

Toward Holistic Experience-Oriented Service Innovation: Co-Creating Sustainable Value With Customers and Society

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# HOLISTIC AND EXPERIENCE-ORIENTED SERVICE INNOVATION IN HOSPITALITY:

**Co-creating sustainable value with employees, customers, and society<sup>1</sup>**

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## **Abstract**

Hospitality exists from the grass-roots level of society upwards and plays a central role in the global economy. For the many organizations active in this sector and the societies they are based in, innovation in hospitality services is considered their lifeblood. Recent advancements in digitalization, artificial intelligence, robotics, communications technologies, and platform-based new business models are transforming the global business environment at a rapid pace. However, unlike many other service sectors, the hospitality and tourism sectors are unique in their focus on people, experiences, and the wider ecosystem (i.e., society and the environment). The unique makeup of the hospitality sector, therefore, demands a distinctive approach to innovation. This study aims to examine service innovation with a focus on the hospitality sector. It provides a holistic theoretical framework and proposes an agenda for future research. The framework suggests the hospitality experience to be at the core of innovation in this sector. Consequently, hospitality firms must focus on creating value both through technological and non-technological innovation. This innovation must be facilitated in a symbiotic manner, with a strong focus on people at its center, showcasing the ‘soul’ of the hospitality across the extended ‘footprints’ of the experience.

*Keywords: Innovation, Hospitality, Ecosystems, Soul of hospitality Service innovation, Experience footprint, Hospitality ecosystem*

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## **1. Introduction**

A review of the literature shows that the body of knowledge on service innovation – the process aiming at developing new, or improving existing, services - is highly fragmented. There appears to be little cumulative progress, and many of the most exciting contributions to service innovation have been made outside the domain of service research (Gustafsson et al., 2020). Studies on hospitality-related issues are often grounded in service research. In the same way, service researchers often seek insights from the hospitality literature as these concepts are intrinsically linked (Kandampully & Aksoy, 2021). However, especially in the study of innovation in hospitality, it is essential to consider the unique nature of the hospitality sector, given its strong focus on ‘people and experience’. Scholars have referred to hospitality as one of the fundamental features of human life, reflecting kindness, genuine care, and empathy for others without expecting reciprocity (Lashley & Morrison, 2000; Lashley, 2015). Nevertheless, prior research has not been able to provide a complete and collectively accepted theory of service innovation that is applicable, particularly for the hospitality industry, where ‘people’ (i.e., customers, employees, and society) hold the center stage.

Additionally, many studies focus on technology-led innovation and claim that the resulting (mostly process-oriented) innovations are exclusively at the foundation of its success (Majchrzak et al., 2016; Vial, 2019). According to a large survey of hoteliers, however, technological innovations were found to be far less important in hospitality than human-related elements, such as employee training, empowerment, and commitment to the service (Ottenbacher & Gnoth, 2005). The hospitality industry is uniquely viewed as a human-centered industry where social experiences and human interactions are highly valued by consumers. Cognitive and hedonistic requirements are the driving forces for consumer consumption. Customers' cognitive needs can

mostly be met by technology applications that provide efficient, accurate, and stable services. On the other hand, hedonic or affective needs require human interactions (Tai et al., 2021). The human element in service innovation is what allows hospitality companies to identify, respond to, and resolve customer's needs. Scholars have questioned the appropriateness of examining service innovation with an exclusive spotlight on technology as this focus appears to limit the theoretical advancement in this domain (Tai et al., 2021; Snyder et al., 2016). Simultaneously, it can be observed that the current service innovation literature in the hospitality context has not adequately addressed the factors that contribute to advances outside the realm of technology.

We contend that while technology and digitalization may serve as important tools and platforms for innovation, significant contributions in hospitality largely rest on the creativity of its 'people.' In this context, 'people' represent three key groups of stakeholders: employees, customers, and society. Touchpoints in the service consumption context may also pertain to elements that are indirectly linked with the firm's offerings from the perspective of the customer. Accordingly, it is important to consider the larger ecosystem in context. For example, nature, the environment, and culture may all influence the overall experience of a customer. Such touchpoints are perceived by the customers, but not by the firm. Therefore, a holistic perception of service consumption, both from within and from outside the firm, is of vital importance. A broader context of the hospitality ecosystem impacts customers through vision, feelings, and senses. Firms that are able to link and manage touchpoints well beyond their traditional boundaries will ultimately create more memorable experiences for the customer. It is proposed that the unique nature of hospitality requires that service innovators should focus on the critical role of people-to-people interactions - and the subsequent building of relationships, and memories of experiences - within the

indispensable context of nature and society that blends together to create the unique picture only seen in customers' minds.

Offering a compelling, positive, and memorable experience is the key to winning the hearts and minds of customers (Pine & Gilmore, 1998); this is particularly the case in experience sectors, such as tourism and hospitality. There is growing support in the literature that customers value experiences more than the tangible drivers of value (Bilgihan et al., 2014). Consequentially, the hospitality industry is transforming from its earlier product and physical asset focus toward a customer- and experience-centric focus (Knutson et al., 2006). Hospitality firms have recognized the role of enhancing the customer experience in the firm's success and market leadership (Kandampully et al., 2018). Therefore, developing innovative service offerings that create or facilitate a *memorable* customer experience is an important strategic objective for hospitality firms.

In most cases, the hospitality experience involves multiple interactions between people: often between customers, in some cases between customers and people in society, and including customers' interactions with different levels of employees. While technology-led innovations may indeed assist in rendering service processes that are more efficient and smoother, it is, however, the human elements (i.e., people) involved in the cocreation and delivery of service that often contribute substantially to the creation of memories. Only people can emotionally engage with customers to build trust and relationships. There is a growing need for a unified approach to draw in the contributions of technology and "the human factor" that creates a unique advantage in service fields (Kandampully et al., 2021). Service innovation that links technology and people could thus serve as a principal platform that assists in creating experiences that are valuable for customers - creating experience value - while simultaneously contributing value to the extended social ecosystem (see Figure 1). We refer to 'experience value' as the value generated through

creating, undergoing, and sharing experiences, mostly shaped by interactions between people and between people and society, to create memories of the experience. While people represent the source and the purpose of the concept of ‘hospitality,’ hospitality firms are ideally positioned at the grassroots of most economies and thus inherently connect customers and society. Hospitality firms, therefore, play a vital role in many societies by connecting people in extensive social ecosystems, in which they symbiotically co-create and share value. This conceptual perspective is important when repositioning service innovation in hospitality firms, as it provides an ideal platform to share and co-create value with customers and society (see Figure 1).

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This study thus aims to conceptualize service innovation within the hospitality industry, focusing on people and experience. Unlike the core concepts underlying many other sectors, hospitality is built on the foundation that people build relationships, thus creating one of the most valuable byproducts, i.e., ‘memories of (relational) experiences.’ As hospitality touches upon many aspects of human life (Ottenbacher et al., 2009), we suggest service innovation in the hospitality industry must focus on enhancing people-to-people interactions in order to build and enhance relationships (customer-to-customer; customer-to-employee; employee-to-employee; customers to society). In the hospitality context, there are many factors that contribute to and enhance the interactions between people. For example, the environment, or the context wherein the experience takes place, plays an important role; this is referred to in the service literature as the ‘servicescape’, i.e., those tangible elements in the service that help customers evaluate the service and experience it (Bitner, 1992).

Given that hospitality service is highly experiential in nature, the service environment will also play an essential role in creating experiences within a wider ecosystem. Therefore, to gain a

holistic understanding of service innovation in hospitality, this study structurally uses three perspectives: people-oriented, experience-oriented, and ecosystem-oriented (i.e., including society and the environment).

The specific objectives of this paper are to (1) provide a conceptualization of people-oriented innovation, (2) outline a holistic theoretical framework of service innovation in the hospitality industry, and (3) suggest an agenda for future research in these domains. In order to accomplish these research objectives, we first review literature on service innovation explicitly focused on the hospitality sector. Furthermore, we aim to answer the fundamental question of how service innovation may serve in the hospitality domain for the co-creation of experience value that benefits customers, firms, and the ecosystem (society and the environment).

