THE EFFECT OF INNOVATION ON SUSTAINABLE
COMPETITIVE ADVANTAGE (CLIENT SATISFACTION) IN THE
HOSPITALITY INDUSTRY IN KENYA: A CASE STUDY OF THE
SAFARI PARK HOTEL

BY

ESTHER MUTHONI WANJIKU

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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ESTHER MUTHONI WANJIKU

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Business in Partial Fulfillment of the Requirements for the Degree of
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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States University in Nairobi for academic credit.

Signed: ___________________________ Date: ___________________________

Esther Muthoni Wanjiku (ID: 637983)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Professor Katuse

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
ABSTRACT

The general purpose of the study was to find out how innovations affect sustainable competitive advantage (client choice and value) in the hospitality industry in Kenya on the basis of a study of a five star hotel, the Safari park hotel. The specific objectives of this study was aimed at determining how product innovation, process innovation and service innovation affected sustainable competitive advantage.

A descriptive research was adopted because the study was aimed at collecting information from respondents on their perceptions sustainable competitive advantage at Safari park Hotel. The target population for this study was 1000 daily hotel clients who frequent visit Safari Park Hotel owing to work or leisure reasons. The sampling technique was purposive random sampling technique and from the initial target population of 1000, a sample size of 285 was arrived based on Yamane’s Formula (Yamane, 1967). Out of the total of 285 questionnaires awarded only 200 were filled and returned giving a response rate of 70%. Further, a correlation approach was adopted as the study was seeking to describe relationship between sustainable competitive advantage and the independent variables (product innovation, process innovation and service innovation.

Analysis of the first objective revealed that to great extent respondents acknowledged that Safari park has differentiated the products to suit customer needs. While the products offered differ from competing models in the market. In addition, respondents noted that they are willing to a great extent make small sacrifices in order to keep using food and beverages by this.

Analysis of the second objective indicated that to a very great extent, the quality of services and products provided by this hotel is improving. The respondents also acknowledged that they are always satisfied by the delivery method used by the hotel and the level of food hygiene has been getting better. On the other hand, to a moderate extent respondents noted that they intend to use the service provided by this hotel forever. While the hotel managers are always willing to adjust their supply to the clients’ needs.

Analysis of the third objective revealed that to a great extent staffs are always in uniform for easier identification and the hotel provides outstanding customer service to the clients. It was also revealed that the hotel has acquired modern cars for safer transportation of the clients. It was also revealed that to moderate extent Safari park has availed multiple payment options which are faster and secure and most respondents are loyal to the brands.
associated with this hotel. It was also established that to a little extent the installed environmental friendly devices have improved the level of hotel ambience and the customer relationship management tool is always active and customized to client’s needs.

The study concluded that Safari park has differentiated the products to suit customer needs, and this has been done by ensuring that the hotels products are unique compared to competing models in the market. The study also concluded that quality of services and products provided by this hotel is improving and as such, Safari park, which is a world renowned hotel has been able also to always satisfy its clients by the delivery method and the level of better food hygiene. Finally, the study concluded that the firm has done major investment including the acquisition of modern cars for safer transportation of the clients as well as availed multiple payment options which are faster and secure. On the other hand installed innovative communication apps have not made a big impact on communication between the client and the employees.

The study recommended that Safari park as a hotel has been need to maintain the differentiation of its the products to suit customer needs. This ensures the products offered remain unique and differ from competing models in the market. It was also noted that Safari park hotel need to maintain its delivery method to guarantee customer retention. In addition, the firm also need to ensure quality standards of services and products are continuously improved and well maintained. The hotel needs to ensure its assets are up to date by the acquisition of modern assets to ensure clients satisfaction.

The study recommends that there is a need to carry out the same study in other hotels in Kenya as this study indicates that innovation only influences about 5% of competitive advantage. It is significant to do further research on strategies that can be adopted to tap to the sources of competitive advantage that can lead to drastic growth.
ACKNOWLEDGEMENT

I thank Lord God Almighty for giving me the strength to go through graduate studies. I thank my family for all the support and encouragement accorded. I hereby acknowledge the immense support and guidance accorded by my project supervisor throughout the entire research period. I appreciate the financial assistance granted by the United States International University, Africa towards my studies.
DEDICATION

This thesis is dedicated to my loving family.
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>SD</td>
<td>Standard Deviation</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>UNWTO</td>
<td>United Nations World Tourism Organization</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

An innovation can be defined as an idea, a practice, a process, or a product that is perceived as new by an individual or organization (IICA, 2014). Taking into consideration the characteristics of a service industry, innovation in service typically involves changes in the process and procedure in the manner in which the service is presented. Innovation is of particular significance to service industries owing to the fact that their products are not easily protected through patents and copyrights and there is inherent need to maintain competitive advantage. Furthermore, by adopting innovations in their service, an industry creates a niche market for itself. In Gadrey, Gallouj, & Weinstein (1995) service innovation is defined as innovations in processes and innovations in industries for existing service products. In general, service innovation can be depicted as variations in product delivery or add-on services leading to appreciation in the service as experienced by clients.

Innovation in the delivery system refers to internal industrial organization planning that has to be put in place to allow employees’ to exercise development and implementation of new ideas (Den Hertog, 2000). Hospitality industries are facing increasing competition day in day out (Gursoy & Swanger, 2006). Consequently, hotels are becoming more and more aware of the need to customize services and improve general service performance to match the requirements of the modern day sophisticated clients. As client expectations are ever growing and ever changing, service providers have to find ways of inventing, developing and providing new and better service offers, better service delivery mechanisms. In the current highly competitive hospitality industry environment, it is not only essential to know the significance of innovation but to also identify suitable operational strategies that ought to be implemented to achieve desired goals. As per (Kim & Mauborgne, 2000), organizations ought to adopt approaches geared towards improving and introducing new viable ideas to products and services.

Adair, (2004) states that any innovative organization should have a bucketful of ideas. According to Kosturiak and Chal’ (2008), Skarzynski and Gibson (2008), Tidd, Bessant and Pavitt (2007) an innovative process can be divided into two essential parts. One part
is inventive – associated with the generation of the original idea, thought or concept and the second innovative, during which the invention is implemented and marketed. Pitra, (2006) states that innovation is the result of employees’ creativity in an organisation and must be always targeted at customers and bring added value. It is therefore necessary to realize that the inventive part is based on people’s knowledge, skills and experience (Molina-Morales, Garcia-Villaverde & Parra-Requena, 2011).

If an organization is not capable of introducing innovations on an ongoing basis, it risks that it will lag behind and the initiative will be taken over by other entities. (Tidd et al., 2006) asserts that entrepreneurs attempt to use technological innovation a new product or service or perhaps a new process in the course of their production provided they thus gain a strategic competitive advantage. This creates competition that does not attack market innovation s or the outputs of existing organizations, but their essence and their existence as such. With respect to the above said it is important within the frame of innovations that are a necessity in today’s knowledge, information and innovative society to follow large organizations that engage in innovation and represent an open approach that reaches beyond the threshold of an organisation and thus exploits not only inspections and changes in the internal environment, but also changes in the external environment.

Rogers (1990) argues that first movers are those aiming for invention they clearly break newground. Inventions, because no other firm has yet introduced them, seem different and new. Second movers are still aiming for relatively early introduction, and tend to be closer to the first mover than the late mover end of the continuum. Late movers, who introduce an innovation because many competitors already have it and who will lose sales unless they introduce one too, are obviously toward the late end of the continuum. Furthermore, the degree of technological imitation or invention is sometimes very different from the effects of an innovation.

Over the last two decades, globalization has altered business dynamics in the hospitality industry. It has become significant for managers in the hospitality industry to apply very strategic approaches. For instance, Jones (1996) brought forward the necessity to increase concern to multi-location chain management through innovative actions. New business practices are developing at pace with new technologies. Resistance to change has been observed as one of major factors behind business failure. The success of hotel industries will be determined by the ability to foretell and exploit on change and innovation. As
such, there is an urgent need to identify what will be required in the competitive environment of the future with its intense focus on serving customer needs. The hospitality industry as is the case with business generally is subject to deep currents of change set in motion as economic and social systems shaped in the industrial era evolve to a knowledge-based era driven by technology advances.

Innovation is very critical to both short and long term success of an industry and the overall economy of the country(s) involved (Gertner, 2008). As per Brown & Teisberg (2003), “Innovation is the lifeblood of successful businesses. It has become every firm’s imperative as the pace of change accelerates. The challenges of this imperative increasingly require leaders to manage uncertainty and pursue learning and innovation across the boundaries of firms”.

Innovations go hand in hand with an industry’s competitive advantage. Flourishing companies, for instance Google Corporation, devote a considerable share of resources to innovation (Iyer & Davenport, 2008). In a 2005 innovation survey with business executives, the Boston Consulting Group found that 90 percent of the surveyed executives believe organic growth through innovation is essential and nearly three-quarters of these executives will increase spending on innovation (The-Boston-Consulting-Group, 2006). In a similar study, McKinsey surveyed top executives and found that more than 70 percent consider that innovation will be at least one of the top three drivers of growth for their company in the next three to five years (Barsh, Capozzi, & Davidson, 2008).

Certainly, studies pertaining innovations and their effects in industries’ competitive advantage are of high significance, and have been done in a variety of industries globally. A research on innovations in the food and agricultural industries as per (Michael, Bröring, & Kane, 2009) brings out the necessity of apt management principles in regard to technology and innovation management. In (IICA, 2014), the specific and unique characteristics of innovations in the agricultural industry are looked into.

A write up by (Marsh, Kroll & Oliver, 2015) analyzes the complete framework of automotive innovations: societal and governmental influences, technology trends, the voice of the client, innovation economics, and innovation management and strategies. The unique nature of innovations and their management in the automotive industry is brought forward.
In (Joosung & Jeonghoon, 2011), a historical analysis is employed to examine the socio-economic reasons behind the relatively slow technological innovation in aircraft fuel efficiency over the last 40 years. Based on the industry and passenger behaviors studied and prospects for alternative fuel options, the paper offers insights for the aviation sector to shift toward more sustainable technological options in the medium term. Second-generation bio-fuels are proposed as a feasible option with a meaningful reduction in aviation’s lifecycle environmental impact if they can achieve sufficient economies of scale.

In (Monteiro & Sousa, 2011), research towards explaining the role of hotel managers in fostering innovation in high quality hospitality industry is carried out. Results show the differences between innovative and non-innovative managers’ self-perceptions and the implications in service innovation. This research suggested ways that can be used to bring better results to the hospitality organizations, and stressed the value of employee creativity in the management process.

1.2 Statement of the problem

In an era of intense hospitality industry competition and globalization, it is fundamental for players in the hospitality industry to scrutinize key factors that will bring about success (Monteiro & Sousa, 2011). Clients generally have a strong influence on hospitality industry processes, and it is not lost to fact that hospitality industries relentlessly impress upon their employees that client satisfaction is the ultimate goal (the customer is “king” mantra). It is in the best interest of hotels to focus on client satisfaction as the ultimate measure of success rather than owned assets (Joosung & Jeonghoon, 2011).

Hospitality industries must continually improve their products and services to attract clients and satisfy their ever changing needs and wants. A hotel may add a new item in its products/services in response to a change in operating environment, for instance initiate new services to attract clients during off-peak seasons. Clients are regularly exposed to up-to-date trends in hotel products/services. This results in hotel clients demanding innovative offers (Marsh, Kroll & Oliver, 2015). Consequently, hospitality industries must work towards satisfying clients’ expectations by integrating novel features in their products and services. It is somehow difficult to protect innovations in the service industry through patents and copyrights. Consequently, to benefit from competitive
advantage, service industries must incessantly innovate in order to be a step ahead of competitors. Hotel managers must make practical changes oriented towards client preference, quality and technological advancements (Karmarkar, 2004).

The notion of client value has been adduced to in relation to innovation. Client value implies a client’s perception of service offered in relation to the total cost incurred. As per (Slater & Narver, 2000), client value is created when the client perceives that the benefit that arises from obtaining a service exceeds the cost incurred.

It is of essence to measure the relationship between innovation and performance. Critical decisions made by hotel management, for instance innovation investments, are usually aimed at increasing company value and creation of profits for the hotel’s investors. Consequently, a value creating decision maker must definitely choose value creating investments. In general, research on the effect of innovation on hospitality industry performance is limited (Hjalager, 2010). Assessment of innovation on overall hotel performance has been generally carried out through accounting measures (balance sheets and income statements). Such measures provide a historical record on the past and present situation of the hotel and consequently they can be generally insufficient. To measure the relationship between innovation and performance through average room occupancy rate, and attempt to explain it by employing historical data on innovation. In general, they find a positive impact of innovation on performance (Orfila-Sintes & Mattsson, 2009).

