourism services (Răvar and Iorgulescu, 2013), that shows that innovation in accommodation facilities is perceived as more intensive than innovation in intermediaries (travel agencies and tour-operators), entertainment facilities, dining facilities or transportation. As a result of this heterogeneity of innovation in the tourism and accommodation industries, we may distinguish several types of innovations. One of the most frequently adopted typology is that developed by Hjalager (1997, 2002), adapted by Vila et al. (2012):

- Product innovations: new or improved products and services;

- Process innovations: generally referring to operational processes;
- Information-handling innovations or knowledge of the market: which include changes in distribution channels, communication and marketing;
- Management or institutional innovations: which refer to changes in organisational structures, policies or culture.

A study conducted on the Spanish hotel industry (Vila et al., 2012) shows that innovations related to market knowledge are the most frequent, being followed by product innovations, process innovations and management innovations. A questionnaire-based exploratory research performed by Răvar and Iorgulescu (2013) indicates that consumers of hotel services generally perceive innovations in ICT (booking possibilities, methods of payment etc.) as most frequent and intensive, followed by product innovations, such as innovations in accommodation conditions and additional services. Since the customer-personnel interaction plays such an important role in the generation of innovation in the hospitality industry, it is natural that innovation exerts an impact on customers. A pilot study conducted in 2013 indicates that customers view innovation in hotel services as having a stronger influence on the decision to purchase a certain tourism product than branding or service customization, but a weaker influence than the comfort level and quality-price ratio (igu et al., 2013). However, the literature on the impact of innovation on customer satisfaction is scarce. Some authors have nevertheless found a positive correlation between innovation and customer loyalty (Orfila-Sintes et al., 2005). Others state that innovation in the hospitality industry seems to be associated, among others, with managers that encourage a permanent focus on customers' satisfaction (Monteiro and Sousa, 2011). Still, a study focused on a sample of enterprises from various economic sectors shows that innovation is only partially linked to satisfaction, with the relationship between innovation and satisfaction growing in intensity when enterprises implement standards and when they are integrated in broader structures (Simon and Petnji Yaya, 2012). Using economic performance as a reference determinant of both innovation and customer satisfaction, we can highlight the existence of a positive link – although indirect – between perceived innovation and the degree to which consumers' wants and needs are met by economic agents. Past studies have indeed shown a positive correlation between innovation in services and economic performance. Cainelli et al. (2005) states that past economic performance has a positive impact on innovation, while innovation has a positive impact on both growth and productivity, the latter of which are indicators of economic performance. At the same time, other authors (Martensen et al., 2000; Sureshchandar et al., 2002) indicate a positive correlation between economic performance and customer satisfaction, respectively between service quality and customer satisfaction. Still, other authors (Han et al., 1998; Agarwal et al., 2003) go so far as to state that innovation might be "the missing link" (Han et al., 1998) between market orientation and organizational performance, since a tourism enterprise's success depends on its capacity to adapt to changes in demand (Weiermair, 2006, cited by Meneses and Tuixeira, 2011).

In this context, the present article brings significant value-added to the current state of knowledge, bringing forward a subject that has been relatively little discussed. Furthermore, by investigating the potential impact of innovation in the Romanian hotel industry on customer satisfaction, the article offers an insight into the means through which satisfaction, loyalty, and ultimately organizational performance can be increased and maintained for the benefit of both customers and service providers.

3. RESEARCH METHODOLOGY

In order to analyse tourists' satisfaction with innovation in Romanian hotels, a study on Romanian tourists was conducted. The research instrument was a questionnaire, specifically designed, in Romanian language, in order to ensure its validity. The data was gathered during „The Romanian Tourism Fair" at Romexpo (March 14 – 17, 2013) with the help of a number of second year students at the Faculty of Commerce and the Faculty of Marketing (Bucharest University of Economic Studies). The students were appropriately trained to develop the interview among the visitors of the exhibition and their activity was part of a "Tourism operations technique" seminar.

The questionnaire contained 29 specific items to be answered, structured in 12 single choice questions and 1 open question. In addition, the survey ended with 6 demographic questions. In order to participate at the study, respondents had to live in Bucharest and answer affirmatively at the screening question ("Have you stayed in a Romanian hotel in the last year").