## **2. Moving the Literature Further**

Hospitality is a relatively new academic discipline where, to date, no consensus exists on its scope and exposure (Ottenbacher et al., 2009). Therefore, to identify relevant articles regarding innovation in hospitality we also reviewed literature on **service** innovation that explicitly focuses on the hospitality sector or that used the hospitality industry as the context. Furthermore, in spite of the widespread agreement on the notion that innovation in hospitality is of paramount importance, surprisingly few studies have been conducted on innovation in hospitality (Sengupta & Dev, 2011). The hospitality industry often provides context and relevance for research on service-related issues (Kandampully et al., 2014). Similarly, those researching hospitality seek insight into service management to address service-oriented issues. Consequently, hospitality and service management concepts are intrinsically linked. While hospitality and service researchers operate in similar domains, they target different journals to advance their fields of study

(Kandampully & Aksoy, 2021). Therefore, investigating both of these fields helps researchers to identify emerging issues on a broader level.

### **2.1. Contributions of Service Innovation to Hospitality**

In this study, we use an integrated approach wherein service innovation serves as a unifying concept, linking the co-creation of experience value among customers and the firm on the one hand, and between the firm and society on the other. We argue that the development of innovative hospitality services represents real opportunities for sustainable competitive advantage and for increasing the attractiveness of the service when such innovations create a genuine enhancement in experience value for customers, firm, and society (i.e., stakeholders and the environment). Providing a unique experience is essential, as innovations that focus on increasing the efficiency of the service processes do not necessarily improve the experience and are easily imitated (Barney, 2008), failing to create sustainable competitive advantage.

Prior service innovation research primarily took a firm perspective, especially with a lens on making service processes more efficient, with very limited consideration to the creation of new and/or direct non-economic value that impacts related stakeholders outside the firm. This focus is not tenable for the hospitality firm. In the hospitality context, process innovation by itself does not create a sustainable competitive advantage. Positive value enhancement and sharing of resources between the firm, customers, society, and the environment is imperative for the long-term success of any value-focused activity. Earlier research investigating service innovation also contends that hospitality establishments in each class usually have similar tangible facilities that might vary in type, style, and design. However, makeovers and renovations of tangible facilities do not result in a sustainable competitive advantage because they are easily replicable. Verma et al. (2008) discussed service innovation with industry leaders in a roundtable and established that service



innovations founded on technology were easy to emulate by the competition. They propose that service innovations founded on employees cooperating harmoniously and consistently, effectively expressing the hospitality firm's philosophy and brand, and creating compelling experiences and interactions with the customer, are the key to differentiation and meaningful service innovation.

We undertook an extensive review of service innovation research in the generic service discipline and in the Hospitality and Tourism sector, published in the past 21 years (2000-2021). For an overview of the reviewed articles, see Table A1 in the Appendix. Based on the review, we propose a framework that recognizes service innovation as one of the potential processes that may nurture the customer experience and serves as the connecting link with the three key value co-creating dimensions, namely, customer, firm, and society. In line with this framework, this study proposes that service innovation should not be confined to its current focus on improving processes, primarily for the benefit of the firm. We argue that service innovation has a larger purpose, especially in the hospitality industry, i.e., to serve as a unique connecting link and to return the hospitality firm to a more central role in society. As service innovation is often positioned within the framework of the firm, it is placed in a unique position to help the firm to establish value co-creation with customers and with society, thus creating an opportunity to co-create and regenerate value in a cyclical way while benefitting everyone in the process. Therefore, this study highlights that service innovation should be repositioned to serve a larger purpose, which is to create value for all parties involved within the larger hospitality ecosystem.

## **2.2. What We Know About Service Innovation in General**

The field of innovation management flourished during the period 2000-2021. However, most early research on service innovation creates a rather biased perspective by either being constrained to technology adoption or by limiting its applications to the manufacturing sector (de

Vries, 2006; Tether, 2005). In the domain of service management, service innovation is considered a research priority, but at the same time, it is deemed a ‘broad and loosely defined’ concept that requires further research (Ostrom et al., 2010; Ostrom et al., 2015). For example, researchers ambiguously use terms such as “new service development (NSD)” and “service innovation” to refer to the same concept (Menor et al., 2002), while a few have discussed them separately (Droege et al., 2009; Gremyr et al., 2014; Skålén et al., 2015). The inconsistent definitions of service innovation in the literature motivated researchers’ attempts to integrate the scattered knowledge about service innovation (Droege et al., 2009; Klarin, 2019; Witell et al., 2016; Zhu & Guan, 2013). Regardless, service innovation knowledge is predominantly limited by a generic service lens, neglecting innovation in the hospitality industry.

Previous studies classified service innovation literature into technology-based (assimilation), service-based (differentiation/demarcation), and integrative (synthesis) approaches (Drejer, 2004; Gallouj & Savona, 2009; Miles, 2000). The assimilation/technologist approach treats service operations as similar to manufacturing, and primarily focuses on assessing the impact of technology on service (Miozzo & Soete, 2001). Hence, the assimilation approach adapts product innovation theories, concepts, and instruments to explore service innovation (Miozzo & Soete, 2001; Toivonen & Tuominen, 2009), and assumes that service firms mainly inherit innovations from other sectors. The demarcation approach to service innovation proposed to develop new theories because services are distinctly dissimilar to manufacturing (van der Aa & Elfring, 2002). Scholars who adopted the demarcation approach argue that several important specificities and unusual characteristics of services, such as intangibility and the requirement of customer participation, underline the need for service-specific theories (Hipp & Grupp, 2005). The synthesis/integrative approach suggests an integration, with a dissolution of boundaries between

services and manufacturing. It has been debated whether the synthesis approach has a comprehensive and conceptually concrete perspective on service innovation (Drejer, 2004) because it attempts to develop theories relevant for service and service demarcation (de Vries, 2006). Neo-Schumpeterian scholars define service innovation as an emerging, broad, and integrative concept that encompasses both service and manufacturing (Drejer, 2004; Flikkema et al., 2007).

Despite these different perspectives, which have led to different understandings and recommendations, service innovation is often highlighted as a strategic priority for business firms (Ostrom et al., 2015). It is seen to contribute to the firm's financial performance (Feng et al., 2021; Grawe et al., 2009; Gray et al., 2007; Salunke et al., 2013) and to create sustainable competitive advantage (Liu & Huang, 2018). The literature suggests that service innovation allows firms to offer superior value to their stakeholders in comparison to their competitors (Chen et al., 2009; Damanpour et al., 2009). Service innovation can additionally help create new markets for the firms by transforming service delivery methods (Berry et al., 2006; Tsou et al., 2014), or it may create new practices and resources (Skálén et al., 2015). Service innovation is thus suggested to have a positive impact on business firm value, growth, efficiency, market share, sales, and profitability (Dotzel & Shankar, 2019; Lin, 2013; Vargo & Lusch, 2004). Firms engaging in service innovation are found to report higher operating profits than firms that abstain from it (Aas & Pedersen, 2011).

### **2.3. Service Innovation in Hospitality and Tourism**

Innovation in hospitality and tourism is a growing area of academic curiosity. Scholars have undertaken research to explore both theoretical and practical aspects related to innovation (Hjalager, 2010). Researchers have, for example, undertaken studies to assess value enhancement through the positive impacts of innovation in the hotel industry (Nicolau & Santa-María, 2013).

The hotel industry has primarily focused on technological, organizational, and human capital innovation (Tseng et al., 2008). Given the hospitality industry's increasing emphasis on service, as opposed to products, innovation of the service component of the firm's offering has become an important strategic focus (Kandampully et al., 2016). In addition, given the globally competitive nature of the hospitality industry, new emphasis has been placed on various customer-focused and service-oriented strategies. Strategies focusing on the improvement of outcomes such as service quality, customer experience, and customer loyalty have indeed been adopted by firms in the hospitality industry to better compete in the marketplace. However, both researchers and practitioners have addressed innovation primarily from the perspective of reducing operational expenses, in an effort to increase profit, while at the same time maintaining or cultivating customer satisfaction (Ottenbacher & Gnoth, 2005). Jones (1996) outlined 15 steps crucial for developing and managing innovation in the hospitality sector. Furthermore, Enz and Siguaw (2003), based upon qualitative research into best practices in lodging, created a set of best practices for innovation in hotels.

Research exploring the process of service innovation in the hospitality sector has focused on the role of employees in the implementation of innovations (Enz, 2012), the role of leaders in inspiring innovation (Enz & Siguaw, 2003), and the moderating role of team culture on the relationship between knowledge sharing and service innovation performance in the hospitality sector (Hu et al., 2009). Innovations in hotels were found to have a positive impact on hotel performance (Mattsson & Orfila-Sintes, 2014). Customer-oriented innovative offerings were also found to affect hotel performance (Tajeddini, 2010).