Even though research on innovations and sustainable competitive advantage has been done in a variety of industries, hardly any comprehensive research has been done in this respect in the hotel industry with client satisfaction as the focal point. In respect to the noted trends in innovation in the hospitality industry, it is of paramount importance to evaluate the innovations being adopted in the Kenyan hospitality industry in the context of their effects on sustainable competitive advantage (client choice/ satisfaction and value). The respective innovations can be classified as product (in particular hotel type characteristics/ facilities/ amenities/ ambience/ food & beverages), process (in particular use of modern information technology systems) and service (service customization). The results of this study can be applied in advancing the Kenyan hospitality industry innovation management practices.
1.3 General objective
The purpose of this study was to find out how innovations affect sustainable competitive advantage (client choice and value) in the hospitality industry in Kenya.

1.4 Specific objectives
The specific objectives of this study are to determine the effect of:

1.4.1 Product innovation on sustainable competitive advantage (client choice and value) at Safari park hotel.

1.4.2 Process innovation on sustainable competitive advantage (client choice and value) at Safari park hotel.

1.4.3 Service innovation customization on sustainable competitive advantage (client choice and value) at Safari park hotel.

1.5 Significance of the study

1.5.1 Service provider
The study aids hotel service providers gain an understanding of their target clients in terms of their expectations. This would aid in development of philosophies addressing the client needs; development of new concepts such as monitoring and evaluation of client care, relationship marketing, service positioning and identification of market segments that the organization can serve most effectively.

1.5.2 Hotel Service Management
The findings of the study may be applied in formulation of hotel service management policies and guidelines to enable hospitality industries to effectively compete in the domestic and global arena.

1.5.3 Economy
The hospitality industry touches on all aspects of the major sectors of Kenya’s economy in different ways, notably the tourism and trade industry. Past studies have neglected this area of study as compared to other economic sectors such as banking, education, health, and manufacturing industries. This study is expected to form a basis for further studies and act as an eye opener supporting the need to expand knowledge base on management of the hospitality industry.
1.6 Scope of the Study

The research is within the scope of analyzing innovations in the hospitality industry in Kenya as at the year 2017 and their effects on sustainable competitive advantage on the basis of a constrained study of a five star hotel, the Safari park hotel.

1.7 Definition of Terms

1.7.1 Innovation

Innovation, in general terms, is a process by which something new is implemented in a given context; it is socially appropriate and provides benefits for the parties involved. It serves as a driver of economic growth and competitiveness in the countries (IICA, 2014).

1.7.2 Product innovation

Referred to a new brand introduction to the market or the modification of existing brands (Atalay et al., 2013).

1.7.3 Process innovation

The introduction of new or improved approaches in production and delivery (Lin & Chen, 2007).

1.7.4 Service innovation

Referred to organizational engagement in innovation efforts to enhance customer satisfaction (Lin et al., 2010).

1.7.5 Competitive advantage

A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors (Barney & Hesterly, 2011).

1.7.6 Sustainable competitive advantage

A firm is said to have a sustainable competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney & Hesterly, 2011).

1.7.7 Strategy

Hill and Jones (Hill & Jones, 2009) define strategy as a set of actions that managers take to increase their company’s performance relative to rivals.
1.8 Chapter Summary

This chapter has laid out the general nature and objectives of the study. The rest of the project is organized as follows: The second chapter gives pertinent literature reviews in innovation and competitive advantage. The third chapter lays out the adopted research methodology. The fourth chapter presents the findings of the study. The fifth chapter gives an overall summary of the study and presents the resultant conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The first section of this chapter delves into a brief review of service industries. The second section reviews various innovations prevalent in the hospitality industry under three main categories: product innovation, process innovation and service innovation.

2.2 Product Innovation on Sustainable Competitive Advantage

2.2.1 Dimensions of Product Innovation

Product innovation entails introduction of a good or service that is new or appreciably enhanced with respect to its characteristics or intended use (Juan & María, 2012). This includes noteworthy enhancements in items such as technical specifications, components and materials, incorporated software, user friendliness among other characteristics. Product innovations can make use of new facts and knowledge, or can be based on new uses or combinations of previously existing knowledge (Oslo Manual, 2005). It is worth mentioning that the concept “product” embraces goods as well as services, and in either case, it entails a process shaped by technology development, changes in customer needs and extent of global competition (Gunday, Ulusoy, Kilic, & Alpkan, 2011).

As per (Akova, Ulusoy, Payzın, & Kaylan, 1998), product innovation leads to inevitable strong interaction within an organization’s decision areas and with customers and suppliers. In general, a product innovation entails the enhancement of a product or service, which is vital for organizations (Lenfle & Midler, 2009), (Hjalager, 2010). At the turn of 2000, when major hotels introduced “plug & play” internet systems, the action was taken as a novelty that added an extra service to the room (Juan & María, 2012). Such a product innovation implied an investment but, was expected to generate more income.

A product is considered to be innovative when it includes new ingredients (Anselmsson & Johansson, 2009). From the perspective of customers, a product can be viewed as innovative when it provides them with differential values and uniqueness which is hard for competitors to copy or imitate. Thus, a new product can be assessed in terms of uniqueness and inherent features, functionality, and usefulness (Lee & O’Connor, 2003).
The added value of product innovation to customers is determined through comparing it with those products that exist in the market regardless of whether they are manufactured by the same producer or another competitor (Anselmsson & Johansson, 2009). The essence of product innovation rotates around the following elements: Generally, ambience has become of fundamental concern for hotel managers. Professional designers and architects have been involved to this end. Ambience has a lot to do with the feeling a client gets in his/her stay at a hotel, bringing about an essential edge towards achieving competitive advantage.

Facilities and Amenities. It is usual to grade hotels in accordance to the facilities and amenities that they provide. Essential facilities and amenities include: Swimming pools with a shallow area for the young, wide-range satellite televisions, smoking / non-smoking rooms, safe-deposit boxes/lockers, full size and exquisite bathrooms with power showers, mini-bars, currency facilities with all major credit cards accepted, internet ‘café’ with complete and wireless internet access, Wi-Fi high speed internet access, tour and travel desk advisory, and daily laundry, dry-cleaning and valet services. Another aspect is technology. Implementation of modern day technology in hotel facilities is another point of concern. Such implementations provide a competitive edge, attracting conventions and sophisticated clients to a hotel. In general, resorts and conference centers have shifted from static centers to interactive technology hubs (Juan & María, 2012).

Quite a number of product innovations are prevalent in the modern day industries. This section highlights just but a few. A case in point is the development of the so called boutique hotels (Caterer Search, 2005). Modern day clients typically look at a hotel as an experience in itself not just as an accommodation facility. Environmentally friendly hotels (“green” hotels) are also in demand. In such cases, hotel establishments work towards ecologically sound practices for instance water and energy saving alongside viable solid waste management practices. Sport tourism is another high demand area owing to the growing significance and emphasis on health and general body fitness; alongside use of sport events as tourist attraction mechanisms by various countries. This has in general led to hotels establishing sport club themes (Hjalager, 2010).

Branding is a tactic applied in distinguishing an industry’s offer in an attempt to create and generally maintain customer confidence (Pass, Lowes, Pendleton, & Chadwick, 1995). Branding is advantageous for hotels as it places them in a strong position in
winning potential clients’ confidence. A study done by Business Development Research Consultants of London established that about 64 percent of domestic travelers and about 70 percent of international travelers were of the opinion that brand was a significant criterion when selecting a hotel (Lewis & Chambers, 2000).

2.2.2 Influence of Product Innovation on Quality

Past researches indicated that product innovation had a significant impact on relationship quality (Nemati et al., 2010; Ke-yi & Qian, 2010; Stock, 2011; Hu & Huang, 2011). For example, Dimyati (2011) examined the influence of product innovation on brand trust and found out product innovation had positive and significant effect on brand trust, which ultimately lead to customer loyalty and enhanced commitment. In a similar manner, Nemati et al. (2010) conducted an empirical study to examine the effect of product innovation on brand satisfaction and brand commitment in mobile phone industry of Pakistan. Their results revealed that product innovation had significant positive effect on brand satisfaction and brand commitment, and this provides further support for the importance of product innovation in improving overall relationship quality.

Brands introduce innovative products because they believe that the creation of new and developed products would provide better opportunities for obtaining competitive advantage (Anselmsson & Johansson). The argument was confirmed in the past literature, indicating that product innovation is a possible mean to create competitive advantage, attract new customers and maintain existing ones, and further strengthens its relationship with other vendors (Cooper & Kleinschmidt, 1990; Kotler & Keller, 2006). Brand innovativeness refers to the perceived newness (Daneels & Kleinschmidt, 2001; Lee & O’Connor, 2003), and it has been accepted as an important antecedent of relationship quality (Eisingerich & Rubera, 2010). Gürhan-Canli and Batra (2004) confirmed this view indicating those customers’ perception toward the innovation features within company’s products influences their attitudes favourably. In particular, when customers passionately select or appreciate new products, usually they will be extremely committed to that brand on the basis of its innovativeness.

Furthermore, past studies reported a significant positive effect of product innovation on brand satisfaction (Hussain, Munir, & Siddiqui, 2012; Luo & Bhattacharya, 2006; Stock, 2011) and behavioural responses of customers (Athanassopoulos, 2001). They declared that product innovation is an important element for the satisfaction of customers, and it is
the responsibility of the brand to bring new products with differentiated features to attract and satisfy its customers. The findings are in line with several previous studies which reported a positive effect of product innovation on brand satisfaction (Langerak, Hultink, & Robben, 2004; Luo & Bhattacharya, 2006; Tatikonda & Montoya-Weiss, 2001).

Quite a number of product innovations are prevalent in the modern day industries. This section highlights just but a few. A case in point is the development of the so called boutique hotels (Caterer Search, 2005). Modern day clients typically look at a hotel as an experience in itself not just as an accommodation facility. Environmentally friendly hotels (‘‘green’’ hotels) are also in demand. In such cases, hotel establishments work towards ecologically sound practices for instance water and energy saving alongside viable solid waste management practices. Sport tourism is another high demand area owing to the growing significance and emphasis on health and general body fitness; alongside use of sport events as tourist attraction mechanisms by various countries. This has in general led to hotels establishing sport club themes (Hjalager, 2010).

2.2.3 Product Innovation and Customer Loyalty

Customer loyalty loyal customers are indeed crucial to business survival (Reichheld & Schefter, 2000). For that reason many companies use defensive marketing strategies to increase their market share and profitability by maximizing customer retention (Tsoukatos, & Rand, 2006). Much research in the last two decades has investigated the various definitions of loyalty (Jacoby, & Kyner, 1973). They argue that there must be a strong ‘‘attitudinal commitment’’ to a brand for true loyalty to exist (Jacoby, & Chestnut, 1978). This is seen as taking the form of a consistently favorable set of stated beliefs toward the brand purchased. If the consumer believes that a brand has desirable attributes, s/he will have a more favorable attitude toward it. These attitudes then may be measured by asking people how much they like the brand, feel committed to it, will recommend it to others (Donio, Massari, & Passiante, 2006). It has also been found that attitudinal loyal customers are much less susceptible to negative information about the brand than non-loyal customers.

The most widely accepted definition of loyalty is by Jacoby and Kyner (1973), who describe loyalty as the biased (i.e. non-random), behavioral response (i.e. purchase) , expressed over time, by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (i.e.
decision making, evaluation) processes. However, Oliver (1999) criticises this and similar definitions (Dick, & Basu, 1994), based on the collective failure to provide a unitary definition and the reliance on three phases; cognition, affect and behavioural intention. These three phases lead to a deeply held commitment, predicting that consumers develop loyalty in a linear fashion. Oliver (1999) places greater emphasis on situational influences adding a fourth phase, action characterized by commitment, preference and consistency while recognizing the dynamic nature of the marketing environment.

2.2.4 Product Innovation and Brand Equity

Brand management literature indicated that powerful brand adds value for the involved parties (the customer and the business firm). This notion has been termed as 'brand equity', and such strong brand has become as a firm's most valuable asset due to the positive consequences on the firm's performance (Aaker, 1991; Tuominen, 1999). Therefore, the brand equity concept has received significant attention in the marketing literature (Kim et al., 2008; Mostafa, 2015). However, the definition of brand equity was basically relied on two different aspects, the financial aspect (financial-based brand equity) and the customer aspect (customer-based brand equity) (Aaker, 1991; Chang et al., 2008).