The choice of focusing the study on Bucharest consumers of hotel services is motivated by the fact that Bucharest is the largest cultural, economic and academic centre in Romania. In addition, Romania's capital is the largest city in terms of population, with 1.677.985 inhabitants (out of which 777.433 male and 900.552 female), according to "Population and Houses Census 2011" (INS, 2012). Moreover, the decision of developing the study on tourist' satisfaction with Romanian hotels' innovation is based on the fact that out of the 8.235.374 tourists Romania received in March 2012 – March 2013, 6.461.264 (78,46%) were Romanians and 6.197.156 (75,25%) were accommodated in hotels (INS, 2013).

In order to determine the gross sample value, we applied formula 1: (Cătoiu et al., 2002)

$$n = \frac{[t^2 \cdot p \,(1-p)]}{\Delta_w^2} \quad (1),$$

where n is the sample value, p is the ratio between the number of subjects possessing the studied characteristics and the total population, t is the coefficient corresponding to the guaranteed confidence probability, and Δw is the maximum accepted error level. Taking into account that the value of "p" is not easily determined, it is recommended to use the value 0,5, that maximises the product "p (1-p)" (Cătoiu et al., 2002). Considering a guaranteed confidence probability of 95% and a maximum accepted error level of 5%, in order to be statistically relevant, the study must include at least 384 persons. The survey was applied to 397 persons, out of which 10 answered negatively to the screening question and were not allowed to continue the interview. The respondents' demographic characteristics are presented in Table 1.

Table 1. Demographic profile of the respondents

Variable	Percent	Variable	Percent
Age (years)		*Education level*	
18-24	39,04	High school	28,2
25-34	19,3	Bachelor's degree	59,21
35-44	18,42	Master's degree	12,28
45-54	17,98	*Occupation*	
Over 55	5,26	Student/Master's student	33,34
Gender		Employee	46,93
Female	56,14	Manager/Entrepreneur	14,91
Male	43,86	Inactive on the labour market	4,82
Monthly income (lei)			
< 1000	30,7		
1000-1500	20,61		
1500-2000	14,47		
2000-2500	12,28		
> 2500	21,95		

Source: made by authors

It can easily be observed that characteristics were measured using a categorical scale. The distribution of respondents on age groups is balanced, although almost 40% of the persons questioned are very young (less than 24 years old). Moreover, the distribution on gender is similar to the one registered at the total population of Bucharest, which indicates that the sample is representative. Considering the distribution on age groups, it can be stated that the distribution on

income, education level and occupation is not surprising: 78% of the respondents earn monthly less than 2500 lei, 71% are highly educated and 62% are (self) employed.

4. RESULTS AND DISCUSSION

The main objective of the research was to highlight tourists' satisfaction with innovation in Romanian hotels, taking into consideration several types of hotel services. After the screening question, the study was aimed at identifying the frequency of travel of the respondents. More than half (52,19%) of the persons questioned stated that they stay in a hotel two or three times a year, 32,45% of the ones questioned stay in a hotel once a year, while 10,53% purchase a hotel room once a month and the other 4,83% stay in a hotel more than twice a month. The distribution of respondents based on their travel motivation indicates that 68,86% travel only for personal reasons, 15,35% travel mainly for personal reasons, but also for business reasons, 8,33% travel predominantly for business reasons than for personal ones, while only 7,46% travel exclusively for professional reasons. Considering the fact that the survey was conducted during the Romanian Tourism Fair, these results are not surprising, as most of the visitors choose to attend this type of exhibition in order to purchase a vacation.

The first specific question was aimed at identifying the factors with impact in the decision process of choosing a hotel. The respondents were asked to grade from 1 to 10 (1 – less important; 10 – most important), without repeating the score, 10 characteristics. In order to obtain the top 10 factors, an average of the grades given by the respondents was computed.
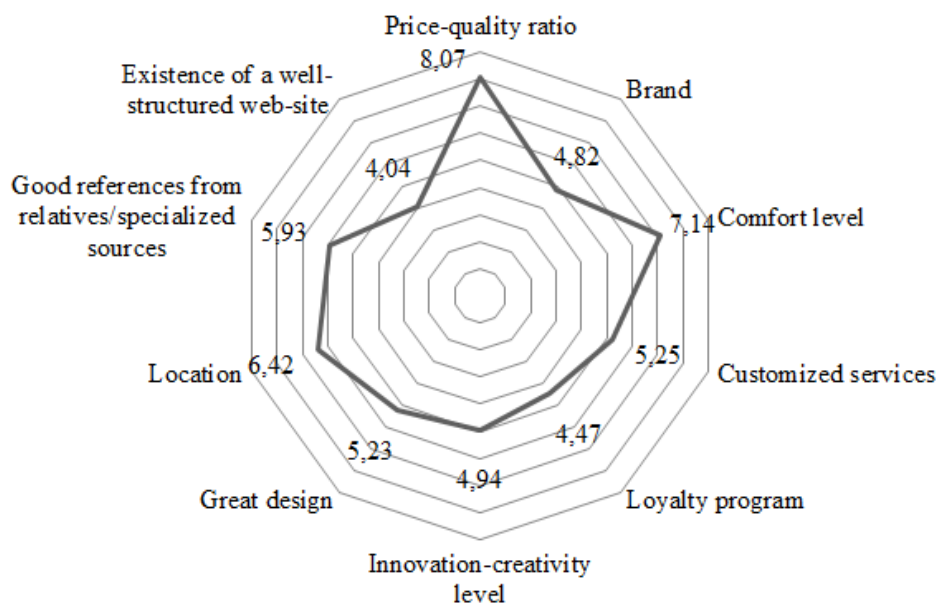