Studies exploring service innovation and customer satisfaction in the hospitality sector confirm that service innovation may indeed have a positive impact on indirect benefits such as

customer satisfaction, loyalty, and brand awareness (Ottenbacher & Gnoth, 2005), and that service innovations may facilitate improving customers' experiences (Randhawa et al., 2016; Randhawa et al., 2017). In this way, service innovation may have an impact on hotel choice, as leisure travelers are attracted by innovative services offered by hotels, such as service customization and technological amenities (Victorino et al., 2005). A few researchers have explored the notion of environmental sustainability in eco-friendly hotels and confirmed that sustainable innovation is an important factor in modern hotel management (Horng et al., 2017; Horng et al., 2018). Vila et al. (2012) investigated innovation in the Spanish hotel industry and found that hotels in a crowded hospitality market saw innovation as their only chance to differentiate themselves. However, despite companies making substantial investments in the latest technologies and architectural designs, these researchers did not find any evidence to show that these investments provided them with a point of differentiation. Instead, alliances with chefs and wineries were found to be more significant innovations.

While service innovations have been shown to benefit the firm and its customers, we are of the viewpoint that innovation in the hospitality industry - that serves at the grass-root level of the economy - has a much larger role to play. Given the role of hospitality, it is imperative that service innovation in the hospitality sector draws its strength from factors that are more closely connected with the hospitality experience. This study, therefore, aims to highlight and clarify the important role of 'people' (employees, customers, and society) and the environment. We believe that service innovation in hospitality requires a much broader basis than just technological or process-focused innovation in order to build a framework that will resonate with what hospitality stands for. More importantly, people and the environment provide the servicescape. As this is where hospitality experiences physically happen, it plays a major role in creating the memories of

hospitality experiences. The current study therefore attempts to draw in and gain a global view of the interplay and influence of people (customers, employees, and society) and the environment on service innovation that is appropriate for the hospitality industry. The next section introduces a reflection on service innovation in the hospitality industry.

#### **2.4. Rethinking Service Innovation in the Hospitality Industry**

Scholars and practitioners have emphasized that service innovation is of key importance to gaining a competitive advantage in the service industry. Recent studies further claim that service innovation may act as an engine of renewal and is required for economic growth (Snyder et al., 2016).

In the hospitality sector, firms both small and large have recognized the critical role of people (employees, customers, and society) in creating a unique value proposition. The role of people in the process is imperative to create memorable experiences. Sundbo (2008) describes a service as a 'behavioral act,' thus people-to-people interactions and relationships are fundamental to service experiences in hospitality. Many successful hospitality firms see employees as facilitators of an experience architecture (Bharwani & Jauhari, 2013). Service literature highlights the role of employees as key co-contributors to innovation. Service-dominant logic (SD logic) considers employees as operant resources, serving as a critical source of information and knowledge (Vargo et al., 2008). This notion of employees as 'operant resources' is ideally suitable in the hospitality sector (Shaw et al., 2011). Research with reference to co-creation describes how employees become engaged in value creation in the 'providers' sphere' (Gronroos & Voima, 2013). These researchers also point out that co-creation is a function of both direct and indirect participation in the value creation process. The co-creation logic focuses on increasing customer value (Michel et al., 2008; Ordanini & Parasuraman, 2011).

According to Pilzer (1990), innovation, in simple terms, is all that we do today better than what we used to do before. This perspective is critical in the hospitality sector because it provides the foundation for individual involvement, contributions, and creativity to blend in with the idea of co-creation of value. In their research, Wallace et al. (2016) highlights the importance of employee involvement, and a climate where employees have the autonomy to innovate and create unique value that gives the firm a competitive advantage in the market. Employees are well suited to contribute to customer-focused service innovations as they understand the service from the perspective of the customer (Åkesson et al., 2016). Many hospitality employees play a central role in the co-creation of experience value by creating trusting relationships with customers, which manifest as memorable experiences. Successful hospitality firms rely heavily on the insights from their employees to generate successful service innovation ideas. For example, Marriott Hotels, Singapore Airlines, Disney, Southwest Airlines, and Starbucks have created mechanisms to capture employees' insights to help the firm redesign and innovate services on a regular basis. These firms consider their employees as custodians of their value proposition, which they co-create with customers. Innovation in the hospitality sector, therefore, is often not an outcome of research and development (R&D) activities and/or something that is induced through technological advancements. Hence, many successful hospitality firms depend heavily on the creativity of their loyal employees to provide customers with individualized innovations. Consequently, many successful service innovations have been outcomes of ideas generated by employees and managers (Mu et al., 2018). Often, service employees do not only serve as idea generators but, more importantly, they build in their individual ingenuity, thus providing the foundation for organizational creativity and innovation (Engen & Magnusson, 2015; Shalley & Gilson, 2004).

Service scholars have long argued that customers are not passive recipients of value but rather active co-creators of it. Edvardsson et al. (2011) point out that both customers and providers are resource integrators and intended beneficiaries of the exchange. Scholars agree that service innovation would, therefore, involve value creation through the integration of resources such as people, information, and technology (Vargo et al., 2008). Moreover, the value thus created by the service firm is jointly co-created with customers, employees, and all its business partners in society (Lusch et al., 2007).

Taking the concept of co-creation of value seriously, service innovation is often also a collaborative activity (Santos-Vijande et al., 2016) between different actors such as customers, employees, and other parties in society (Ordanini & Parasuraman, 2011). Service theory based on service dominant (SD) logic (Chandler & Vargo 2011; Chandler et al., 2019; Vargo & Lusch, 2016) highlights that the output of service innovation of a firm is effectively the benefit created through transforming the service ecosystem. Value, according to SD logic, is co-created at the micro level (through contributions from employees as well as individuals), the meso level (through contributions and interactions among employees and other stakeholders), and at the macro level (through contributions and interactions with all other external stakeholders).

In the context of hospitality, we emphasize that this process of collaboration happens at multiple levels and at varying degrees. Hospitality is considered a highly complex sector where customers experience multiple service elements and evaluate them on multiple criteria (Verma et al., 2002). Thus, the concepts of value co-creation and experience have multiple critical touchpoints in hospitality. We point out that the most valuable by-product of the process of value co-creation is the development of the emotional link between the firm, employees, customers, and



society. We propose that the service innovation system within each hospitality context is unique as it incorporates four critical ‘expressive’ dimensions, namely:

- functionality,
- authenticity,
- emotionality, and
- engagement.

These expressive dimensions reflect how actions (processes) manifest themselves as the unique identity of the *service* from the customer’s perspective. In addition to these four expressive dimensions, the firm is guided by another set of four internal and distinctive ‘organizational personality’ attributes which manifest as the ‘thoughts behind the action’, and which help to set the firm distinctly apart from the competition. They are:

- spirit,
- culture,
- values, and
- character.

The organizational personality attributes in combination with the four expressive dimensions melt together to create the ‘soul of hospitality’, which renders the hospitality firm and its service unique from the customer’s perspective. Spirit in this context comes from a shared sense of purpose and pleasure, finding meaning in being more hospitable and kinder, positive workplace experiences, security in the work environment, and mutual support between members and management. Collective beliefs, values, and attitudes define the organizational culture. Authenticity, integrity, respect, honesty, commitment, and consistency are the cornerstones of firms’ success in the hospitality industry. The values are the core of the hospitality business. They are what the company

stands for, its principles and philosophy that drive innovation in the hospitality industry. The culture of the organization sets the hospitality organization distinct from the look alike competition. A hospitality organization consists of many assets, such as employees, technology, buildings, brands, and data, as well as its own organizational personality, just as a person does. Therefore, the character is also a key fundamental attribute that sets the hospitality firm apart. Most customers view service encounters as shared social experiences, and they prefer human interaction during these encounters (Tai et al., 2021). Figure 2 highlights the key components that make up the ‘soul of hospitality’. This conceptual shift would be possible if hospitality firms are able to nurture the four plus four (4+4) interrelated internally accepted values, which we call the ‘soul’ of hospitality: the functional dimension, the authenticity dimension, the emotional dimension, and the engagement dimension; and spirit, culture, value, and character. The unique configuration of these four plus four (4+4) dimensions of experience we call the ‘soul of the hospitality experience.’