Branding is a tactic applied in distinguishing an industry’s offer in an attempt to create and generally maintain customer confidence (Pass, Lowes, Pendleton, & Chadwick, 1995). Branding is advantageous for hotels as it places them in a strong position in winning potential clients’ confidence. A study done by Business Development Research Consultants of London established that about 64 percent of domestic travelers and about 70 percent of international travelers were of the opinion that brand was a significant criterion when selecting a hotel (Lewis & Chambers, 2000).

From the financial aspect of brand equity, Simon and Sullivan (1993) referred brand equity to “the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products” (p. 28). In this aspect, the brand equity measures concentrated on stock prices (Motameni & Shahrokhi, 1998). Doubtless, evaluating a financial aspect of the brand is beneficial, but it does harm the understanding of brand equity forming (Farjam & Hongyi, 2016). Wood (2000) asserted that estimating a customer value for the brand is extremely helpful to the
marketing of the brand to realize the brand in the customers' minds and to form effective marketing activities to enhance the brand.

Developing powerful brand equity relies on the ability of business firms to innovate effectively (Nørskov et al., 2015). Zhang et al. (2013) empirically highlighted that truly innovative firms can strengthen the brand equity. Their finding further supported by Hanaysha and Hilman (2015), who confirmed that product innovation had a significant effect on overall brand equity and its assets, mainly; brand loyalty, brand awareness, brand leadership, and brand image. In addition, Shiau (2014) indicated that innovation had a significant effect on brand image. Similarly, Hanaysha et al. 2014) demonstrated that product innovation had a significant effect on brand image.

2.3 Process Innovation on Sustainable Competitive Advantage

2.3.1 Dimensions of Process Innovation

Process innovation entails implementation of a new or considerably enhanced production or delivery technique (Juan & María, 2012). This includes changes in techniques, equipment and/ or software. Process innovations are usually aimed at decreasing costs of product/ service production or delivery, increasing quality, or producing or delivering new or improved products (Oslo Manual, 2005). As per (Gunday, Ulusoy, Kilic, & Alpkan, 2011), process innovations are intricately linked to technological development. It is worthwhile bringing to the fore the role of ICT in hotels’ process innovation. ICT is nowadays considered a critical investment in hospitality industries. Process innovations come with a cost that is expected to be subsequently paid-off (Juan & María, 2012).

It is of utmost necessity for hotel managers and employees to provide consistent services that meet some set standards. Successful hotel establishments pay attention to establishing high quality standards for their services (Oslo, 2005). This involves elaborating these standards to employees through training sessions and measuring the resultant performance. Process innovation easily depicts a hotel as superior from the point of view of potential clients. It is of utmost necessity for hotel managers and employees to provide consistent services that meet some set standards. Successful hotel establishments pay attention to establishing high quality standards for their services. This involves elaborating these standards to employees through training sessions and measuring the resultant performance (Hjalager, 2010).
Process innovation easily depicts a hotel as superior from the point of view of potential clients. Quite a number of process innovations are prevalent in the modern day industries. This section highlights just but a few. ICT is the greatest force bringing about changes in the hospitality industry. Clients are in the lookout for specialized, flexible, interactive and accessible products and communication which are typically easily implemented through ICT. Some common process innovations include: internet booking, swipe card based entry, voice recognition based entry, internet based interactions between clients and staff (voice, video and image), smart card bill payment option and mobile phone based bill payment option (Oslo Manual, 2005).

2.3.2 Adoption of New Technology in Hotels

Hotel industries were among the first industries to endeavor to put into practice new technologies geared towards improving business practices and leveraging interactions with clients (Piccoli, O’Connor, Capaccioli, & Alvarez, 2003). The early attempts featured an intense focus on the anticipated benefits of the new technologies with very little focus on the implementation of the technologies and forthwith neglect of the employee, managerial and stakeholder intricacies involved (Baggio, Mottironi, & Corigliano, 2011). Notable benefits accrued from the new technologies were cost reduction in marketing departments; notable greater marketing capacity as a result of value based segmentation of potential clients (Buhalis & Law, 2008) and significantly improved client service as a result of greater client requirements knowledge and faster reaction times.

Nowadays, hotel industries continue to react to competitiveness challenges through application of new and innovative technologies. For instance, the application of call centers in handling hotel client queries has typically enabled cost cutting in hotel industries and the freeing of employees to deal with their core mandates. Specialized call centre organizations are utilized in developing worthwhile customer relationships (Lin & Hwan-Yann, 2007). In some instances, call centers have been noted as providing relatively poor customer service and as a result damaged the brand reputation of the corresponding hotels (Baggio, Mottironi, & Corigliano, 2011).

It is worth noting that new technologies have also enabled gathering of worthwhile customer information and requirements at multiple and novel customer contact points (Peelen, Van Montfort, Beltman, & Klerkx, 2009). For instance hotels gather information
as clients reserve for services over the internet. Hotels can also review their own performance with ease through internet based reviews such as Trip Advisor. However, strategic competitive advantage can only be developed if obtained customer information is crafted into a robust business strategy that can withstand vagaries of business environment change.

Technological innovation somewhat radically alters the nature or structure of a hotel’s distribution chain consequently altering the nature of the hotel or customer interaction and the nature of the hotel’s interactions with its competitors. From the point of view of business impact, the advance of new distribution channels enables a hotel to connect with new, commonly younger and high value clients (McFarland, 2012) consequently yielding higher profitability levels.

Recently, hotels have been faced with the opportunities and challenges fronted by the innovation of new technologies arising from the convergence of mobile phone, internet, computer hardware and software industries. For instance it is visualized that hotel reservations to a great extent will be taking place through client smart-phones (Callarisa, Sanchez-Garcia, Cardiff, & Roschina, 2012). New technologies include internet based social networking through platforms such as Twitter and Facebook. On such social platforms among others, user generated hotel reviews challenge the corresponding hotels to improve their communication processes, services and their brand image.

The growing significance of social media in tourism firms’ innovation is highlighted in (Hjalager, 2010). It is worth noting that emerging from the recent social media platforms are opportunities for hotels to gain greater knowledge and develop appropriate relationships with the growing and high value market segments of clients highly conversant with social media platforms and often possess substantially high levels of disposable income. Notably, such clients display substantially different behaviors in comparison to traditional clients. Customer retention challenges arise in such situations and also high levels of price sensitivity alongside demands for more ethical business practices (McFarland, 2012).

New technologies have also heightened the relationship between hotels and their clients as data mining of client databases offers hotels an opportunity to come up with apt client profiles and consequently match service offerings on the basis of the resultant profiles (Baggio, Mottironi, & Corigliano, 2011).
2.2.3 Process Innovation and Customer Satisfaction

When a company makes innovative product, customer satisfaction is achieved and the loyalty of the customers also increases towards their product. The value of the innovative product in the view of customer also maximizes. In the context of Pakistan this kind of research have been done at minor level before especially with the match of these kinds of variables. According to researchers it is proved that when a firm introduces an innovative product, it should keep in mind the competitors’ products and also the abilities of their own firm. The resources of the firm should be used very efficiently when company is working on innovation in the product. The managers of organization should keep in mind the resources which they are using and resources which are needed for preparation of the product (Danneels, 2002).

The customer satisfaction is the source of customer loyalty, as Mital et al (1998) described that the customer satisfaction leads to the statement of customer loyalty. The survival of the business is dependent on the loyalty of customer to its brand. Oliver (1999) has defined loyalty as “an intensely held promise to repurchase a preferred product or service every time in the future, in so doing cause repetitive same brand or same brand set buying, despite situational effect and marketing efforts having the potential to cause to switch behavior”. The after sale services are considered as key point in purchasing a product decision. The customers satisfaction and customer expectations are always inter related. The organizations which have less focus on customer satisfaction are always out of the market (Hjalager, 2010).

According to Tatikonda and Weiss Kenan (2001) when company makes a product, which functionality needs technical assistance, the reliability of that product will increase the uniqueness of that product; this superiority will lead customer satisfaction to sale. Shane and Ulrich (2004) proved that after introduction of an innovative product, it increases its features, the customer achieves these characteristics, and value of the customer maximizes. When he or she is satisfied from the product they buy more products. The competition between the mobile phone companies has been increasing for last few years in Pakistan. The companies are competing to each other for customers, market share, and long-term survival. In this competitive environment the companies can get success that is creating differentiation in their products and service (Danneels, 2002).
It results that innovation in the hospitality industry is based significantly on people, not only in their capacity of innovators, but also in their capacity of providers of hospitality services. Hotels have the same kinds of tangible facilities (bars, restaurants, etc) that differ only in class, style, and design, depending on category and age. If the only way to innovation success is represented by tangible facilities, it would be easy to achieve, as an example, a refurbishment; but “what cannot easily be purchased is staff members who are cooperating harmoniously and who consistently and effectively express the hospitality firm’s philosophy and brand” (Ottenbacher & Gnoth, 2005, p. 207). In the hospitality industry, the success of new services does not depend only on the functional aspects of service delivery but also on the investments of time and effort that create the personality of a hospitality organization. This perspective underlines the necessity of an effective human resources management that accompanies the process of the introduction of new services in the hospitality industry (Shane & Ulrich, 2004).

2.4 Service Innovation on Sustainable Competitive Advantage

2.4.1 Dimensions of Service Innovation

A wide scope of research pertaining service innovation has mainly focused on the definition and delineation of the “service concept” (Goldstein, Johnston, Duffy, & Rao, 2002). As per (Edvardsson & Olsson, 1996), the service concept is a “prototype for service, covering the needs of the customer and the design of the service”. As per (Goldstein, Johnston, Duffy, & Rao, 2002) the service concept is the missing link in service design research. It is suggested that the service concept ought to integrate the “how” and “what” of service design while keeping both the clients’ needs and strategic intent of the organization in mind. The service concept ought to give a detailed description of what a client needs and how the corresponding organization will deliver the service.

Many a times one of the major decisions that a hotel organization encounters when expanding to various localities is figuring out the elements within the hotel that ought to be customized or remain standardized. Elements such as ownership, employee management among others are each ascertained by the extent of standardization and/or customization allowed by the mother organization in the market under consideration (Edvardsson & Olsson, 1996). Even though all hotel organizations have different strategies, there are some strategies that are shared by most hotel organizations. For
instance, hotel organizations are well aware that safety and cleanliness are the two elements that clients value most. In the same vein, homogenized services are not always befitting in a number of situations and consequently some degree of customization is often preferred (Goldstein, Johnston, Duffy, & Rao, 2002).

A number of factors do complicate corporate hotel strategies further. On one hand, organizations must take into consideration the marketing mix. Furthermore, organizations ought to determine the viability of market segmentation. Lastly, marketing departments must carefully and diligently evaluate the marketing process to ensure appropriate response by the corresponding customer base. A hotel's market blend analyzes who the customer base is, as well as translates other essential variables like what rate of income is gotten from every division (Goldstein, Johnston, Duffy, & Rao, 2002).

Assessment of a customer base is fundamental since it to a great extent figures out what components inside an inn ought to be customized. For instance, a costly goal resort in the South Pacific is not liable to pull in individuals from that area since costs would appear to be unreasonably expensive to the neighborhood populace. The resort would accordingly concentrate on keeping an eye on the necessities of high-wage universal visitors. For this situation, a high level of institutionalization would be best with a hefty portion of similar services and courtesies that they would discover in an American resort. Then again, a restricted administration property in Argentina may provide basically to household explorers (Hong, Jones, & Song, 1999). Services in this situation ought to be exceptionally adjusted to the general population from this area. What's more, while most lavish lodging properties, by configuration, tweak their offering to visitors (while lower section properties normally don't customize their offerings) it is done as such simply after cautious examination of the nearby situational needs.

One technique that lodging organizations can use to catch a more extensive client base comprising of both local and international tourists is an apt market division. InterContinental Hotels and Resorts is the world's biggest group. InterContinental Hotels and Resorts Inc. has figured out how to catch such an expansive offer of the worldwide market by effectively sectioning/ customizing its brands. Their far reaching portfolio comprises of properties at all levels from rich InterContinental Hotels to the restricted service Holiday Inn Express. Marriott Organization at present owns, operates and franchises hotels that can be categorized as one of the standard 15 hotel brands, covering each and every of some five market sections (Tatikonda & Weiss, 2001).
All major hotel organizations have taken after the pattern and have built up different brands keeping in mind the end goal is to all the more productively infiltrate the unique market fragments. While advancing a hotel globally, organizations must acknowledge heterogeneous clients react contrastingly to various types of marketing or advertising. For instance, a similar set of TV advertisements ought not to be utilized in all regions. Hotel organizations can likewise focus on a particular target by using customized promotion schemes.