Figure 1. Top factors important in choosing a hotel
Source: made by authors

As it can easily be observed in Figure 1, the most important factor in choosing the accommodation facility is the quality-price ratio (8,07), followed on the second place by the comfort level (7,14) and on the third place by the location (6,42). Good references from relatives or specialized sources are as well important (5,93), while the hotel's level of innovation and creativity is on the 7th place, with a score of 4,94. Surprisingly, the least important factor in choosing a hotel is the existence of a well-structured web-site (4,04).

Secondly, respondents were asked to express their satisfaction with Romanian hotels' services and with Romanian hotels' level of innovation/creativity, by awarding grades on a 5-point Likert scale

(1 – „very dissatisfied", 5 – „very satisfied"). In order to highlight the opinion of the total number of respondents, a weighted average was computed for the two types of satisfaction.
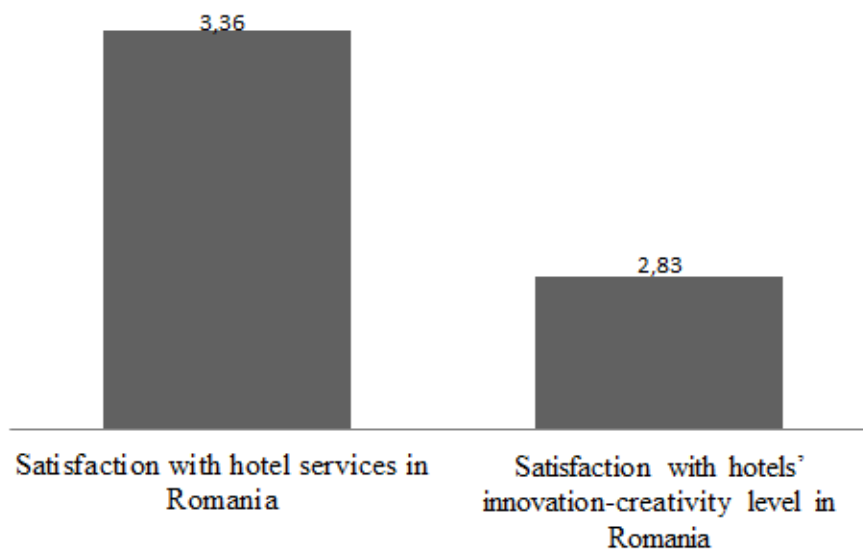

Figure 2. Tourists' satisfaction with hotels
Source: made by authors

As illustrated in Figure 2, respondents are only somehow satisfied with hotel services in Romania (weighted average – 3,36) and are less satisfied with Romanian hotels' level of innovation-creativity (weighted average – 2,83). These two aspects definitely need further research into the factors influencing hotel customers' satisfaction. However, it is obvious that Romanian accommodation facilities need to innovate in order to maintain a good relationship with their clients.