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This ‘soul’ is unique as it is different in each hospitality context. The ‘soul of hospitality’ can thus be defined as the unique configuration of the above-mentioned dimensions and characteristics that differentiate the hospitality firm and its offerings from those of its competitors. It is this ‘soul’ that allows the firm to reach out and to connect with the entire service ecosystem, establishing a special bond and co-existing in a symbiotic relationship with society and the environment. The hospitality service innovation system, therefore, must closely connect with the ‘soul of hospitality’, building a unique internal strength. We highlight that it is this internal ‘soul’ that will guide employees in every activity (process) they undertake as they provide service to customers. Therefore, we argue that it will be impossible for competitors to emulate service innovations that are grounded in the ‘soul’ of the hospitality firm. For example, in a case study of Banyan Tree Hotels and Resorts,

Wirtz (2015) describes the unique experience it communicates to customers by allowing them to assimilate with the community and nature. This hotel is able to create value for the customer by using the hotel's unique relationships with employees, local communities, and the natural environment. This collaborative activity symbolizes the value co-created during the interaction between the firm, customers, and other actors in the larger service ecosystem.

The hospitality and tourism industries are complex and evolving ecosystems (Baggio, 2008) that include closely interconnected services, including travel agencies, hotels, restaurants, airlines, event management companies, where locals are involved in various activities. The consumer's overall experience is shaped by a function of all the interactions with these interconnected services (Martínez-Pérez & Beauchesne, 2018). The main actors and stakeholders of these sectors are part of a comprehensive value chain (Mason, 2015) in the sense that they all play a critical role in service innovation. Synergies created by the interactions between organizations that compete and collaborate thus enhance the service innovation (Peiró-Signes et al., 2015).

We contend that the process of developing a service innovation strategy should be distinguished from the economic outcome focused commercialization. Service innovation in hospitality will continue to be supported by technological advancements and digitalization, and these will serve as an ideal tool to support service innovation processes. Most new digital technologies provide opportunities for efficiency gains and some possibilities for increasing customer intimacy. However, separately, they provide a limited possibility to create innovations that result in memorable experiences. This study identifies three key human stakeholders (customers, employees, and society) that we contend to be essential for service innovation in hospitality and for the creation of truly memorable experiences. The concept of service innovations

may be adopted by hospitality firms as incremental or radical innovations. Service innovation in the hospitality industry, however, should aim to create an experience that is memorable for customers, employees, and society alike. Therefore, we highlight the importance of service innovation in the hospitality industry and call for a focus on experiential innovation.

## **2.5. Outcomes of Hospitality Service and the Role of Experiential Innovation**

As discussed, creating memorable experiences is considered crucial in the hospitality and tourism industry, as these lead to desired long-term attitudinal and behavioral changes in the customer targeted towards the source of the experience. Customers tend to associate the value of the experience and the memory of it with their feelings and the relationship they build with the provider or frontline employee involved in the delivery of the experience. Memorable experiences have the potential to entice customers to actively engage through positive word-of-mouth and reward the firm for the superior experience. All experiences are shared experiences (Kandampully et al., 2018) between all stakeholders, be it customers, employees, suppliers, society and so forth. Therefore, experience focused innovation has the potential to transform the hospitality firms' image in the market. We propose that service innovation in the hospitality industry should prioritize improvements that lead to the enhanced value of experience for all stakeholders by holding experiential innovation as its radical innovation strategy.

People remember positive feelings they have experienced, which are often triggered by relationships, interactions, and experiences with people and society. It is the combination of these elements that elevates hospitality experience beyond the 'normal' or the 'expected.' In most cases, hospitality experiences in comparison to other service sectors stand out against the ordinary since they are memorable and often authentic in nature. This unique outcome exists primarily because of the shared nature of the experiences that involve people, society, and the environment.

Therefore, what customers enjoy most in hospitality is that it represents human-to-human connections and relationships showing authenticity of the experience. Based on the above discussion, it is clear that experiential innovation is an ideal fit and an important concept that will help hospitality firms communicate authentically and to stand out from competitors. Authenticity of an experience can be defined as the degree to which the experienced reality has remained 'original,' rooted in original traditions (i.e., traditions that are still truly believed in), and 'uninfluenced' by the hospitality guests experiencing it. The authenticity of the experience is considered a major driver of memorability (and thus engagement) (Mody et al., 2019; Paulauskaite et al., 2017), as authenticity of the experience guarantees it to be 'unique' and genuinely different from what is normal and expected.

In this study, we contend that service innovation can, and must help to, maintain, and possibly increase, the perceived authenticity of experiences. The role of innovation in this study can be to develop the difference with negative expectations, and to reduce or minimize perceived fakeness. Innovation can help the actors and service personnel perform their role better, by providing the right information at the right time, and by helping service employees support customers in finding and appreciating what is authentic.

## **2.6. The 'Experience Footprint' – From Single to Multiple Experiences**

Designing and orchestrating experiences are critically important capabilities in most hospitality firms. Introducing the concept of the 'experience footprint,' we highlight that the very nature of hospitality service lets the firm and the customer engage in holistic experiences. These holistic and multiple experiences may involve different contexts, circumstances, technology, and people. While the concept of an experience footprint has a resemblance to the concept of moments-of-truth, the experience footprint has the additional power to capture the impact of the ripple effect

created in the memory of the customer. This ripple effect emanates from both inside and outside the firm, creating an emotional connection, trust, and relationship between the customer and all other actors in the ecosystem. Hospitality firms are capable of managing experiences and can orchestrate a unique customer experience footprint to impact customers' emotional memories towards the firm. These ripple effects of the experience footprint on the customer, if unmanaged, may also have a negative influence on the firm. Providing a memorable customer experience resides at the center of hospitality. Many hospitality firms therefore design their service with a vision of creating a memorable experience for their customers. Creating memorable customer experiences requires a holistic concept to render it effective (Verhoef et al., 2009), where the technology may serve as an ideal tool to connect multiple actors in value co-creation. Customers consider their experiences holistically, although they may utilize multiple mechanisms to interact with the firm (Bonfanti & Yfantidou, 2021).

Experiential purchases often involve the presence of people-to-people interactions, creating emotional connections, therefore these have the greatest opportunity to 'stay alive' in the memory of customers (Carter & Gilovich, 2010). We consider that this is unique in the hospitality sector, where experiences will not rest with the customer alone. Instead, the emotional connection created initiates a ripple effect of trust and relationships on all actors in the hospitality ecosystem in the experience footprint. In effect, the experience footprint will have multiple stages of emotional connection with many different layers of employees within the entire moments-of-truth chain. Therefore, experience footprints are powerful metaphors to communicate the idea of how some experiences stay alive in the minds of customers.

-----INSERT FIGURE 3 HERE-----

Experiential purchases are intangible in nature and therefore can exist only in the memories of the customer (Van Boven & Gilovich, 2003). Given this intangibility following a hospitality experience, the subsequent footprints are of primary importance to the experience (Pelletier & Collier, 2018). It is important for hospitality firms to aim for, and to create, a core concept around the experience footprint. This will aid hospitality firms in embedding strategies that will focus the entire organization on the task of creating experiences that generate memories and foster trustful relationships with many people in the system. For example, The Ritz-Carlton no longer positions itself as a hotel company, rather, it now considers itself an experience and memory creator, according to Nixon and Rieple (2010). Hospitality is unique in the sense that it may prove incomplete without human interaction and emotional connection, as they are critical for creating trust and relationships, leading to stories of experiences (Solnet & Kandampully, 2008). The social dimension of the customer experience is considered one of the most important memorable aspects (Kim et al., 2012). Scholars point out that customers tend to trust their own memory of the service experience and perceive that as the most credible source of information when considering future purchases (Marschall, 2012). Some scholars consider memorability of the experience as a better predictor of customers' behavior over and above previously considered constructs such as satisfaction and quality (Kim et al., 2012).

In a highly competitive market, service offerings may have very limited differentiating factors. In such contexts, memories of positive emotions provide a unique point of differentiation (Pizam, 2010). However, many hospitality firms have not yet taken on the challenge of establishing their core concept around a vision that will lead to memorable experiences. We highlight that this will require the hospitality firm to reorient itself, to turn their focus away from the 'firm' and towards the 'customer.' Customers' memories of positive experiences are byproducts of the firms'

consistent focus on creating and extending the experience footprint within all actors, thus providing an opportunity to create a lasting emotional connection. Therefore, the strength of the emotional connection is not prompted by a single point of contact, but instead created through the experience footprint due to a collective effort of multiple layers of actors. Thus, multiple emotions created throughout the experience footprint have the power to elevate customers' experiences to much higher levels, as they are created by actors in the value creating network both inside and outside the hospitality firm that may include both societal and environmental levels. We highlight here that the experience footprint is a three-dimensional concept which includes:

- Space,
- Time, and
- Process.