Hotel organizations must be mindful so as to not alienate a potential visitor in light of that publicizing. Some customization ought to be executed to fulfill the necessities of a non-customary visitor. Hotel organizations must understand the needs of their clients with a specific end goal to put forward what items and services should be institutionalized or altered. Each organization ought to have a unique procedure with respect to customization. Furthermore, the level of customization inside each corporate organization changes from hotel to hotel. Hotels that figure out how to live up to their client's desires by giving the proper blend of customization for the most part make the best incentive to potential clients and are along these lines the most gainful (Hong, Jones, & Song, 1999).

Service innovation/ customization may be in the form of administrative innovation which delves into the administrative experience of a client, for instance the time a client checks into a hotel. Service customization might also involve introduction of some form of flexibility in the services rendered alongside enhanced accuracy in provision of customized services as may be requested or preferred by an individual client. Service experience customization for various hotel clients is also a form of service innovation. As such, service innovation entails addition of more products and/ or features to the product mix although in some instances this may be too difficult to operationally implement (Hong, Jones, & Song, 1999).

In a huge number of industries, customers are usually barraged with a plethora of run-of-the-mill product and service offerings. The result of this is that customers often desire and demand innovative options. In reaction to this demand, numerous service-oriented firms are endeavoring to integrate novel and innovative features into their product-service offerings. It is worth noting that product-oriented industries have noted the gains of adding service innovation elements to their overall business strategies. For instance, recently, International Business Machines (IBM), a largely product oriented industry, yielded more than a half of its total revenue from service offerings. It is quite telling that
only roughly 15 percent of IBM’s development and research budget was being directed towards service offerings (Fitzgerald, 2005). Upon noting this discrepancy, IBM recently realigned its overall business plan, laying emphasis on service-based innovations. It is imperative noting that the new strategy was highly successful (Fitzgerald, 2005).

2.4.2 Service Innovation in Meeting Customer Needs

Service customization may involve giving clients flexibility in check-in/ check-out time, personalizing hotel room decor, providing child care options for clients, availability of video players in a hotel room, provision of basic kitchen facilities upon request, provision of a mini library with customized choice of books and allowing pets in hotel rooms (Victorino, Verma, Plaschka, & Dev, 2005).

Pricing customization can play a big role towards client satisfaction and overall hotel profitability. Price is the item that we pay for a trade of products or services rendered for utilization. It’s the total cash that is charged for services. (Kotler & Armstrong, Marketing, an Introduction, 2006) Price is the main factor in the showcasing activities that generate income to an organization or association. Price is an adaptable thing that can be customized relying upon client requests in the market (Kotler & Armstrong, 2006).

Price decides the sum that can be paid for services relying upon the clients’ choice. Price more often than not enables the client to settle on a choice before purchasing or choosing the item or services. Market skimming pricing involves putting a high price on some new product/ service in an attempt at making the maximum profit on each level by level of the population of the people that are willing to pay the high price placed on the corresponding product/ service. This in general allows the company to generate a small amount of the product/ service while making big profits on the sales. Market penetration pricing involves putting a low price on a new product in an attempt at gaining more ground and drawing potential clients’ attention to purchasing a product/ service. Market penetration technically yields a large market for a product/ service (Kotler & Armstrong, 2006).

Seasonal pricing is all about defining a price that can be paid for a product/ service depending on the period or some other situation. Seasonal pricing commonly occurs in situations where there are changing events or festivals. It is worth noting that some hotel industries offer cheap prices during low visitor/ tourist seasons, an element of service customization. Price flexibility is another customization front. Price flexibility involves different payment schemes for the very same product by two different clients. This is
usually on the basis of perceived client purchasing power, nationality and age (Victorino, Verma, Plaschka, & Dev, 2005).

**2.4.3 Gains of Service Innovation**

The overall gains of service innovation are apparent. On the downside, it is not usually straightforward exactly the manner in which managers ought to decide on which among many possible innovations to implement. In some instances, innovative service offerings are worth in an attempt at merely maintaining an industry’s current market share. As per (Reid & Sandler, 1992), some innovations may generally raise the cost of doing business without any resultant significant economic benefit and also without providing a notable competitive edge. On the other hand, other innovations may enhance service differentiation and consequently generate financial gains. Thus, it is worthwhile for managers to generally implement innovations which are not only desired by potential customers but are also economically viable and beneficial to the respective organization (Reid & Sandler, 1992).

Hospitality industries, for instance hotels, could hugely benefit from apt implementation of service innovation. From a hotel customer’s point of view, the hospitality industry is somewhat perpetually swamped by numerous similar and often substitutable service offerings. This can easily give rise to difficulties for hotel managers as they make attempts at differentiating an individual hotel from its corresponding competitors (Reid & Sandler, 1992). A possible solution to this challenge may be to offer completely new, novel and innovative features to clients.

The hospitality industry is perpetually rapidly changing due to innovations in information technology (Olsen & Connolly, 2000). Managers will be required to make proactive changes which largely focus on client preferences and technological innovations in order to stay competitive in such highly dynamic environments. Nowadays, travelers do not exhibit, as in days of yore, a truly brand loyal behavior. Travelers are instead choosing to frequent hotels that offer the best value under particular budgetary constraints (Olsen & Connolly, 2000). Consequently, to add value to clients, hotel managers and marketers must meet the challenge of finding out the services that are preferred by hotel clients (Olsen & Connolly, 2000). Upon understanding clients’ preferences, the challenge then shifts to prioritizing the preferences that add the greatest value to the current hotel’s service offering.
2.5 Chapter summary

This chapter has reviewed various characteristics of service industries. Various innovations prevalent in the hospitality industry under three main categories: product innovation, process innovation and service innovation have been presented. The next chapter provides details pertaining the research design and methodology applied in this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides details pertaining the research design and methodology applied in this study. The theoretical framework/ research model and the research hypotheses formulated are discussed. The research instrument, sampling design, data collection method and data analysis techniques utilized in the study are discussed.

3.2 Research design

Research design may be considered as a blue print for the collection, measurement and analysis of data (Kothari, 2007). In (Salaria, 2012) descriptive research design is defined as that design that is primarily concerned with highlighting the present phenomena in terms of conditions, practices beliefs, processes, relationships. Descriptive research designs assists in assessing the relationship between variables. According to Cooper and Schindler (2003), it helps in answering who, what, where, how questions with regard to the study.

The study obtained and described the views of the respondents from Safari Park Hotel in Nairobi, in line with establishing effects of strategic innovations on sustainable competitive advantage of Safari Park Hotel in Nairobi.

3.3 Population and Sampling Design

3.3.1 Population

Kothari (2001) describes target population as a collective set of study of all the elements of a set of persons, events or objects which the researcher intends to draw inferences. The target population for this study was 1000 daily hotel clients who frequent visit Safari Park Hotel owing to work or leisure reasons. The main reason for doing the research on Safari Park Hotel was its nature as a five star status of the hotel hence a good representative of top notch hotels in Kenya.

3.3.2 Sampling Design

Sample design comprises the approach taken inorder to arrive at the sample. Mugenda and Mugenda (2003) posit that sampling is the activity affected in selecting as study focus from its inhabitants. The step is quite vital since the technique taken is applied in the
determination of the sample study provided it is the actual representation of the entire population. The study adopted the use of purposive random sampling technique.

### 3.3.2.1 Sampling Frame
About the sample frame, it is the source from which a study sample is drawn. Zikmund and Babin (2012) argue that in most cases, a sample frame represents a list of all the elements in the entire population that can be sampled out. The aim of this study was to determine the effect of innovation on sustainable competitive advantage (client satisfaction) in the hospitality industry in Kenya.

### 3.3.2.2 Sampling Technique
Sampling technique was the method applied to select a subset of individuals from a statistical population in order to estimate the features of a whole population (Zikmund & Babin, 2012). This study adopted a non-probability sampling design using convenience sampling (Cooper & Schindler, 2008). This approach was advantageous alternative from the point of view of obtaining timely information from a population sample that was conveniently available to provide its feedback.

### 3.3.2.3 Sample Size
A sample size is the number of observations acquired from a sample. A total of 255 customers at Safari Park Hotel was used as a sample for this study. The study population sample is arrived at based on Yamane’s Formula (Yamane, 1967): 

\[ n = N \left(1 + \frac{Ne^2}{1000}\right) \]

Where

- \( n \) = corrected sample size,
- \( N \) = population size,
- \( e \) = Margin of error (ME), \( e = 0.05 \).

With population of 1000, at 95% confidence level, the sample size was:

\[ \frac{1000}{1 + \frac{1000 (.05^2)}{1000}} \]

\[ = \frac{1000}{3.25} \]

\[ = 285. \]

### 3.4 Data Collection Method
The research instrument utilized in this study is a four page questionnaire comprising of four sections. As per (Babbie & Benaquisto, 2009), questionnaires are critical in ensuring consistency, accuracy and comparison of responses. The questionnaire method is a low cost method even when the population is large and is widely spread geographically. The method was also appropriate for the study since the respondents had adequate time to give well thought out answers. Questionnaires were distributed to a sample size of 50 hotel
clients at Safari Park hotel: according to (Mugenda & Mugenda, 2003) a sample ought to be as large as possible in order to produce the salient characteristics of the accessible population to an acceptable degree.

The first section of the questionnaire measured the significance of product, process and service innovation in informing a decision towards choice of hotel. The second section of the questionnaire measured the significance of product, process and service innovation in informing a decision towards staying in the chosen hotel. The questions in sections 1 and 2 are framed on a 5 point Likert scale ranging from 1 to 5 with the interpretation. As per (Cooper & Schindler, 2008), a Likert scale is a variation of the summated rating scale; and asks a rater to agree or disagree with statements that express either favorable or unfavorable attitudes towards the item under consideration. The strength of attitude is typically reflected in the assigned score. Individual scores may be totaled to generate an overall attitude measure. The third section of the questionnaire measures the significance of product, process and service innovation in informing a decision towards revisiting a hotel or recommending it to a potential client. The questions in this section are also framed on a 5 point Likert scale ranging from 1 to 5. The fourth section of the questionnaire was used to obtain demographic and general information about the respondents.

3.5 Research Procedures

Data collection shall entail the collection phase as well as the presentation of the same data. The researcher will employ questionnaires as a tool for data collection since they are easy to administer and they are also less costly compared to other instruments of collecting data (Gupta, 2000). The researcher upheld ethical considerations during data collection including anonymity of the respondents and confidentiality of all the information disclosed during the study. The data to be collected remained within the jurisdiction of the relevant persons/authorities. All the information obtained will only be used in the academic setting. The letter of introduction was stamped at the offices of the dean, school of business.

3.6 Data Analysis Methods

Collected data will be analyzed on a Statistical Package for Social Sciences (SPSS) platform. Frequency tables were generated to provide frequency and percentages of the demographic characteristics of respondents. Factor analysis was carried out on the three
dimensions of innovation namely product, process and service innovation. This was done on the variables client choice and client value. This analysis was done to examine the correlations between the various variables in the study. Cronbach’s Alpha test was utilized to examine the internal consistency/reliability of the factors. Correlation analysis was employed to describe the strength and direction of the linear relationship between variables. For the purpose of this study, the Pearson Product-Moment correlation coefficient was the main analysis method utilized to test the hypothesis of this study. Following the Pearson Product-Moment correlation coefficient test, multiple regression analysis will be performed to determine the prediction power between the dependent variable and the multiple independent variables. This test allowed for the simultaneous investigation of the effect of two or more independent variables on a single interval-scale dependent variable (Zikmund, 2003). This method was used to examine whether product, process and service innovation was positively or negatively influence customer choice. For this study the regression model used was

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \]

\[ Y = 2.004 + 0.3X_1 + 0.199X_2 - 0.03X_3 + 0.719 \]

Where:

- \( Y \) is the dependent variable (Sustainable competitive advantage);
- \( \beta_0 \) is the regression constant;
- \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the coefficients of independent variables;
- \( X_1 \) is factors that determine product innovation;
- \( X_2 \) is factors that determine service innovation;
- \( X_3 \) is factors that determine process innovation; and \( \epsilon \) is the error term.

