Service experience innovative performance in hospitality firms from a network perspective

Innovación en la experiencia de servicio en empresas hoteleras desde una perspectiva de red

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Abstract
The purpose of this article is to provide a conceptual framework capable of capturing the complexity of the dynamics of innovation in the particular case of hospitality services. The conceptual essence and scope of hospitality services are examined. It also addresses the level of diversity among network agents and how this affects innovative performance. The findings suggest that one possible way to succeed is to draw out all the advantages offered by the network to provide innovative service experiences.

key words: hospitality, innovation, interorganizational networks, service experience

1. Introduction
Nowadays tourism firms operate in an extremely competitive business environment (Pappas, 2017) facing various economic trends that are particularly challenging for the hospitality industry. On the one hand, clients no longer buy products; rather, they buy benefits and experiences that goods and services provide for them (Grönroos, 2011; Kim, 2017). This is especially relevant for tourism firms since the provision of memorable customer experiences are increasingly recognized as a key source of competitive advantage (Zehrer, 2009; Eide, Fuglsang & Sundbo, 2017; Chang, 2018).

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Moreover, there is a growing trend towards the provision of holistic tourism products co-produced by networks of organizations and clients (De Vries, 2006; Djellal & Gallouj, 2005, 2008; Zehrer, 2009). Finally, the need to adapt to the changing tourist environment poses innovation as an essential condition not only to succeed, but also to survive (Orfila-Sintes & Mattson, 2009; Sørensen, 2007; Gomezl, 2016).

With that in mind, the framework of the experience economy (Pine and Gilmore, 1998, 2011), along with the network logic (Dyer & Singh, 1998; Gulati, Nohria, & Zaheer, 2000) emerges as a suitable way in explaining both the provision of the accommodation service as well as the innovative performance. In fact, experience offerings are increasingly seen as an interesting area of innovation in order to generate new value for business (Pine and Gilmore, 1998; Fuglsang, Sundbo & Sørensen, 2011).

Despite the relevance of network relations in general literature, their application in service innovation is still quite limited (Carlborg, Kindström, & Kowalkowski, 2013; O’Cass, Song, & Yuan, 2013), especially when dealing with the complexity of the provision of an innovative tourism experience (Paulišić, Morena, Tanković & Hrvatin, 2016). Furthermore, according to Zehrer (2009), the deliberate design and execution of service experiences as a distinctive management discipline is a new approach, opening a new path for researchers.

Thus, the purpose of this article is to contribute to a better understanding of the provision and innovative performance of a complex bundled product provided by multiple agents (Jaakkola, Helkkula & Aarikka-Stenroos, 2015) with a strong experiential component (Sundbo, 2009), such as the accommodation service. In order to do so, and given the multiple agent participation needed to provide the service, this research focuses on how the diversity of the set of partners affects the innovative performance. In this regard, global diversity will also be more specifically addressed in terms of resources provided by the partners and cognitive proximity among them.

The article is organized as follows: firstly we present the conception of the accommodation service from an experience and network perspective. Secondly, we deepen into the explanation of the innovative performance of the accommodation service experience though the role of social capital and the diversity among partners. Finally, we summarize key findings of the research, in the form of theoretical contributions, the main implications for academic and practitioners and future research lines.

2. Method

The study has been conducted as a systematic literature review. The selected databases were Web of Science (WOS), SCOPUS, ABI/Inform, Science Direct and EBSCO, given their coverage in the area of management, thereby resulting in a significant number of articles. The database queries included the following key words in the title, abstract or full text: service experience, inter-organizational relations, networks, hospitality and social capital. The period of analysis was from 2000 until today. After a first analysis content, it was decided to incorporate a second phase of selection, where further studies were selected considering the frequency of citation of certain authors in the original sample of articles, regarding both service experience and networks. The reading, analysis, and interpretation of the documents were aimed to develop the proposed service experience framework.