**'Space'** refers to the space inside and outside the hospitality firm. This is where customers' interactions with the hospitality organization, society, environment, nature, and culture (i.e., the broader ecosystem of hospitality service) takes place, thus providing customers with a positive experience.

**'Time'** and its impact on customer experience is a less discussed concept in the experience literature. Customers' multiple interactions over longer periods have considerably more impact on the experience than a limited number of interactions during a short duration of time. This factor has much potential for future research.

**'Process'** represents the basic building blocks that make up a service. Service is an act or a process (a verb) representing an activity that is performed by employees to provide service to the customer.

We argue that these collective moments-of-truth, through space, time and processes guided by the 'soul' of hospitality, have a significant impact on customers' emotional memory of the



experience (please refer to Figure 2). Furthermore, in most hospitality contexts, both social and environmental factors play a major role in contributing to and supporting the experience footprint. Therefore, service innovation in the hospitality sector has a transformational effect on the entire organization, that may ultimately benefit customers, society, and the environment, as the firm reorients itself. This requires both a conceptual reorientation and the adoption of the idea that value is co-created and shared within the ecosystem - to ensure that experience footprints are pre-designed and managed. This would mean that hospitality firms must adopt strategies to transform themselves into co-creators of value and experiences, not only for the benefit of the firm, but with the aim to co-create and share value with employees, society, and the environment. Therefore, service innovation in hospitality must move away from the firm-focused linear model of increasing productivity and profits toward that of a symbiotic bi-directional system where value is not only co-created but also shared for the benefit of the entire ecosystem. This would mean that the entire ecosystem of the hospitality firm will act as co-beneficiary of the experience creation. A symbiotic mindset is critical for hospitality firms to incorporate as a key element of service innovation, given its important role at the grassroots level in the economy. Customers' unique memories of experiences and the firms' success in the market will then concurrently prove beneficial for society and for the environment.

### **2.7. A Human-Centered Approach to Hospitality Service Innovation**

Studying the roots of commercial hospitality enriches the modern hospitality industry (O'Gorman, 2009). Similarly, O'Connor (2005) emphasized: "only once an understanding of hospitality's origins and its place in human nature is achieved can one expect to discover what hospitality means today, and more importantly what it will mean to those entering the industry in

the future” (p. 267). O’Connor (2005) thus argues that the hospitality industry can only advance if it focuses on genuine hospitableness.

If we look at the origins of hospitality, we can claim that the hallmark of excellence in the hospitality experience happens when customers interact and engage with fellow customers, the environment, and employees. Lashley et al. (2007) call to action by stating that hospitality research will benefit from turning its gaze outwards to how hospitality interacts with society. We claim that by creating long-term meaningful relationships with and among customers, employees, society and the environment, hospitality firms will be able to create significantly greater value to share with everyone in the ecosystem.

Socialization is the essence of human relationships, as humans are social animals that thrive in social environments. Socialization is thus at the heart of the hospitality experience. So much of the guest’s experience with a hospitality service provider depends on the interactions with other people and surroundings. Technology-mediated hospitality service deliveries may result in a lack of social interactions and the loss of social bonds. The delivery of the service and products in a hospitable way is related to how this delivery makes the guest feel. This could be accomplished if the hospitality firm is transcending the routine of guests with escapist elements and provides a compelling experience that forms an emotional connection with the guests, firm, and employees. This is almost a shift from the mere provision of ‘service’ (the technical act of providing a service) mindset toward the hospitality mindset that focuses on the functional aspect of the service ‘feeling’ (how a service is provided). It is this ‘how’ that clearly illustrates the feelings behind the action. Thus, we argue that it is not the action itself that counts, but it is the feeling behind and expressed in the action that elevates the hospitality service in the mind of the customer. While technology will continue to play an increasingly important role in service firms of the future, society is moving

towards what is called a ‘feelings economy’ (Wilson, 2010). According to Huang et al. (2019) and Rust and Huang (2021), in the feeling economy, responsibility for the thinking will rest on Artificial Intelligence (AI), with humans solely contributing to those areas that involve feelings and interpersonal relationships.

By addressing their emotional needs and establishing an emotional connection with customers, human services are more effective in delivering unique and memorable customer experiences in comparison to technology-mediated services. Consequently, human-related service innovations have a greater impact on customer satisfaction and delight.

Meyer (2006) differentiates between hospitality and the mere provision of service in the restaurant industry. According to Meyer (2006), the mere provision of service is the technical delivery according to some standards. A guest may visit a Michelin star restaurant, and from the service perspective, everything might go excellently technically, from exceptional food to proper ambiance. Hospitality, on the other hand, is how the delivery makes the guest feel. Of course, the hospitality firm needs a strong focus on the service component. However, to thrive, the firm needs to focus on creating memorable experiences that require a configuration of the soul in the four dimensions. In other words, hospitality firms are in the business of creating memorable moments and experiences. Such experiences and moments transcend the traditional service models. The holistic service innovation model suggests that it is the convergence of elements that uniquely come together and create the ‘soul’ of the hospitality experience. Most of the current service innovation research focuses on the contributions of technology-led innovations and of the influence of digitalization in service firms. However, we propose to remember the more romantic view of hospitality by bringing people back into innovation. We highlight that human interactions are critical for the creation of memorable customer experiences.

Unlike many generic service processes, which are technical and easy to describe, hospitality is abstract, harder to define. Qualities and concepts such as kindness, benevolence, compassion, friendliness, sharing, generosity, consideration, empathy, curiosity, community, self-awareness, and integrity are essential for creating a soulful hospitality experience. Hospitality experiences are created through functional and authentic interaction between people in an emotionally engaged relationship. We highlight that the only things that the guest have after they finish consuming a hospitality service are the feelings and the memories of the experience. These feelings can be stimulated and elevated by various servicescape elements such as the architecture of a hotel, the taste of an entrée, or the artwork in a guest bedroom. The authentic experience encompasses many abstract components of hospitality, which also could be enhanced with technology. Instead of pulling hospitality away from a people-centric industry for reasons of cost reduction and efficiency, we suggest that the adoption of technologies can be used in service innovation to deliver greater personalization and better service. For example, robots can lessen the burden on employees by allowing them to spend more quality time with guests. Enhancing value to the customer in this context, therefore, would require hospitality firms to reevaluate how to configure the soul of hospitality to serve as a key component of their business model. Amid all the hype about technology-driven service innovation, enhancing value with human-centered innovations is the key for the hospitality industry.

### **3. Conclusion and Future Research Directions**

Most existing research on service innovation is fixated on a linear and unidirectional model, focused on the existing firm and improving its processes, and thus has placed strong emphasis on increasing service productivity and profitability. This, we argue, is an unbalanced innovation model that does not support the spirit of hospitality where *people* are positioned at the

center of the stage. Hospitality in most economies exists from the grass-root level, and has a considerable impact on people, society, and the environment. Thus, historically and in today's interconnected world, hospitality and society are symbiotically interrelated and effectively share value. What is essential for the effective progress of the hospitality industry is a holistic and experience-oriented service innovation model. This is what will have the capability to incorporate multiple actors from the ecosystem as equal contributors to the value and experiences that are co-created and shared. Hospitality managers, therefore, must adopt a systems thinking attitude to pre-plan and manage the critical roles various actors assume at different points in the service ecosystem to create the experience footprint. Based on our study, we would like to point out that most hospitality firms have a keen interest in and have undertaken various projects to embrace the idea of service innovation. This, in part, has to do with the gradual shift in the competitive markets and customers' changing needs and expectations. This shift has prompted many hospitality firms to adopt technology-led service innovations that show advantages in terms of cost reduction and profitability. This approach, we believe, has limited advantages both in the short and in the long term. We thus call upon scholars, service researchers, and industry managers to reevaluate and redefine the task of service innovation as a strategic orientation for the firm, diverging from the holistic and experiential perspective, with the fundamental aim to provide more memorable and distinctive customer experiences. Exemplar hospitality firms have been able to balance short-term productivity and cost reduction requirements with a more long-term focus on providing customers with memorable experiences. This new focus for hospitality would require reevaluating the firm's vision, strategy, process, and system, and to adopt a holistic mindset. This, in our view, should not only be the new focus in innovation practice but, more importantly, also in future research guiding the next generation of scholars and practitioners in the hospitality discipline. We, therefore,

provide the following summary list of future research areas to advance and transform the current understanding of service innovation in hospitality, and move the discipline of holistic, experiential service innovation forward:

- How best to combine technology and employees to enhance people-oriented experiential innovation in the hospitality industry.
- Understanding the role of employees in co-creating value with customers and society in the hospitality industry.
- Measuring the impact of customer focused and experience centric hospitality strategies.
- Understanding the role of human-related innovations in generating employee satisfaction.
- Understanding the role of employee creativity in generating customer satisfaction.
- Understanding the role of memories of experience in customer loyalty and the firm's success.
- Understanding the influence of the 'expressive dimensions' of hospitality on customer experience.
- How to create competitive advantage with the internal 'personality' attributes of the hospitality organization.
- Determining the role of leaders in nurturing the 'soul of hospitality' as a strategic orientation of the firm.
- Identifying mechanisms that nurture symbiotic relationships with society and the environment in the hospitality industry.
- Understanding and further examining the role and importance of the 'experience footprint' in the hospitality industry.