### 3.7 Chapter Summary

This chapter has provided details pertaining the research design and methodology applied in this study. The theoretical framework/research model and the research hypotheses formulated have been discussed. The research instrument, sampling design, data collection method and data analysis techniques utilized in the study have been discussed.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results obtained from the data analysis done. This included results relating to the demography and specific research objectives aimed at establishing how innovations affect sustainable competitive advantage in the hospitality industry in Kenya.

4.1.1 Response Rate

The research issued a total of 285 questionnaires and a total of 200 were filled and returned giving a response rate of 70%. This was sufficient for the study as indicated in table 4.1

<table>
<thead>
<tr>
<th>Table 4.1: Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Filled and returned</td>
</tr>
<tr>
<td>Non-response</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

4.2 General Information

4.2.1 Gender

To analyze gender, the result established that majority of respondents accounting for 52.5% were male while 47.5% were female. This implies that Safari park is a preferred destination for both male and female.

<table>
<thead>
<tr>
<th>Table 4.2: Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
4.2.2 Age

To analyse the respondents age, the result established that majority of respondents accounting for 37% were of ages 21-30, followed closely were those aged 31-40 who accounted for 31%, while those of aged 18-20 were 18.5%. It was also established that respondents aged 41-50 were 21.5% and those of 50 years and above represented only 1%.

Table 4.3: Age

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-20</td>
<td>37</td>
<td>18.5</td>
</tr>
<tr>
<td>21-30</td>
<td>74</td>
<td>37.0</td>
</tr>
<tr>
<td>31-40</td>
<td>62</td>
<td>31.0</td>
</tr>
<tr>
<td>41-50</td>
<td>25</td>
<td>12.5</td>
</tr>
<tr>
<td>50 and Above</td>
<td>2</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.3 Education

To analyse the literacy levels the result established that majority of respondents accounting for 44% were bachelor’s degree holders while 24.5% had a diploma, and 13% had vocational training with 10.5% being masters holders. Those with certificates were 6.5% and only 1.5% were PhD holders as shown in table 4.4 below. This implies that the response received was accurate as the respondents were literate enough to comprehend the questions asked.

Table 4.4: Education

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>13</td>
<td>6.5</td>
</tr>
<tr>
<td>Vocational training</td>
<td>26</td>
<td>13.0</td>
</tr>
<tr>
<td>Diploma</td>
<td>49</td>
<td>24.5</td>
</tr>
<tr>
<td>Bachelors</td>
<td>88</td>
<td>44.0</td>
</tr>
<tr>
<td>Masters</td>
<td>21</td>
<td>10.5</td>
</tr>
<tr>
<td>PhD</td>
<td>3</td>
<td>1.5</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.2.4 Income

To analyse the income levels the result established that majority of respondents accounting for 45% earn between 50,000-100,000, while 23% earn between 150,001-200,000, It was also revealed that 14.5% earn between 100,001-150,000, and 10.5% earn below 50,000. Only 7% earn above 200,000 as shown in table 4.5 below.

Table 4.5: Income

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 50,000</td>
<td>21</td>
<td>10.5</td>
</tr>
<tr>
<td>50,000-100,000</td>
<td>90</td>
<td>45.0</td>
</tr>
<tr>
<td>100,001-150,000</td>
<td>29</td>
<td>14.5</td>
</tr>
<tr>
<td>150,001-200,000</td>
<td>46</td>
<td>23.0</td>
</tr>
<tr>
<td>Above 200,000</td>
<td>14</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.5 Frequency of Visits

As indicated in table 4.6, to establish the frequency of the visits, the findings show that a majority of 35.8% visit annually, 19.5% visit semiannually, while those who visit quarterly are 13.5%, with 12.5% visiting weekly and 10% monthly. Only 6% visit daily as shown in table 4.6

Table 4.6: Frequency of Visits

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>12</td>
<td>6.0</td>
</tr>
<tr>
<td>Weekly</td>
<td>25</td>
<td>12.5</td>
</tr>
<tr>
<td>Monthly</td>
<td>20</td>
<td>10.0</td>
</tr>
<tr>
<td>Quarterly</td>
<td>27</td>
<td>13.5</td>
</tr>
<tr>
<td>Semi Annually</td>
<td>39</td>
<td>19.5</td>
</tr>
<tr>
<td>Annually</td>
<td>77</td>
<td>38.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.2.6 Purpose of Stay

As indicated in table 4.7, to establish the purpose of the visits, the findings show that 55% visit with holidays with family, 18% attend meetings, 17% visit family, 7% business trips, 2.5% for conferences and only 0.5% for training.

Table 4.7: Purpose of Stay

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday with family</td>
<td>110</td>
<td>55.0</td>
</tr>
<tr>
<td>Visiting Family</td>
<td>34</td>
<td>17.0</td>
</tr>
<tr>
<td>Attending Meetings</td>
<td>36</td>
<td>18.0</td>
</tr>
<tr>
<td>Business Trips</td>
<td>14</td>
<td>7.0</td>
</tr>
<tr>
<td>Conference</td>
<td>5</td>
<td>2.5</td>
</tr>
<tr>
<td>Training</td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3 Product Innovation and Sustainable Competitive Advantage

The first objective set to establish how product innovation and sustainable competitive advantage. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to product innovation and sustainable competitive advantage. Using a five point Likert scale where 1 – Not at all, 2 – Little extent, 3 – Moderate extent, 4 – Great extent, 5 – Very great extent.

4.3.1 Descriptive of Product Innovation and Sustainable Competitive Advantage

To a great extent respondents acknowledged that Safari park has differentiated the products to suit customer needs (m=4.37, sd=0.792). While the products offered differ from competing models in the market (m=4.19, sd=0.891). In addition, respondents noted that they are willing to a great extent make small sacrifices in order to keep using food and beverages by this hotel (m=4.25, sd=0.671).

It was also established that to a moderate extent using products by this hotel saves a lot of cash (m=3.45, sd=1.43) and the hotel provides a wide array of unique products to choose from (m=3.75, sd=1.543). It was also noted that the respondents are loyal to the brands associated with the hotel (m=3.72, sd=1.408). The design of the recreational facilities is outstanding (m=3.75, sd=1.543) and the casino facilitates in this hotel are very conducive.
(m=3.26, sd=1.510). It was also revealed that to a moderate extent the products offered are friendlier to the natural environment (m=3.70, sd=1.338) and using products by this hotel saves a lot of time (m=3.56, sd=1.133).

It was revealed that to a little extent products offered are frequently supplemented with new features and specifications for the customers (m=2.19, sd=1.158) and the hotel has introduced unique cuisine in the local market (m=2.48, sd=1.510). The findings also indicated that not at any time does food and beverages frequently comprise new ingredients which are useful to the customers (m=1.91, sd=1.237).

### Table 4.8: Descriptive of Product Innovation

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>This hotel has differentiated the products to suit customer needs.</td>
<td>0.0</td>
<td>6.5</td>
<td>0.0</td>
<td>43.0</td>
<td>50.5</td>
<td>4.37</td>
<td>0.79</td>
</tr>
<tr>
<td>Products offered are frequently supplemented with new features and specifications for the customers.</td>
<td>28.5</td>
<td>48.0</td>
<td>6.0</td>
<td>11.0</td>
<td>6.5</td>
<td>2.19</td>
<td>1.16</td>
</tr>
<tr>
<td>Products offered differ from competing models in the market.</td>
<td>0.0</td>
<td>6.5</td>
<td>12.5</td>
<td>37.0</td>
<td>44.0</td>
<td>4.19</td>
<td>0.89</td>
</tr>
<tr>
<td>The hotel provides a wide array of unique products to choose from.</td>
<td>15.0</td>
<td>14.5</td>
<td>1.0</td>
<td>20.0</td>
<td>49.5</td>
<td>3.75</td>
<td>1.54</td>
</tr>
<tr>
<td>Food and beverages frequently comprise new ingredients which are useful to the customers.</td>
<td>45.0</td>
<td>43.0</td>
<td>0.0</td>
<td>0.0</td>
<td>12.0</td>
<td>1.91</td>
<td>1.24</td>
</tr>
<tr>
<td>The design of the recreational facilities is outstanding.</td>
<td>17.5</td>
<td>8.5</td>
<td>3.5</td>
<td>22.5</td>
<td>48.0</td>
<td>3.75</td>
<td>1.54</td>
</tr>
<tr>
<td>I am willing to make small sacrifices in order to keep using food and beverages by this hotel.</td>
<td>0.0</td>
<td>0.0</td>
<td>13.0</td>
<td>49.0</td>
<td>38.0</td>
<td>4.25</td>
<td>0.67</td>
</tr>
<tr>
<td>The casino facilitates in this hotel are very conducive.</td>
<td>20.5</td>
<td>15.5</td>
<td>9.0</td>
<td>28.0</td>
<td>27.0</td>
<td>3.26</td>
<td>1.51</td>
</tr>
<tr>
<td>The products offered are friendlier to the natural environment.</td>
<td>5.0</td>
<td>22.5</td>
<td>11.5</td>
<td>20.0</td>
<td>41.0</td>
<td>3.70</td>
<td>1.34</td>
</tr>
<tr>
<td>Using products by this hotel saves a lot of time.</td>
<td>4.5</td>
<td>16.0</td>
<td>21.0</td>
<td>36.5</td>
<td>22.0</td>
<td>3.56</td>
<td>1.13</td>
</tr>
<tr>
<td>Using products by this hotel saves a lot of cash.</td>
<td>17.0</td>
<td>10.5</td>
<td>11.5</td>
<td>33.0</td>
<td>28.0</td>
<td>3.45</td>
<td>1.43</td>
</tr>
<tr>
<td>Am loyal to the brands associated with this hotel.</td>
<td>13.5</td>
<td>9.0</td>
<td>8.5</td>
<td>30.0</td>
<td>39.0</td>
<td>3.72</td>
<td>1.41</td>
</tr>
<tr>
<td>The hotel has introduced unique cuisine in the local market.</td>
<td>35.5</td>
<td>30.0</td>
<td>2.0</td>
<td>16.0</td>
<td>16.5</td>
<td>2.48</td>
<td>1.51</td>
</tr>
</tbody>
</table>
4.3.2 Correlation of Product Innovation and Competitive Advantage

A Pearson correlation analysis was done to establish the relationship between product innovation and competitive advantage. The finding revealed a positive and significant relationship \((r=0.228, p<0.05)\) as indicated in table 4.9. Therefore, an increase in product innovation leads to an increase in competitive advantage.

**Table 4.9: Correlation of Product Innovation and Competitive Advantage**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>1</td>
</tr>
<tr>
<td>Product Innovation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>N</td>
</tr>
</tbody>
</table>

4.4 Service Innovation and Sustainable Competitive Advantage

The second objective set to establish how service innovation influence sustainable competitive advantage. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to product innovation and sustainable competitive advantage. Using a five point Likert scale where 1 – Not at all, 2 – Little extent, 3 – Moderate extent, 4 – Great extent, 5 – Very great extent.

**4.4.1 Descriptive of Service Innovation and Sustainable Competitive Advantage**

The findings revealed that to a very great extent, the quality of services and products provided by this hotel is improving \((m=4.18, sd=0.991)\). The respondents also acknowledged that they are always satisfied by the delivery method used by the hotel \((m=4.09, sd=1.242)\) and the level of food hygiene has been getting better. \((m=4.01, sd=1.03)\).

To a moderate extent respondents noted that they intend to use the service provided by this hotel forever \((m=3.83, sd=1.181)\). While the hotel managers are always willing to adjust their supply to the clients’ needs \((m=3.82, sd=1.347)\). It was also established that to a moderate extent, the hotel attendants provide basic kitchen facilities upon request \((m=3.78, sd=1.371)\), and the housekeepers know their job and they are well trained and equipped \((m=3.75, sd=1.381)\).
It was also established that respondents indicated that to a moderate extent the transportation packages have been improving (m=3.71, sd=1.105), the hotel meets customer tastes and preferences (m=3.60, sd=1.418), and the hotel has very flexible check in and out time (m= 3.57, sd=1.602) while the hotel actively seeks customer feedback and complains (m=3.57, sd=1.42). The findings also show that the hotel has one of the best loyalty schemes (m=3.52, sd=1.46), and the hotel has effective customer satisfaction policy (m=3.47, sd =1.594) while the hotel room décor is always customized to customer needs (m=3.24, sd=1.47) as indicated in table 4.10.