Furthermore, the study was aimed at identifying tourists' satisfaction with innovation in different hotel characteristics.
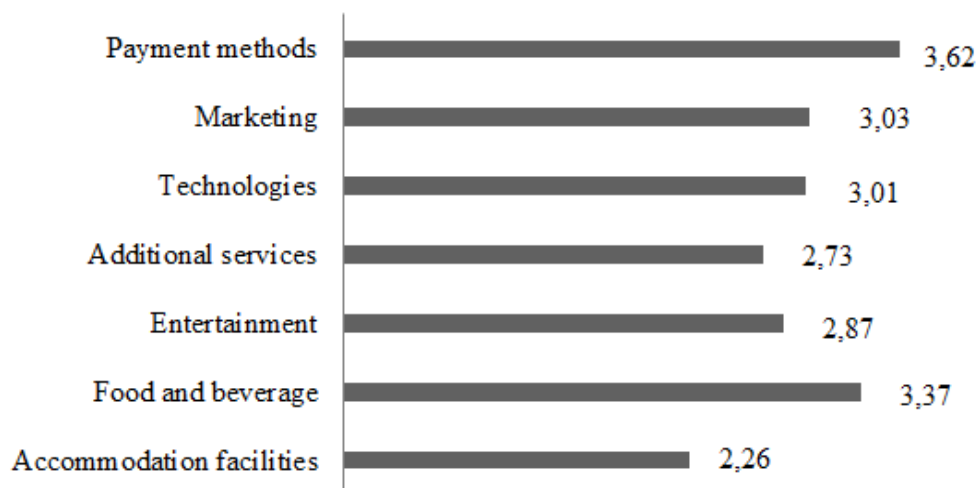

Figure 3. Tourists' satisfaction with innovation in Romanian hotels
Source: made by authors

As presented in Figure 3, respondents are most satisfied with innovation in payment methods offered by hotels (weighted average – 3,62). Tourists are somehow satisfied with hotels' innovation in food and beverage (3,37), marketing (3,03) and technologies used (3,01). Scores lower than 3 were obtained by customers' satisfaction with innovation in entertainment services (2,87) and additional services (2,73). Respondents stated that they are dissatisfied with innovation in accommodation facilities (2,26).

Moreover, the study intended to indicate tourists' satisfaction with innovation in different hotel services.
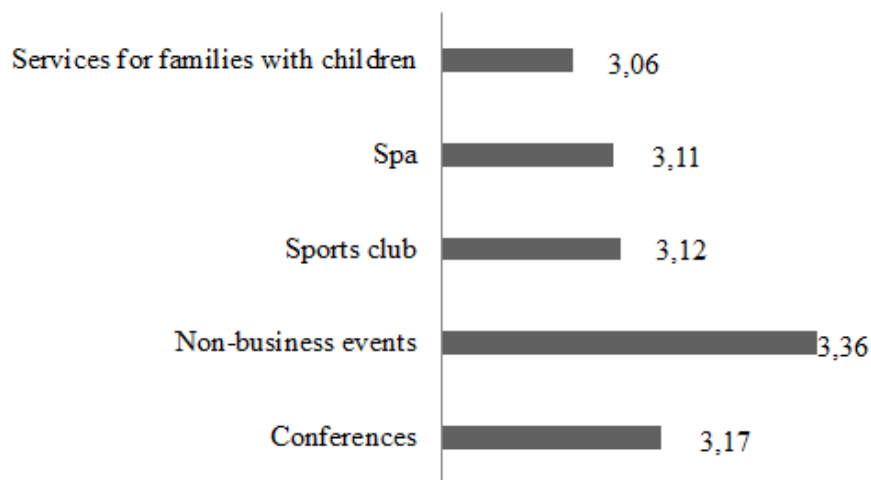

Figure 4. Tourists' satisfaction with innovation in hotel services
Source: made by authors

The results (Figure 4) indicate that customers are somehow satisfied with innovation on all the services taken into account in the questionnaire (all weighted averages have values between 3 and 3,5). Respondents are most satisfied with hotels' innovation in non-business events (3,36), followed by innovation in organizing conferences (3,17). Most important, especially for hotels addressing tourists who travel for personal reasons, customers are only somehow satisfied with hotels' innovation in sports clubs (3,12) and spa services (3,11). Respondents stated that they are least satisfied (3,06) with hotels' innovation in services for families with children.