- Examining the influence and impact of a single experience compared to multiple experiences in the hospitality industry.
- Understanding the importance of time in the context of hospitality experience and its influence in creating memorable experiences.
- Exploring the role of space, time, and process to aid the transformation of mundane service into memorable experiences in the hospitality industry.

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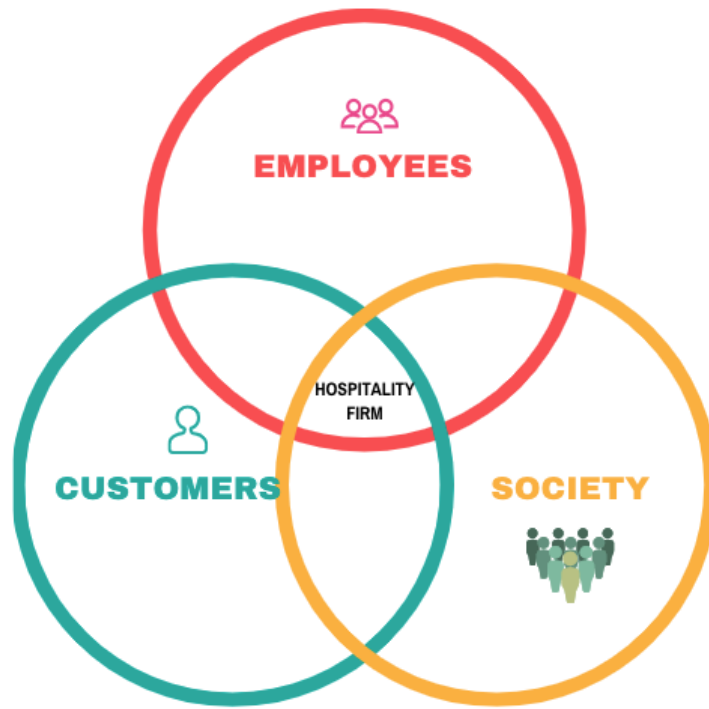