**Table 4.10: Descriptive of Service Innovation**

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>4</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hotel has effective customer satisfaction policy.</td>
<td>18.0</td>
<td>19.5</td>
<td>0.5</td>
<td>21.5</td>
<td>40.5</td>
<td>3.47</td>
<td>1.59</td>
</tr>
<tr>
<td>The hotel actively seeks customer feedback and complains.</td>
<td>12.0</td>
<td>17.5</td>
<td>6.5</td>
<td>29.5</td>
<td>34.5</td>
<td>3.57</td>
<td>1.42</td>
</tr>
<tr>
<td>The hotel has one of the best loyalty schemes.</td>
<td>13.0</td>
<td>20.0</td>
<td>3.5</td>
<td>29.0</td>
<td>34.5</td>
<td>3.52</td>
<td>1.46</td>
</tr>
<tr>
<td>The hotel meets customer tastes and preferences.</td>
<td>11.5</td>
<td>19.0</td>
<td>2.0</td>
<td>33.0</td>
<td>34.5</td>
<td>3.60</td>
<td>1.42</td>
</tr>
<tr>
<td>The hotel has very flexible check in and out time.</td>
<td>21.0</td>
<td>10.0</td>
<td>2.5</td>
<td>24.0</td>
<td>42.5</td>
<td>3.57</td>
<td>1.60</td>
</tr>
<tr>
<td>The hotel room décor is always customized to customer needs.</td>
<td>21.5</td>
<td>11.0</td>
<td>13.0</td>
<td>23.0</td>
<td>32.0</td>
<td>3.24</td>
<td>1.47</td>
</tr>
<tr>
<td>Hotel managers are always willing to adjust their supply to the clients’ needs</td>
<td>11.0</td>
<td>9.5</td>
<td>6.0</td>
<td>33.0</td>
<td>40.5</td>
<td>3.82</td>
<td>1.35</td>
</tr>
<tr>
<td>I am always satisfied by the delivery method used by the hotel.</td>
<td>6.5</td>
<td>9.0</td>
<td>6.5</td>
<td>24.5</td>
<td>53.5</td>
<td>4.09</td>
<td>1.24</td>
</tr>
<tr>
<td>The housekeepers know their job and they are well trained and equipped.</td>
<td>10.5</td>
<td>15.0</td>
<td>2.5</td>
<td>33.0</td>
<td>39.0</td>
<td>3.75</td>
<td>1.38</td>
</tr>
<tr>
<td>The quality of services and products provided by this hotel is improving</td>
<td>1.5</td>
<td>8.5</td>
<td>7.0</td>
<td>36.5</td>
<td>46.5</td>
<td>4.18</td>
<td>0.99</td>
</tr>
<tr>
<td>The transportation packages have been improving.</td>
<td>2.5</td>
<td>18.0</td>
<td>10.5</td>
<td>44.0</td>
<td>25.0</td>
<td>3.71</td>
<td>1.11</td>
</tr>
<tr>
<td>The hotel attendants provide basic kitchen facilities upon request.</td>
<td>11.5</td>
<td>11.5</td>
<td>3.5</td>
<td>34.5</td>
<td>39.0</td>
<td>3.78</td>
<td>1.37</td>
</tr>
<tr>
<td>I intend to use the service that I am using provided by this hotel forever.</td>
<td>4.0</td>
<td>15.5</td>
<td>8.5</td>
<td>37.0</td>
<td>35.0</td>
<td>3.83</td>
<td>1.18</td>
</tr>
<tr>
<td>The level of food hygiene has been getting better.</td>
<td>2.5</td>
<td>10.5</td>
<td>6.0</td>
<td>46.0</td>
<td>35.0</td>
<td>4.01</td>
<td>1.03</td>
</tr>
</tbody>
</table>
4.4.2 Correlation of Service Innovation and Competitive Advantage

A Pearson correlation analysis was done to establish the relationship between service innovation and competitive advantage. The finding revealed a positive relationship ($r=0.317$, $p<0.05$) as indicated in table 4.11. Therefore, an increase in service innovation leads to an increase in competitive advantage.

Table 4.11: Correlation of Service Innovation and Competitive Advantage

<table>
<thead>
<tr>
<th>Variable</th>
<th>competitive advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>competitive advantage</td>
<td>1</td>
</tr>
<tr>
<td>service innovation</td>
<td>0.071</td>
</tr>
<tr>
<td></td>
<td>N 200</td>
</tr>
</tbody>
</table>

4.5 Process Innovation and Sustainable Competitive Advantage

The third objective set to establish how process innovation influence sustainable competitive advantage. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to product innovation and sustainable competitive advantage. Using a five point Likert scale where 1 – Not at all, 2 – Little extent, 3 – Moderate extent, 4 – Great extent, 5 – Very great extent.

4.5.1 Descriptive of Process Innovation on Sustainable Competitive Advantage

The finding revealed that to a great extent staffs are always in uniform for easier identification ($m=4.44$, $sd=1.01$) and the hotel provides outstanding customer service to the clients ($m=4.11$, $sd=1.04$). It was also revealed that the hotel has acquired modern cars for safer transportation of the clients ($m=4.04$, $sd=1.14$).

It was also revealed that to moderate extent Safari park has availed multiple payment options which are faster and secure ($m=3.81$, $sd=1.29$) and most respondents are loyal to the brands associated with this hotel ($m=3.72$, $sd=1.41$). The hotel website has all the necessary requirements to place an order ($m=3.69$, $sd=1.44$) and it is much faster to make a room reservation in this hotel ($m=3.29$, $sd=1.44$).

It was also established that to a little extent the installed environmental friendly devices have improved the level of hotel ambience ($m=2.64$, $sd=1.50$) and the customer relationship management tool is always active and customized to client’s needs ($m=2.57$, $sd=1.45$).
Also the hotel’s new in-room technology makes the stay at the hotel much comfortable (m=2.48, sd=1.35), and the hotel has introduced unique cuisine in the local market (m=2.48, sd= 1.51).

It was also revealed that communication between the client and the employees has not at all improved due to installation of the innovative communication apps. (m=1.66, sd=0.63) and a majority have not at all been involved in assessing the quality programs that enhance process control in this hotel (m=1.58, sd= 0.59) as indicated in table 4.12

**Table 4.12: Descriptive of Process Innovation Advantage**

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>It much faster to make a room reservation in this hotel.</td>
<td>16.5</td>
<td>20.0</td>
<td>3.5</td>
<td>37.5</td>
<td>22.5</td>
<td>3.29</td>
<td>1.44</td>
</tr>
<tr>
<td>This hotel has availed multiple payment options which are faster and secure.</td>
<td>10.5</td>
<td>10.0</td>
<td>2.0</td>
<td>43.5</td>
<td>34.0</td>
<td>3.81</td>
<td>1.29</td>
</tr>
<tr>
<td>Communication between the client and the employees has improved due to installation of the innovative communication apps.</td>
<td>40.0</td>
<td>56.5</td>
<td>1.0</td>
<td>2.5</td>
<td>0.0</td>
<td>1.66</td>
<td>0.63</td>
</tr>
<tr>
<td>The hotel website has all the necessary requirements to place an order.</td>
<td>11.0</td>
<td>18.5</td>
<td>2.5</td>
<td>26.5</td>
<td>41.5</td>
<td>3.69</td>
<td>1.44</td>
</tr>
<tr>
<td>I have been involved in assessing the quality programs that enhance process control in this hotel.</td>
<td>46.0</td>
<td>51.0</td>
<td>2.0</td>
<td>1.0</td>
<td>0.0</td>
<td>1.58</td>
<td>0.59</td>
</tr>
<tr>
<td>The installed environmental friendly devices have improved the level of hotel ambience.</td>
<td>28.0</td>
<td>34.0</td>
<td>2.5</td>
<td>17.0</td>
<td>18.5</td>
<td>2.64</td>
<td>1.50</td>
</tr>
<tr>
<td>The hotel has acquired modern cars for safer transportation of the clients.</td>
<td>4.5</td>
<td>10.0</td>
<td>5.0</td>
<td>37.5</td>
<td>43.0</td>
<td>4.04</td>
<td>1.14</td>
</tr>
<tr>
<td>Staffs are always in uniform for easier identification.</td>
<td>3.0</td>
<td>6.0</td>
<td>2.0</td>
<td>21.5</td>
<td>67.5</td>
<td>4.44</td>
<td>1.01</td>
</tr>
<tr>
<td>The hotel provides outstanding customer service to the clients.</td>
<td>4.0</td>
<td>6.0</td>
<td>7.0</td>
<td>41.5</td>
<td>41.5</td>
<td>4.11</td>
<td>1.04</td>
</tr>
<tr>
<td>The hotel’s new in-room technology makes the stay at the hotel much comfortable.</td>
<td>23.0</td>
<td>47.0</td>
<td>3.5</td>
<td>12.5</td>
<td>14.0</td>
<td>2.48</td>
<td>1.35</td>
</tr>
<tr>
<td>The customer relationship management tool is always active and customized to client’s needs.</td>
<td>14.0</td>
<td>40.0</td>
<td>21.5</td>
<td>22.5</td>
<td>1.5</td>
<td>2.57</td>
<td>1.04</td>
</tr>
<tr>
<td>Am loyal to the brands associated with this hotel.</td>
<td>13.5</td>
<td>9.0</td>
<td>8.5</td>
<td>30.0</td>
<td>39.0</td>
<td>3.72</td>
<td>1.41</td>
</tr>
<tr>
<td>The hotel has introduced unique cuisine in the local market.</td>
<td>35.5</td>
<td>30.0</td>
<td>2.0</td>
<td>16.0</td>
<td>16.5</td>
<td>2.48</td>
<td>1.51</td>
</tr>
</tbody>
</table>
4.5.2 Correlation of Process Innovation and Competitive Advantage

A Pearson correlation analysis was done to establish the relationship between process innovation and competitive advantage. The finding revealed a positive relationship ($r=0.012$, $p<0.05$) as indicated in table 4.11. Therefore, an increase in service innovation leads to an increase in competitive advantage.

Table 4.13: Correlation of Process Innovation and Competitive Advantage

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pearson Correlation</th>
<th>Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>competitive advantage</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>process innovation</td>
<td>Pearson Correlation</td>
<td>.012</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.861</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>200</td>
</tr>
</tbody>
</table>

4.6 Multiple Regression

The research analyzed relationship between the dependent variable (Sustainable competitive advantage) against other core factors (product innovation, process innovation, service innovation). The results showed that the $R^2$ value was 0.057 hence 5.7% of the variation in sustainable competitive advantage was explained by the variations in product innovation, process innovation, service innovation as illustrated in table 4.14.

Table 4.14: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.238a</td>
<td>.057</td>
<td>.042</td>
<td>.71923</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$R^2$ Change</td>
</tr>
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<td></td>
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<td></td>
<td>$F$ Change</td>
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<td></td>
<td></td>
<td>df1</td>
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<td></td>
<td></td>
<td></td>
<td>df2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sig. $F$ Change</td>
</tr>
<tr>
<td></td>
<td>.057</td>
<td>3.923</td>
<td>3</td>
<td>196</td>
<td>.009</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), process innovation, product innovation, service innovation

4.6.1 Anova Analysis

An ANOVA analysis was done between Sustainable competitive advantage against other core factors (product innovation, process innovation, service innovation) at 95% confidence level, the $F$ critical was 3.923 and the $P$ value was (0.009) therefore significant the results are illustrated below in table 4.15. This indicated that there was a relationship between the variables.
Table 4.15: Anova

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>6.087</td>
<td>3</td>
<td>2.029</td>
<td>3.923</td>
</tr>
<tr>
<td>Residual</td>
<td>101.390</td>
<td>196</td>
<td>.517</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>107.477</td>
<td>199</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

a. Dependent Variable: competitive advantage  
b. Predictors: (Constant), process innovation, product innovation, service innovation

The regression equation illustrated in Table 4.16 has established that taking all factors into account (product innovation, process innovation, service innovation) sustainable competitive advantage increases by 2.004 units

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

\[ Y = 2.004 + 0.3X_1 + 0.199X_2 - 0.03X_3 + 0.719 \]

Where:

- \( Y \) is the dependent variable (Sustainable competitive advantage);
- \( \beta_0 \) is the regression constant;
- \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the coefficients of independent variables;
- \( X_1 \) is factors that determine product innovation;
- \( X_2 \) is factors that determine service innovation;
- \( X_3 \) is factors that determine process innovation; and \( \epsilon \) is the error term.