3. Accommodation service from an experience and network perspective

The complexity of tourism and accommodation products stem from the involvement of multiple agents together with an experiential and multi-attribute nature (Pine and Gilmore, 1998; Obenour, Patterson, Pedersen & Pearson, 2006; UNTWO, 2015). In an attempt to capture this complexity, the provision of the accommodation service is presented within the framework of the experience economy (Pine and Gilmore, 1998, 2011), along with the network logic (Djellal and Gallouj, 2008, 2009).
The literature review reveals that tourism and hospitality research has mainly approach the notion of “experience” from an outcome based view (Helkkula, 2011), mainly focused on dimensions such as customer loyalty, satisfaction, and positive word-of-mouth, but never in terms of economic result. Besides the outcome based view, Helkkula (2011) (see Table 1) suggest that studies developed from a process approach focus on the stages followed to form the experience throughout the service delivery and customer participation (Edvardsson, Enquist & Johnston, 2005; Bassi and Guido, 2006). However, the phenomenological view is highlighted as the predominant approach in the literature. This perspective has evolved from the individual and subjective perception of the service (Edvardsson et al., 2005) to a view of the experience as a collective and co-created phenomenon relevant both to clients and business actors (Fuglsang et al., 2011).

In order to provide an inclusive point of view, Jaakkola et al. (2015), proposes conception of service experience as an actor’s subjective interpretation of the service, emerging during the process of purchase and/or use, as a result of the interaction with other agents.

This approach is particularly relevant considering the bundled nature of great part of tourism services (Djellal and Gallouj, 2008, 2009; UNTWO, 2015). In this vein, it is difficult and inefficient for a single firm to provide all the services included in the package. Therefore, the provision of the accommodation service requires collaboration with other agents (Grönroos and Ravald, 2011).

Table 1
Approaches defining the service experience

<table>
<thead>
<tr>
<th>Approach</th>
<th>Scope of service experience</th>
<th>Subject of the service experience</th>
<th>Author(s)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>A) Internal and individual created by:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Clients: personal reactions and feelings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Firms: services and goods offered</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>B) Collective and co-created by clients and business actors</td>
<td>Fuglsang et al. (2011); Helkkula et al. (2012); Jaakkola et al. (2015)</td>
</tr>
<tr>
<td>Process</td>
<td>Focuses on architectural elements (phases) and their order during the process of service</td>
<td>Usually the customer</td>
<td>Bassi and Guido (2006); Edvardsson et al. (2005)</td>
</tr>
<tr>
<td>Outcome</td>
<td>Understanding service experience as one element in a model linking a number of variables or attributes to outcomes</td>
<td>Aggregate data of multiple customers</td>
<td>Aurier and Siadou-Martin (2007); Flanagan, Johnston and Talbot (2005); Galetzka, Verhoeven and Pruyn (2006)</td>
</tr>
<tr>
<td>Inclusive</td>
<td>Integration of phenomenological, process and outcome views</td>
<td>Any relevant actor in the service encounter</td>
<td>Jaakkola et al. (2015)</td>
</tr>
</tbody>
</table>

Source: own elaboration

Despite the relevance of this emergent phenomenon, current research lacks knowledge about the network approach of the service experience, especially regarding the identification and engagement of the agents.
involved (Jaakkola et al., 2015). In order to do so, it is important to know the official notion of accommodation services. According to UNWTO (2015:13) “the accommodation for visitors in hotels and similar establishments that includes the provision of accommodation (...). This includes the provision of furnished accommodation (...), with or without daily or other regular housekeeping services, and may often include a range of additional services such as food and beverage services, parking, laundry services, swimming pools (...)

According to Fuglsang et al., (2011), experiences can be understood as a set of characteristics of goods and/or services. Furthermore, Eide et al. (2017) suggest that the concept of service experience can be compared to the concept of service package (or bundled) (Normann, 1991). In this way, just as the main service contains other peripheral elements (Kandampully, 2002; Grönroos, 2001), the experience concept also includes a core experience and peripheral experience elements.

Given its complex nature, research on manufacturing (Ulaga and Reinartz, 2011) and services (Djellal and Gallouj, 2008) define these products as “hybrid offerings” and “assembled services” respectively (see Table 2). Both notions refer to the provision of a package of services and/or goods integrated with each other. Thus, accommodation service would represent the core service (Gallouj, 2002; Sureshchandar, Rajendran & Anantharaman, 2002), while the integration of peripheral services such as housekeeping, food and beverage services, parking, sightseeing tours, etc. will lead to a higher value of the package, and then the whole experience (Djellal and Galloj, 2005, 2008; Kandampully, 2002).