Figure 1. The Wider Experience Ecosystem

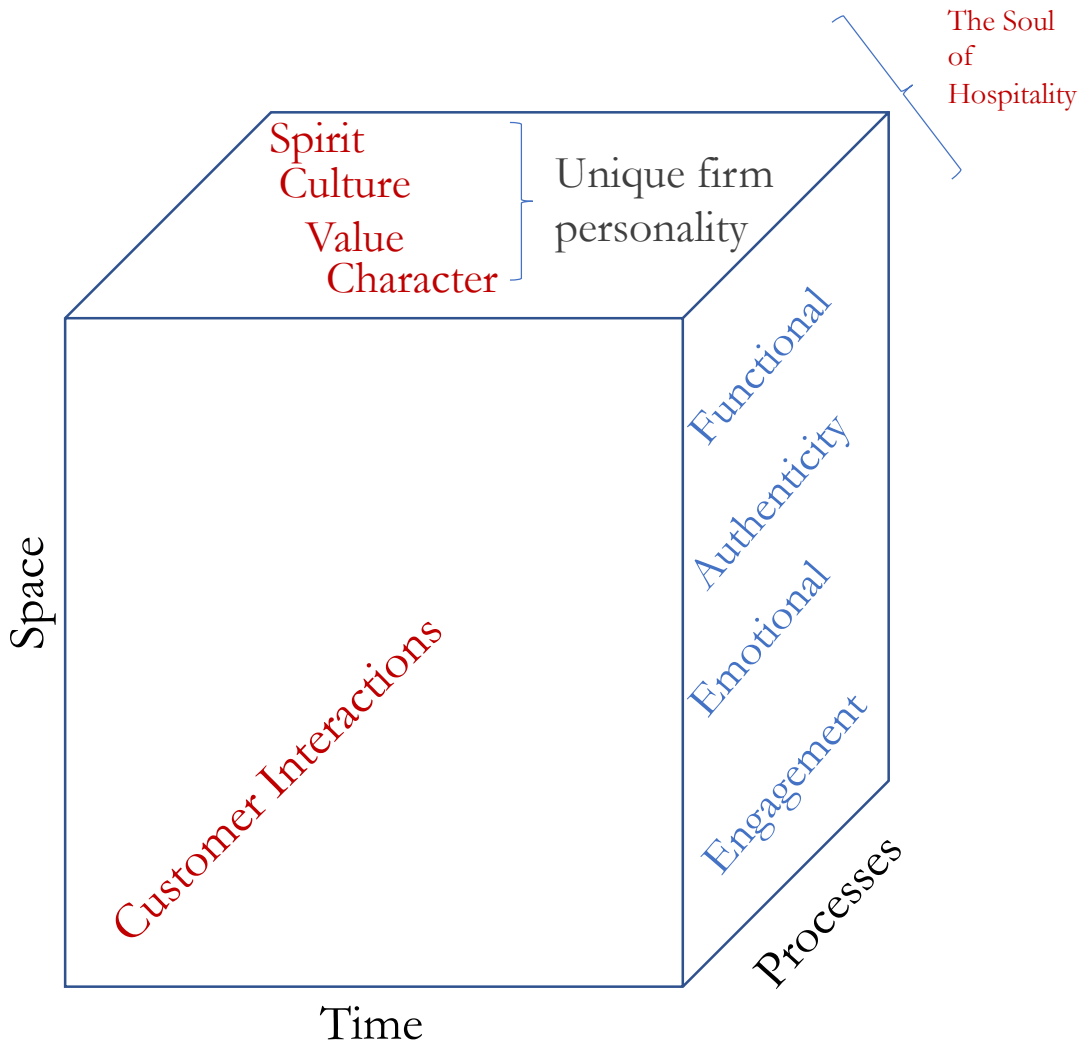


Figure 2. Experience Footsteps in The Soul of Hospitality Framework

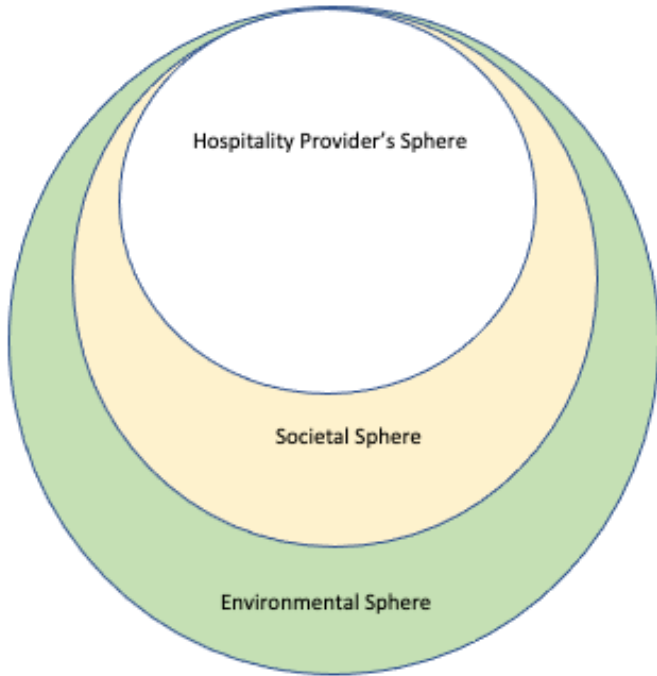


Figure 3. Constellations Surrounding the Experience Footprint

Appendix Table A1 - Service innovation in the H&T field

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
Ordanini & Parasuraman, 2011 ( <i>Journal of Service Research</i> )	Empirical	Service-dominant logic (SDL)	Three-stage least squares (3SLS)	193 five-star luxury hotels	Italy	Collaborative competences, dynamic capability of customer orientation, knowledge interfaces	Firm performance	Innovation outcomes	
Ordanini et al., 2014 ( <i>Journal of Service Research</i> )	Qualitative comparative analysis	Fit logic and configuration theory	Set-membership technique	Six luxury hotel managers and 15 customers	Italy	Adoption, novelty, meaningfulness, complexity, relative advantage, coproduction	New service adoption intentions		
Hu et al., 2009 ( <i>Tourism Management</i> )	Empirical	Knowledge management and sharing	Regression analyses	621 employees in 35 different international tourist hotels	Taiwan	Knowledge sharing (symbiosis and reputation, altruism)	Service innovation performance (employee service innovation behavior, new service development)		Team culture (team support, coordination, team cohesiveness)
Ottensmeyer & Gnoth, 2005 ( <i>Cornell Hotel and Restaurant Administration Quarterly</i> )	Empirical		Regression analysis	184 managers of small, medium, and large hotels	Germany	Product-related dimensions, market-related dimensions, process-related dimensions, organizational-related dimensions, new service development (NSD)	Innovation success (Total sales, market share, profitability, improved loyalty, improved image, enhanced profitability and sales of other hotel services, opened up new markets, attracted new customers, cost efficiencies, customer satisfaction, positive employee feedback, competencies of employee)		
Chathoth et al., 2013 ( <i>International Journal of Hospitality Management</i> )	Conceptual		Literature review						
Orfila-Sintes et al., 2005 ( <i>Tourism Management</i> )	Empirical	Theory of diffusion of technological innovations in the services	Descriptive analysis	331 managers	Balearic Islands	Hotel-specific characteristics: category, governance and chain structure; supplier driven, innovation supporting process, firm size, market factors and competition			

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
Victorino et al., 2005 ( <i>Managing Service Quality</i> )	Empirical	Service concept	Probabilistic discrete choice analysis (DCA)	1000 travelers in the United States	United States	Hotel type, technology, customization			
Ottbacher, 2007 ( <i>Journal of Hospitality and Tourism Research</i> )	Empirical		Exploratory interviews, factor analysis, regression analyses	185 hospitality innovations	Germany	Success determinant (service product, market, process, organizational)	Performance dimensions (market performance, financial performance, employee and customer relationship enhancement)		
Buhalis et al., 2019 ( <i>Journal of Service Management</i> )	Conceptual	Co-creation, service ecosystems, networks and technology disruption	Literature synthesis						
Chen, 2011 ( <i>International Journal of Hospitality Management</i> )	Empirical	Person–environment (P–E) fit and the general framework for proactivity in organizations	SEM confirmatory factorial analysis and structural equation models	185 hotel employees	Taiwan	Service innovation culture and proactive Personality	Innovation	Charged behavior	
Ordanini & Maglio, 2009 ( <i>Decision Sciences</i> )	Qualitative analysis	Service-dominant logic (SDL)	Set-Theoretic Approach (fs/QCA)	39 luxury hotel managers	Italy	Responsive market orientation (RMO), Proactive market orientation (PMO), Top-down formal process (TFP), Open innovation (OI), Service innovation performance (SIP)			
Kuo et al., 2017 ( <i>International Journal of Contemporary Hospitality Management</i> )	Exploratory		Mixed-methods approach (expert panel and semi-structured interviews using a SMART SWOT ranking survey)	8 member expert panel and 20 hospitality and robotics experts	Taiwan				
Hertog et al., 2011 ( <i>Service Industries Journal</i> )	Exploratory		Expert interviews and a telephone survey	613 firms	The Netherlands	Types of innovation, organization of the innovation process, barriers in the innovation process and possible need for support, economic results of innovation			
Navickas & Malakauskaite, 2009 ( <i>Engineering Economics</i> )	Conceptual		Systematical and logical analysis of scientific literature, and synthesis			Tourism competitiveness factors			

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
Divisekera & Nguyen, 2018 ( <i>Tourism Management</i> )	Empirical		Logistic regression	389 firms (167 operating in the accommodation and food services industry)	Australia	Collaboration, human capital, ICT, funding	Innovation output (Service innovation, Marketing innovation)		
Schuckert et al., 2018 ( <i>International Journal of Contemporary Hospitality Management</i> )	Empirical	Transformational leadership and authentic leadership	Structural equation modeling, confirmatory factor analysis, correlation	336 full-time frontline employees across 15 five-star hotels	Seoul, South Korea	Transformational leadership, authentic leadership	Service innovation behavior	Psychological capital (PsyCap)	
Buhalis, 2020 ( <i>Tourism Review</i> )	Conceptual		Systematic literature review	Past studies (1946-2020)					
Zhang et al., 2015 ( <i>Journal of Hospitality and Tourism Technology</i> )	Conceptual		Review of previous literature						
Hameed et al., 2021 ( <i>International Journal of Hospitality Management</i> )	Empirical	Resource-based view (RBV)	Partial least square- Structural equation modeling	285 managerial staff in the Pearl-Continental Hotels & Resorts	Pakistan	External knowledge, internal innovation	Service innovation, business performance	Firms' open innovation performance	
Baradarani & Kilic, 2018 ( <i>Service Industries Journal</i> )	Empirical	Person-culture fit theory, person-job fit, Person-Environment (P-E) fit	Exploratory factor analysis, Confirmatory factor analysis, Structural equation models	215 full-time frontline hotel employees	North Cyprus	Service innovation culture	Innovation performance	Charged behavior and challenge-oriented citizenship behavior (COCB)	
Tseng et al., 2015 ( <i>Applied Soft Computing</i> )	Empirical	Fuzzy set theory, discrete multi-criteria method based on prospect theory (TODIM)	Choquet integral, Triangular fuzzy numbers, MCDM	150 customers of hot spring hotel	Taiwan	Infrastructure capability, knowledge capability, process capability, market capability, R&D capability, innovation capability, technology capability			
Tang et al., 2020 ( <i>Asia Pacific Journal of Tourism Research</i> )	Empirical	Resource based view, Tourism core competence	Confirmatory factor analysis, Correlation analysis, Partial least squares (PLS) techniques	178 Tourism small and medium enterprises	Taiwan	Tourism core competence	Service innovation performance	Entrepreneurial Orientation (Innovation, Risk Taking, Proactiveness)	

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
Pongsathornwivat et al., 2019 ( <i>Asia Pacific Journal of Tourism Research</i> )	Empirical	Dynamic capability theory	Twostep multiple regression and correlation analysis	181 respondents from the Thai tourism industry	Thailand	Knowledge search, service innovation capability, internal innovation capability	Performance Improvement		Collaborative routine
Tang, 2015 ( <i>Asia Pacific Journal of Tourism Research</i> )	Empirical	Resource-based theory and interactionism	confirmatory factor analysis, structural equation modeling	156 Bed and Breakfast Operators	Taiwan	Proactive personality	Bed and breakfast operators' performance	Customer Social Capital and Service Innovation Capability	
Tang, 2016 ( <i>International Journal of Hospitality Management</i> )	Empirical		Confirmatory factor analysis, Regression Analyses	General managers of 226 hotels	Taiwan	Proactive personality	Service innovation, Service improvement	Social Capital, Environmental Scanning	
Sutthijakra, 2011 ( <i>Asian Journal of Technology Innovation</i> )	Empirical	Dynamic standards and process of standard evolution	Multiple-cases study	43 respondents from 3 Multinational Hotel Groups and 5 Hotel Chains	UK, Thailand, France and Hong Kong				
Sarmah & Rahman, 2018 ( <i>Benchmarking</i> )	Empirical	S-D logic	Delphi, interpretive structural modeling (ISM) and MICMAC analysis	Three Academic Experts and Four Managers	Spain	Customer innovativeness (CI), Customer participative behavior (CPB), Customer socialization (CS), Willingness to co-create (WCC), Role clarity (RC), Customer ability (CA)			
Nicolau & Santa-Maria, 2013 ( <i>International Journal of Hospitality Management</i> )	Empirical	Portfolio theory of financial economics (effect of innovation on hotel market value)	Autoregressive conditional heteroskedasticity model (GARCH)	Secondary data from Spanish Stock Market		Share price	Market measures of performance (returns on the share price)		
Tajeddini & Martin, 2020 ( <i>International Journal of Hospitality Management</i> )	Empirical		Structural equations modeling	201 tourism service firms	Japan	Human-related factors (Leadership, People Management, Knowledge Management, Creativity Management, Employee Commitment)	Performance (Financial, Marketing)	Interactive service innovation, Supportive service innovation	
Sipe, 2016 ( <i>International Journal of Hospitality Management</i> )	Mixed methods (Exploratory and Empirical)		Exploratory sequential mixed methods, principal component analysis,	236 senior executives	USA	Shared Understanding (Connect), Idea Implementation (Energize), Idea Generation (Refresh)	Innovation performance		



Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
			correlation analysis, Regression analysis						
Liu & Lee, 2019 ( <i>International Journal of Hospitality Management</i> )	Empirical	Entrepreneurial orientation theory, upper echelons theory	Confirmatory factor analysis, Hierarchical linear modelling	455 employees and 91 department managers	Fujian (China)	Entrepreneurial orientation, innovation climate	Service innovation	Transformational leadership, Innovation climate	
Tajeddini & Trueman, 2012 ( <i>International Journal of Hospitality Management</i> )	Empirical		Structural Equation Modeling	96 businesses in the hotel industry	Switzerland	Work-related values (individualism, power distance and long-term orientation) and organizational culture (customer orientation and innovativeness)	Company performance in the hospitality		
Tajeddini et al., 2017 ( <i>International Journal of Hospitality Management</i> )	Empirical		Moderated regression analysis	178 hotel managers and executives	Japan	Organizational structure, Service innovativeness	Service innovativeness orientation, Business performance (Effectiveness and Efficiency)		Inter-functional coordination and Organizational learning orientation
Pascual-Fernández et al., 2021 ( <i>International Journal of Hospitality Management</i> )	Empirical	Dynamic capability theory	Structural equation modeling	256 Spanish hotels	Spain	Innovation capability, Innovative culture	Financial performance, Innovation capability	Customer Equity, Internal Marketing and Market Orientation	
Pascual-Fernández et al., 2020 ( <i>International Journal of Contemporary Hospitality Management</i> )	Empirical		Structural equation modeling	256 Hotel Managers	Spain	Internal marketing	Service innovation success, New service performance (employee outcomes, customer outcomes, market outcomes)	Frontline employee involvement, training and empowerment, new service advantage	
Lim & Ok, 2021 ( <i>International Journal of Hospitality Management</i> )	Empirical		Structural equation modeling	298 respondents from hospitality organizations	Europe and the United States	Empowering leadership	Administrative innovation, Process innovation, Product innovation	Potential absorptive capacity, Realized absorptive capacity	
González-González & García-Almeida, 2021 ( <i>International Journal of Hospitality Management</i> )	Empirical	Cognitive evaluation theory	Multiple regression analysis, exploratory factor analyses	153 front office employees from hotels	Tenerife (Spain)	Creativity, Knowledge (Work experience, Education), Motivation (Intrinsic motivation, Extrinsic motivation: direct rewards, Extrinsic	Degree of innovativeness (Total number of innovative suggestions)		

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
						motivation: heeded suggestions)			
Xie et al., 2020a ( <i>Journal of Hospitality and Tourism Management</i> )	Empirical	Service-dominant logic	Confirmatory factor analysis, Regression analysis	182 sales teams and 576 employees of travel agencies	China	Customer orientation, Interaction intensity	Service innovation	Customer knowledge co-creation	
Xie et al., 2020b ( <i>Journal of Hospitality and Tourism Management</i> )	Empirical		Confirmatory factor analysis (CFA) and structural equation modeling (SEM)	300 frontline employees and their customers	China	Enterprise customer orientation (ECO), employee adaptability (EA), and customer participation (CP)	Customer need knowledge (CNK), Service innovation (SI)		
Ruan et al., 2020 ( <i>Journal of Hospitality Marketing and Management</i> )	Empirical	Stimulus-Organism-Response theory (SOR)	Structural equation modeling	615 five-star hotels customers	Fujian (China)	Technological competence, service innovation implementation	Brand loyalty, Brand equity, Brand image	Emotional (trust), f customer cognition (perceived value)	Acceptance of EWOM
Kamboj & Gupta, 2020 ( <i>Current Issues in Tourism</i> )	Empirical	Service-dominant logic	Structural equation modeling	230 hotel guests	India	Consumer innovativeness, customer involvement	Customer satisfaction, Adoption intention	Degree of co-creation	
Truong et al., 2020 ( <i>Journal of Hospitality and Tourism Technology</i> )	Conceptual	Diffusion of innovation theory and theory of planned behavior, Service-dominant logic, Expectation-confirmation theory, Service clues	Literature review			Customer satisfaction of service innovation-Transaction specific satisfaction	Behavioral intentions	Overall satisfaction (novelty, meaningfulness, complexity and affordability)	
Huang & Liu, 2019 ( <i>Journal of Hospitality Marketing and Management</i> )	Empirical	Social capital theory	Structural equation modelling	554 hotel employees	Taiwan and Mainland China	Social capital	Service innovation	Knowledge acquisition, creativity	Shared values
Lemy et al., 2019 ( <i>Journal of Vacation Marketing</i> )	Empirical		Structural equation modelling	596 hotel guests staying at five-star hotels	Jakarta, Indonesia	Service quality, Relationship quality, Contact personnel, Physical environment	Customer loyalty		Service innovation
Luu, 2019 ( <i>Tourism Management</i> )	Empirical		Structural equation modelling	691 employees and 101 direct managers	Brazil and Vietnam	Diversity climate	Service innovative behavior	Harmonious passion, obsessive passion	Group diversity

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
Capriello & Riboldazzi, 2019 ( <i>Journal of Hospitality and Tourism Technology</i> )	Qualitative (case study)		Data coding analysis	24 travel agency directors	Italy	Synergetic channel integration, Dynamic customer relationships, Dynamic retail marketing	Service innovation		
Ozturkoglu et al., 2019 ( <i>Journal of Hospitality and Tourism Technology</i> )	Exploratory		Literature review, fuzzy decision-making trial and evaluation laboratory (DEMATEL)	Six Experts from food and beverage industry	Turkey	Sustainability-oriented hospitality service innovation dimensions			
Chang et al., 2018 ( <i>Cornell Hospitality Quarterly</i> )	Empirical		Structural equation modelling	294 frontline, hotel employees and their direct supervisors	China	Perceived high-investment human resource practices	Supervisor-rated innovative behavior	Readiness for change, absorptive capacity	
Lin & Chen, 2018 ( <i>Journal of Hospitality and Tourism Technology</i> )	Empirical		Structural equation modelling	542 hotel managers	Taiwan	Green Entrepreneurial Orientation (GEO)	Green service innovation (GSI)	Green relationship quality (GRQ)	
Wang et al., 2018 ( <i>Journal of Travel Research</i> )	Empirical		Confirmatory factor analysis (CFA) and structural equation modeling (SEM)	524 air travelers	Online	Tourist innovation (novelty seeking, vigilance, hedonic experience seeking, and social distinctiveness)	Behavioral intentions	Perceived service innovation	
Hornig et al., 2018 ( <i>International Journal of Contemporary Hospitality Management</i> )	Qualitative and quantitative		Literature review, fuzzy decision-making trial and evaluation laboratory (DEMATEL)	Three official representatives, 10 industry experts and three academic scholars	Taiwan	Sustainable innovation, Organizational factors, Innovation diffusion			
Edghiem & Mouzoughi, 2018 ( <i>International Journal of Contemporary Hospitality Management</i> )	Qualitative		Case study research method	Fifty-two semi-structured interviews	UK				
Li & Hsu, 2018 ( <i>International Journal of Contemporary Hospitality Management</i> )	Empirical	Social exchange theory	Structural equation modelling	514 frontline employees or entry-level restaurants managers	China	Customer participation in services (CP) - emotional participation, behavioral participation, information participation	Employee innovative behavior	Interpersonal trust-affective trust, cognitive trust	
Chen, 2017 ( <i>Journal of Hospitality Marketing and Management</i> )	Empirical	Theory of congruence, social exchange theory	Hierarchical regression analyses	265 frontline employees	Taiwan	Hotel's training programs (employees' perceived access to	Employees' service innovation performance		Person job fit, work schedule flexibility

Study and Source	Study Type	Key Theory	Method	Sample	Place	IV	DV	Mediator	Moderator
						training, benefits from training and support for training)			
Chen et al., 2017 ( <i>International Journal of Contemporary Hospitality Management</i> )	Empirical	Service-dominant logic, Theory of co-creation and innovation	Structural equation modelling	105 valid responses from Taiwan and 102 valid responses from Malaysia	Taiwan and Malaysia	Technology adoption, environmental change	Service innovation, competitive advantage		Trust