Table 4.16: Coefficients Of Sustainable Competitive Advantage And Co-Factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.004</td>
<td>.669</td>
<td>2.997</td>
</tr>
<tr>
<td></td>
<td>product innovation</td>
<td>.300</td>
<td>.092</td>
<td>.227</td>
</tr>
<tr>
<td></td>
<td>service innovation</td>
<td>.119</td>
<td>.121</td>
<td>.069</td>
</tr>
<tr>
<td></td>
<td>process innovation</td>
<td>-.003</td>
<td>.138</td>
<td>-.002</td>
</tr>
</tbody>
</table>

4.7 Chapter Summary

This chapter has presents the results and findings of the study. The first section provided an analysis of demographic data of the respondents, the second section dealt with product
innovation, the third section looked at service innovation, the fourth section covered process innovation. In chapter five this results are discussed and relevant conclusions and recommendations made with regard to sustainable competitive advantage at safari park Hotel.
CHAPTER FIVE

5.0 DISCUSSION CONCLUSION AND RECOMMENDATION

5.1 Introduction
This section will seek to analyse the findings and this will be done by comparing and contrasting with literature related to sustainable competitive advantage. This will be organized based on the specific objectives which sought to establish how product innovation, process innovation and service innovation affect sustainable competitive advantage at Safari park hotel.

5.2 Summary of the Study
The general purpose of the study is to find out how innovations affect sustainable competitive advantage (client choice and value) in the hospitality industry in Kenya on the basis of a study of a five star hotel, the Safari park hotel. The specific objectives of this study was aimed at determining how product innovation, process innovation and service innovation affected sustainable competitive advantage.

A descriptive research was adopted because the study was aimed at collecting information from respondents on their perceptions sustainable competitive advantage at Safari park Hotel. Further, a correlation approach was adopted as the study was seeking to describe relationship between sustainable competitive advantage and the independent variables (product innovation, process innovation and service innovation)

The target population for this study was 1000 daily hotel clients who frequent visit Safari Park Hotel owing to work or leisure reasons. The sampling technique was purposive random sampling technique and from the initial target population of 1000, a sample size of 285 was arrived based on Yamane’s Formula (Yamane, 1967). Out of the total of 285 questionnaires awarded only 200 were filled and returned giving a response rate of 70%.

Analysis of the first objective revealed that to great extent respondents acknowledged that Safari park has differentiated the products to suit customer needs. While the products offered differ from competing models in the market. In addition, respondents noted that they are willing to a great extent make small sacrifices in order to keep using food and beverages by this. It was also established that to a moderate extent using products by this hotel saves a lot of cash and the hotel provides a wide array of unique products to choose from. It was also noted that the respondents are loyal to the brands associated with the
hotel. The design of the recreational facilities is outstanding and the casino facilitates in this hotel are very conducive. It was also revealed that to a moderate extent the products offered are friendlier to the natural environment and using products by this hotel saves a lot of time. It was revealed that to a little extent products offered are frequently supplemented with new features and specifications for the customers and the hotel has introduced unique cuisine in the local market. The findings also indicated that not at any time does food and beverages frequently comprise new ingredients which are useful to the customers. A Pearson correlation analysis done to establish the relationship between product innovation and competitive advantage revealed a positive and significant relationship \( r=0.228, p<0.05 \) thus indicating that an increase in product innovation leads to an increase in competitive advantage.

Analysis of the second objective indicated that to a very great extent, the quality of services and products provided by this hotel is improving. The respondents also acknowledged that they are always satisfied by the delivery method used by the hotel and the level of food hygiene has been getting better. On the other hand, to a moderate extent respondents noted that they intend to use the service provided by this hotel forever. While the hotel managers are always willing to adjust their supply to the clients’ needs. It was also established that to a moderate extent, the hotel attendants provide basic kitchen facilities upon request, and the housekeepers know their job and they are well trained and equipped. It was also established that respondents indicated that to a moderate extent the transportation packages have been improving the hotel meets customer tastes and preferences, and the hotel has very flexible check in and out time. While the hotel actively seeks customer feedback and complains. The findings also show that the hotel has one of the best loyalty schemes, and the hotel has effective customer satisfaction policy while the hotel room décor is always customized to customer needs. A Pearson correlation analysis done to establish the relationship between service innovation and competitive advantage. The finding revealed a positive relationship thus indicating an increase in service innovation leads to an increase in competitive advantage.

Analysis of the third objective revealed that to a great extent staffs are always in uniform for easier identification and the hotel provides outstanding customer service to the clients. It was also revealed that the hotel has acquired modern cars for safer transportation of the clients. It was also revealed that to moderate extent Safari park has availed multiple payment options which are faster and secure and most respondents are loyal to the brands.
associated with this hotel. The hotel website has all the necessary requirements to place an order and it is much faster to make a room reservation in this hotel. It was also established that to a little extent the installed environmental friendly devices have improved the level of hotel ambience and the customer relationship management tool is always active and customized to client’s needs. Also the hotel’s new in-room technology makes the stay at the hotel much comfortable and the hotel has introduced unique cuisine in the local market. It was also revealed that communication between the client and the employees has not at all improved due to installation of the innovative communication apps and a majority has not at all been involved in assessing the quality programs that enhance process control in this hotel. A Pearson correlation analysis done to establish the relationship between process innovation and competitive advantage revealed a positive relationship \( r=0.012, p>0.05 \) thus an increase in service innovation leads to an increase in competitive advantage.

5.3 Discussion

5.3.1 Product Innovation and Sustainable Competitive Advantage

Analysis of the first objective revealed that to great extent respondents acknowledged that Safari park has differentiated the products to suit customer needs. Past researches indicated that product innovation have a significant impact on relationship quality (Nemati et al., 2010; Ke-yi & Qian, 2010; Stock, 2011; Hu & Huang, 2011). For example, Dimyati (2011) examined the influence of product innovation on brand trust and found out product innovation had positive and significant effect on brand trust, which ultimately lead to customer loyalty and enhanced commitment.

In addition, respondents noted that they are willing to a great extent make small sacrifices in order to keep using food and beverages by this. Brands introduce innovative products because they believe that the creation of new and developed products would provide better opportunities for obtaining competitive advantage (Anselmsson & Johansson). The argument was confirmed in the past literature, indicating that product innovation is a possible mean to create competitive advantage, attract new customers and maintain existing ones, and further strengthens its relationship with other vendors (Cooper & Kleinschmidt, 1990; Kotler & Keller, 2006). Brand innovativeness refers to the perceived newness (Daneels & Kleinschmidt, 2001; Lee & O'Connor, 2003), and it has been accepted as an important antecedent of relationship quality (Eisingerich & Rubera, 2010).
It was also established that to a moderate extent using products by this hotel saves a lot of cash and the hotel provides a wide array of unique products to choose from. Customer loyalty loyal customers are indeed crucial to business survival (Reichheld & Schefter, 2000). For that reason many companies use defensive marketing strategies to increase their market share and profitability by maximizing customer retention (Tsoukatos, & Rand, 2006). Much research in the last two decades has investigated the various definitions of loyalty (Jacoby, & Kyner, 1973). They argue that there must be a strong “attitudinal commitment” to a brand for true loyalty to exist (Jacoby, & Chestnut, 1978).

It was also noted that the respondents are loyal to the brands associated with the hotel. Furthermore, past studies reported a significant positive effect of product innovation on brand satisfaction (Hussain, Munir, & Siddiqui, 2012; Luo & Bhattacharya, 2006; Stock, 2011) and behavioral responses of customers (Athanassopoulos, 2001). They declared that product innovation is an important element for the satisfaction of customers, and it is the responsibility of the brand to bring new products with differentiated features to attract and satisfy its customers. The findings are in line with several previous studies which reported a positive effect of product innovation on brand satisfaction (Langerak, Hultink, & Robben, 2004; Luo & Bhattacharya, 2006; Tatikonda & Montoya-Weiss, 2001).

A Pearson correlation analysis done to establish the relationship between product innovation and competitive advantage revealed a positive and significant relationship \( r=0.228, p<0.05 \) thus indicating that an increase in product innovation leads to an increase in competitive advantage. In a similar manner, Nemati et al. (2010) conducted an empirical study to examine the effect of product innovation on brand satisfaction and brand commitment in mobile phone industry of Pakistan. Their results revealed that product innovation had significant positive effect on brand satisfaction and brand commitment, and this provides further support for the importance of product innovation in improving overall relationship quality.

The design of the recreational facilities is outstanding and the casino facilitates in this hotel are very conducive. Branding is a tactic applied in distinguishing an industry’s offer in an attempt to create and generally maintain customer confidence (Pass, Lowes, Pendleton, & Chadwick, 1995). Branding is advantageous for hotels as it places them in a strong position in winning potential clients’ confidence. Zhang et al. (2013) empirically
highlighted that truly innovative firms can strengthen the brand equity. Their finding further supported by Hanaysha and Hilman (2015), who confirmed that product innovation had a significant effect on overall brand equity and its assets, mainly; brand loyalty, brand awareness, brand leadership, and brand image.

5.3.2 Process Innovation and Sustainable Competitive Advantage

Analysis of the second objective indicated that to a very great extent, the quality of services and products provided by this hotel is improving. Previous studies reveal that process innovation entails implementation of a new or considerably enhanced production or delivery technique (Juan & María, 2012). This includes changes in techniques, equipment and/or software. Process innovations are usually aimed at decreasing costs of product/service production or delivery, increasing quality, or producing or delivering new or improved products (Oslo Manual, 2005). As per Gunday, Ulusoy, Kilic, and Alpkan (2011), process innovations are intricately linked to technological development. It is worthwhile bringing to the fore the role of ICT in hotels’ process innovation. ICT is nowadays considered a critical investment in hospitality industries. Process innovations come with a cost that is expected to be subsequently paid-off (Juan & María, 2012).

The respondents also acknowledged that they are always satisfied by the delivery method used by the hotel and the level of food hygiene has been getting better. Hotel industries were among the first industries to endeavor to put into practice new technologies geared towards improving business practices and leveraging interactions with clients (Piccoli, O’Connor, Capaccioli, & Alvarez, 2003). The early attempts featured an intense focus on the anticipated benefits of the new technologies with very little focus on the implementation of the technologies and forthwith neglect of the employee, managerial and stakeholder intricacies involved (Baggio, Mottironi, & Corigliano, 2011). Notable benefits accrued from the new technologies were cost reduction in marketing departments; notable greater marketing capacity as a result of value based segmentation of potential clients (Buhalis & Law, 2008) and significantly improved client service as a result of greater client requirements knowledge and faster reaction times.

The study established that hotel managers are always willing to adjust their supply to the clients’ needs and the hotel attendants provide basic kitchen facilities upon request.
Danneels (2002) notes that when a company makes innovative product, customer satisfaction is achieved and the loyalty of the customers also increases towards their product. The value of the innovative product in the view of customer also maximizes. In the context of Pakistan this kind of research have been done at minor level before especially with the match of these kinds of variables. According to Mital et al (1998) it is proved that when a firm introduces an innovative product, it should keep in mind the competitors’ products and also the abilities of their own firm. The resources of the firm should be used very efficiently when company is working on innovation in the product. The managers of organization should keep in mind the resources which they are using and resources which are needed for preparation of the product.

A Pearson correlation analysis done to establish the relationship between service innovation and competitive advantage. The finding revealed a positive relationship thus indicating an increase in service innovation leads to an increase in competitive advantage. According to Tatikonda and Weiss Kenan (2001) when company makes a product, which functionality needs technical assistance, the reliability of that product will increase the uniqueness of that product; this superiority will lead customer satisfaction to sale. Shane and Ulrich (2004) proved that after introduction of an innovative product, it increases its features, the customer achieves these characteristics, and value of the customer maximizes.

5.3.3 Service Innovation and Sustainable Competitive Advantage

Analysis of the third objective revealed that to a great extent the hotel provides outstanding customer service to the clients. The overall gains of service innovation are apparent. On the downside, it is not usually straightforward exactly the manner in which managers ought to decide on which among many possible innovations to implement. In some instances, innovative service offerings are worth in an attempt at merely maintaining an industry’s current market share. As per (Reid & Sandler, 1992), some innovations may generally raise the cost of doing business without any resultant significant economic benefit and also without providing a notable competitive edge. On the other hand, other innovations may enhance service differentiation and consequently generate financial gains. Thus, it is worthwhile for managers to generally implement innovations which are not only desired by potential customers but are also economically viable and beneficial to the respective organization (Reid & Sandler, 1992).
It was also revealed that to moderate extent Safari park has availed multiple payment options which are faster and secure. Victorino, Verma, Plaschka and Dev (2005) adds that service customization may involve giving clients flexibility in check-in/ check-out time, personalizing hotel room decor, providing child care options for clients, availability of video players in a hotel room, provision of basic kitchen facilities upon request, provision of a mini library with customized choice of books and allowing pets in hotel rooms. Pricing customization can play a big role towards client satisfaction and overall hotel profitability. Price is the item that we pay for a trade of products or services rendered for utilization. It's the total cash that is charged for services. (Kotler & Armstrong, 2006) Price is the main factor in the showcasing activities that generate income to an organization or association. Price is an adaptable thing that can be customized relying upon client requests in the market (Kotler & Armstrong, 2006).