The last specific question of the survey was aimed at identifying tourists' satisfaction with hotels' technology innovations.
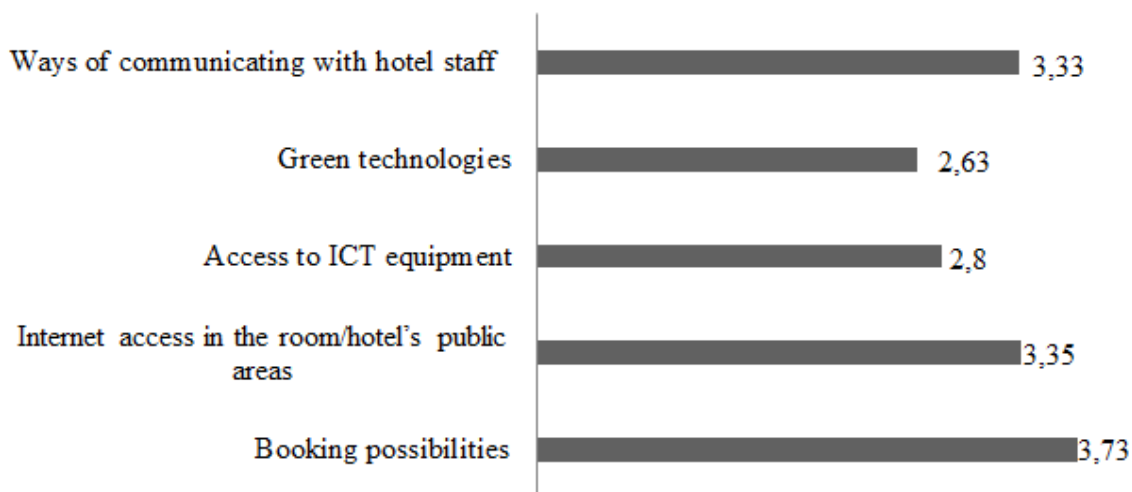

Figure 5. Tourists' satisfaction with hotel' technology innovations
Source: made by authors

Respondents are satisfied with innovation in booking possibilities (3,73) and only somehow satisfied with innovation in the other technologies taken into consideration in the survey: Internet access in the room or in hotel's public areas (3,35) and ways of communicating with hotel staff (3,33). The customers included in the survey are least satisfied with innovation in information and communication technologies (ICT – 2,8) and innovation in green technologies (2,63). However, this result is positive, as it indicates that tourists are interested in hotels using environmental innovations.

Last but not least, the study intended to identify the customers' perception of Romanian hotels innovativeness, in comparison with foreign hotels. Respondents were asked to express their opinion on a 5-point Likert scale (1 – "strongly disagree", 5 – "strongly agree") on whether Romanian hotels truly innovate and do not copy success patterns from hotels outside the country. The weighted average computed on the entire sample, with a value of 2,70, shows that respondents only somehow agree and tend to believe that Romanian establishments implement innovations of foreign hotels. Only 24,5% of the ones questioned stated that hotels in our country are innovative.

Taking this into account, it has to be mentioned that 48,25% of respondents consider that small, independent hotels are more innovative, while the other 51,75% claim that standardised hotels (part of a hotel chain) implement more innovations. As far as the comfort-level preferences are concerned, 48,25% of the respondents prefer to stay in 3-star hotels, 30,27% in 4-star hotels and only 7,02% choose 5-star establishments. Also, 14,46% prefer 2-star hotels, not surprisingly considering the distribution of respondents on income. As far as the types of establishments are concerned, it can only be further mentioned that 55,26% of respondents choose small, independent hotels and 44,7% prefer to stay in standardised (part of hotel chain) accommodation facilities.

The questionnaire also included an open question, aimed at identifying innovations customers want in Romanian hotels. Surprisingly, 76% of the ones questioned answered, mentioning that they would like to see innovations in entertainment services, environmental technologies and loyalty programmes.

5. CONCLUSIONS

The study indicates that the level of satisfaction associated with innovation in Romanian hotels is moderate and significantly lower than consumers' satisfaction with foreign hotels. The hotel characteristics with which consumers seem to be mostly satisfied include payment methods, food and beverage, marketing and technologies. Tourists seem to be less satisfied with product innovations, such as those associated with accommodation facilities, additional services and entertainment, signalling the need for further research into the means through which these aspects can be improved and adapted to the demand on the market.

As far as particular services are concerned, no major differences have been found, although results show that tourists tend to be more satisfied with innovation in non-business events services than with innovation in business events, sports and spa services and services for families with children. As far as technological innovations are concerned, tourists are moderately satisfied by booking possibilities (including electronic booking), means to communicate with hotel personnel and internet access, while they are less satisfied with access to ICT equipment on hotel premises and green technologies.

The results of the study are of great relevance to professionals in the field of hospitality as they show that customer satisfaction may indeed be improved through new and better services. In fact, respondents indicated that innovations in entertainment, environmental technologies and loyalty programmes would bring them additional satisfaction. As environmental technologies and loyalty programmes are generally common to four and five-star chain hotels, the results may signal a demand that has not yet been met by individual establishments.

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