The findings show that most respondents are loyal to the brands associated with this hotel. The hospitality industry is perpetually rapidly changing due to innovations in information technology (Olsen & Connolly, 2000). Managers are required to make proactive changes which largely focus on client preferences and technological innovations in order to stay competitive in such highly dynamic environments. Nowadays, travelers do not exhibit, as in days of yore, a truly brand loyal behavior. Travelers are instead choosing to frequent hotels that offer the best value under particular budgetary constraints (Olsen & Connolly, 2000). Consequently, to add value to clients, hotel managers and marketers must meet the challenge of finding out the services that are preferred by hotel clients (Olsen & Connolly, 2000). Upon understanding clients’ preferences, the challenge then shifts to prioritizing the preferences that add the greatest value to the current hotel’s service offering.

A Pearson correlation analysis done to establish the relationship between process innovation and competitive advantage revealed a positive relationship (r=0.012, p>0.05) thus an increase in service innovation leads to an increase in competitive advantage. Tether and Tajar (2008) established that organizational innovation can lead to improve the firm performance by reducing administrative and transaction cost, rather it intend to improve the workplace satisfaction. The activities oriented toward the organizational change can be consequently linked to the organizational innovation. According to the Samuelides (2001) organizational innovation will help absorb the evolution and exploit
them into innovation in order to achieve rampant market growth. This also can apply any service industry which faced technological and regulatory evolution.

5.4 Conclusion

5.4.1 Product Innovation and Sustainable Competitive Advantage

Safari park has differentiated the products to suit customer needs, and this has been done by ensuring that the hotels products are unique compared to competing models in the market. This has resulted in the firm maintaining brands loyalty. The design of the recreational facilities is outstanding and the casino facilitates in this hotel are very conducive. The firm also enjoys preference by most customers based on the mere fact that products offered are friendlier to the natural environment and using products by this hotel saves a lot of time. The relationship between product innovation and competitive advantage indicate that an increase in product innovation gives rise to competitive advantage.

5.4.2 Process Innovation and Sustainable Competitive Advantage

The quality of services and products provided by this hotel is improving and as such, Safari park, which is a world renown hotel has been able also to always satisfy its clients by the delivery method and the level of better food hygiene. Generally, the staff has been cooperative and willing to adjust customizes services to the customers ‘needs and the hotel actively seeks customer feedback and complains. To maintain its clients, Safari park hotel has one of the best loyalty schemes, and the hotel has effective customer satisfaction policy. The relationship between process innovation and sustainable competitive Advantage finding is a positive relationship thus indicating an increase in service innovation leads to an increase in competitive advantage.

5.4.3 Service Innovation and Sustainable Competitive Advantage

Safari park staff are always in uniform for easier identification and the hotel provides outstanding customer service to the clients. As a result, the firm has done major investment including the acquisition of modern cars for safer transportation of the clients as well as availed multiple payment options which are faster and secure. On the other, hand installed innovative communication apps have not made a big impact on communication between the client and the employees. The relationship between process innovation and competitive advantage is a positive one and thus an increase in service innovation leads to an increase in competitive advantage.
5.5 Recommendation

5.5.1 Recommendation for improvement

5.5.1.1 Product Innovation and Sustainable Competitive Advantage
Safari park as a hotel has been need to maintain the differentiation of its the products to suit customer needs. This ensures the products offered remain unique and differ from competing models in the market. The hotel needs to introduced unique cuisine in the local market and therefore maintain its high worth brand. Also the enterprise ought to supplement its products with new features and specifications for the customers.

5.5.1.2 Process Innovation and Sustainable Competitive Advantage
Safari park hotel need to maintain its delivery method to guarantee customer retention. In addition, the firm also need to ensure quality standards of services and products are continuously improved and well maintained. As one of the existing prestigious hotels the level of food hygiene should be maintained at the top.

5.5.1.3 Service Innovation and Sustainable Competitive Advantage
The hotel needs to ensure its assets are up to date by the acquisition of modern assets to ensure clients satisfaction. They should also ensure continued adherence to the standard operating procedure such as staffs having uniform for easier identification as well as the hotel providing outstanding customer service to the clients. There is however a need to educate the clients on the benefits of using the innovative communication apps.

5.5.2 Recommendation for Further Research
There is also need to carry out the same study in other hotels in Kenya as this study indicates that innovation only influences about 5% of competitive advantage. It is significant to do further research on strategies that can be adopted to tap to the sources of competitive advantage that can lead to drastic growth and also research on how the firms should sustain the competitiveness irrespective of the internal and external forces faced. This study can be done in other industries to establish what the impact of innovation on firm’s sustainable competitive advantage among firms. Thus studies can also be done in other sectors of the economy such as manufacturing sector to determine the firm specific factors that influence competitive advantage.
REFERENCES


APPENDIX

APPENDIX I: INTRODUCTORY LETTER

Esther Muthoni Wanjiku,
United States International University – Africa,
P.O. Box 52616,
Nairobi.

2017

Dear Respondent,

RE: REQUEST TO PARTICIPATE IN A RESEARCH STUDY

I am pursuing a Master’s degree in Business Administration (MBA) at the Chandaria School of Business, United States International University - Africa (USIU). As a partial course requirement, I am doing a research titled: The effect of innovation on sustainable competitive advantage (client satisfaction) in the hospitality industry in Kenya: a case study of Safari Park hotel.

Attached is questionnaire that demands your attention. Kindly note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than for this research. Your assistance will be highly appreciated.

Regards

Esther M. Wanjiku
APPENDIX 11: QUESTIONNAIRE

SECTION ONE

This section seeks some background information about you. It is important to obtain this information as it will have a bearing on the results of the survey. This information will be used for comparative purpose only. Please indicate your answer by filing in your most appropriate answer.

1. What is your gender?
   Male ( )    Female ( )

2. What is your appropriate age bracket?
   Below 20 ( ) 20 to 30 ( ) 31 to 40 ( )
   41 to 50 ( ) 50 and Above ( )

3. What is your highest level of education qualification?
   Certificate ( ) Diploma ( ) Masters’ Degree ( )
   Vocational Training ( ) Bachelor’s Degree ( ) PhD ( )

4. Please indicate your monthly income level (Kshs).
   Below 50,000 ( ) 100,001-150000 ( ) Above 200000 ( )
   50000-100000 ( ) 150,0001-200000 ( )

5. How often do you visit hotels?
   Daily ( ) Monthly ( ) Semi-annually ( )
   Weekly ( ) Quarterly ( ) Annually ( )

6. What is your main purpose of stay in a hotel?
   Holiday with friends/family ( ) Attending meetings ( ) Attending conference ( )
   Visiting family/friends ( ) Business Trips ( ) Attending trainings ( )
SECTION TWO: PRODUCT INNOVATION ON COMPETITIVE ADVANTAGE

Indicate the extent to which product innovation affect your level of satisfaction? (Place a check mark in the appropriate square bracket). 1=not important at all, 2=not important, 3=neutral, 4=important and 5=very important

<table>
<thead>
<tr>
<th>Product innovations (Tick appropriately)</th>
<th>Very great Extent</th>
<th>Great Extent</th>
<th>Moderate Extent</th>
<th>Little Extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. This hotel has differentiated the products to suit customer needs.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8. Products offered are frequently supplemented with new features and specifications for the customers.</td>
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<td>9. Products offered differ from competing models in the market.</td>
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<tr>
<td>10. The hotel provides a wide array of unique products to choose from.</td>
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<tr>
<td>11. Food and beverages frequently comprise new ingredients which are useful to the customers.</td>
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<td>12. The design of the recreational facilities is outstanding.</td>
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<td>13. I am willing to make small sacrifices in order to keep using food and beverages by this hotel.</td>
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<td>14. The casino facilitates in this hotel are very conducive.</td>
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<tr>
<td>15. The products offered are friendlier to the natural environment.</td>
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<tr>
<td>16. Using products by this hotel saves a lot of time.</td>
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<tr>
<td>17. Using products by this hotel saves a lot of cash.</td>
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<tr>
<td>18. Am loyal to the brands associated with this hotel.</td>
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<tr>
<td>19. The hotel has introduced unique cuisine in the local market.</td>
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</tbody>
</table>
What other factors of product innovation affect your level of satisfaction?

SECTION THREE: SERVICE INNOVATION ON COMPETITIVE ADVANTAGE

<table>
<thead>
<tr>
<th>Service innovations (Tick appropriately)</th>
<th>Very great Extent 5</th>
<th>Great Extent 4</th>
<th>Moderate Extent 3</th>
<th>Little Extent 2</th>
<th>Not at all 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. The hotel has effective customer satisfaction policy.</td>
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<tr>
<td>21. The hotel actively seeks customer feedback and complains.</td>
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<tr>
<td>22. The hotel has one of the best loyalty schemes.</td>
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<tr>
<td>23. The hotel meets customer tastes and preferences.</td>
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<tr>
<td>24. The hotel has very flexible check in and out time.</td>
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<tr>
<td>25. The hotel room décor is always customized to customer needs.</td>
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<tr>
<td>26. Hotel managers are always willing to adjust their supply to the clients’ needs</td>
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<tr>
<td>27. I am always satisfied by the delivery method used by the hotel.</td>
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<tr>
<td>28. The housekeepers know their job and they are well trained and equipped.</td>
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<tr>
<td>29. The quality of services and products provided by this hotel is improving</td>
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<tr>
<td>30. The transportation packages have been improving.</td>
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<tr>
<td>31. The hotel attendants provide basic kitchen facilities upon request.</td>
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<tr>
<td>32. I intend to use the service that I am using provided by this hotel forever.</td>
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<tr>
<td>33. The level of food hygiene has been getting better.</td>
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</tbody>
</table>
What other factors of service innovation affect your level of satisfaction?

SECTION FOUR: PROCESS INNOVATION ON COMPETITIVE ADVANTAGE

<table>
<thead>
<tr>
<th>Process innovations (Tick appropriately)</th>
<th>Very great Extent</th>
<th>Great Extent</th>
<th>Moderat e Extent</th>
<th>Little Extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>34. It much faster to make a room reservation in this hotel.</td>
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<tr>
<td>35. This hotel has availed multiple payment options which are faster and secure.</td>
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<tr>
<td>36. Communication between the client and the employees has improved due to installation of the innovative communication apps.</td>
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<tr>
<td>37. The hotel website has all the necessary requirements to place an order.</td>
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<tr>
<td>38. I have been involved in assessing the quality programs that enhance process control in this hotel.</td>
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<td>39. The installed environmental friendly devices have improved the level of hotel ambience.</td>
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<td>40. The hotel has acquired modern cars for safer transportation of the clients.</td>
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<tr>
<td>41. Staffs are always in uniform for easier identification.</td>
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<tr>
<td>42. The hotel provides outstanding customer service to the clients.</td>
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<tr>
<td>43. The hotel’s new in-room technology makes the stay at the hotel much comfortable.</td>
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<tr>
<td>44. The customer relationship management tool is always active and customized to client’s needs.</td>
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</tbody>
</table>
SECTION FIVE: OVERALL ASSESSMENT ON COMPETITIVE ADVANTAGE

Please rate the following items based on your intention to return and recommend to others the hotel you occupied. 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree.

<table>
<thead>
<tr>
<th>Tick appropriately</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>45. I will return to the hotel owing to its product innovativeness</td>
<td></td>
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<tr>
<td>46. I will return to the hotel owing to its process innovativeness</td>
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<tr>
<td>47. I will return to the hotel owing to its service innovativeness</td>
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<tr>
<td>48. I will recommend the hotel owing to its product innovativeness</td>
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<tr>
<td>49. I will recommend the hotel owing to its process innovativeness</td>
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<tr>
<td>50. I will recommend the hotel owing to its service innovativeness</td>
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</tbody>
</table>

THANK YOU