<table>
<thead>
<tr>
<th>Context</th>
<th>Concept</th>
<th>Method</th>
<th>Scope</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufactures</td>
<td>Hybrid offerings</td>
<td>Integration</td>
<td>Hybrid offerings value &gt; Good (s) value + Service (s) value</td>
<td>Shankar, Berry and Dotzel (2007) Ulaga and Reinartz (2011)</td>
</tr>
</tbody>
</table>

Source: own elaboration

As can be seen, the engagement of the network agents, together with the emotional and experiential nature of the product and the integration between the core and additional services, represents the main challenge in creating the accommodation service. Based on this assumption, it is proposed a concept of accommodation service experience that captures this nature (see Figure 1):

“Accommodation service experience represents the actor’s (client, provider, other firm) subjective response to, or interpretation of the elements of the core and/or peripheral services, emerging during the process of purchase and/or use. Then, it arises as a result of the application and combination of competencies (knowledge, skills and experience) of the stakeholders (providers or suppliers), whereby customers provide themselves significant inputs into the service production process”.
4. Theory and propositions: Service experience innovative performance

According to Saxena (2005) and Cravens and Piercy (1994) inter-organizational relations in the hospitality industry have given results in terms of transfer of knowledge and innovation, among others. Thus, the previous notion of accommodation service experience leads us to present innovation as an overall collaborative phenomenon oriented to meet external demands (Walker, Damanpour & Devece, 2010) and therefore encompassing not just a new or improved service but also design, promotion, pricing and delivery (OECD, 2005):

“Service experience innovation refers to the introduction of a new or significantly improved good or service (s), delivery method, design or packaging, placement, promotion or pricing in the set of assembled services; or an complete assembled service, leading to a higher value of the experience, that can only be implemented as a result of collaboration, and one that could not be delivered on individual organizational merits”.

Numerous studies on general management literature recognize knowledge as a crucial factor driving innovation (Aranda and Molina- Fernández, 2002; OECD, 2005), especially when offering value bundles in network environments (Schaarschmidt, Walsh & Evanschitzky, 2018), as is the case of the accommodation service experience.

Recent research on tourism and accommodation firms (e.g. Hjalager, 2010; Vila, Enz & Costa, 2012; Souto, 2015) also supports knowledge-based theory studies by presenting innovation as the result of generating, acquiring,
combining and applying knowledge generated through the network dynamics (Aranda and Molina-Fernández, 2002; Chesbrough, 2007). In this vein, the strategic relevance of network collaboration lies in the generation of social capital, which represents the value of the links and relationships maintained, as well as the resources and knowledge exchanged that lead to better performance (Nahapiet and Ghoshal, 1998).

Social capital represents a valuable and scarce driver of differentiation and superior performance for various reasons (Barney, 1991; Dierickx and Cool, 1989). Firstly, it facilitates access to resources and capacities that would not otherwise have been available (Gulati et al., 2000) since they are generated through a unique combination of relationships. Furthermore, an efficient inter-organizational network requires time and effort in order to generate social capital, which makes it difficult for competitors to imitate or replace it. Therefore, it could be said that it depends on firm’s history and all the previous collaborations with other agents (Barney, 1991; Nahapiet and Ghoshal, 1998).

In hospitality firms, social capital represents an important factor driving innovation opportunities (Morrison, 1994; Tremblay 1998; Sørensen, 2004; Hoarau and Kline, 2014; Souto, 2015). The development of relationships gives rise to knowledge diffusion processes that allow innovations to generate economic return (Xiao and Smith, 2007; Lemmetyinen and Go, 2009; Hoarau and Kline, 2014; Souto, 2015). This is consistent with the study of Vila et al. (2012) confirming that the high level of causal ambiguity characterizing networks (Möller and Rajala, 2007) represents a key source to introduce long term sustainable innovations in hospitality.

This causal ambiguity derives mainly from the complexity of social capital, since it encompasses different and interrelated dimensions (Nahapiet and Ghoshal, 1998; Yli-Renko et al., 2001). The structural dimension refers to variables that influence the network configuration in terms of size (Ahuja, 2000), direct or indirect links (Vilana Arto and Rodríguez Monroy, 2011), density (Gulati et al., 2000) etc. The relational dimension is related to the dynamics in terms of quality and nature of the relationships that lead to the formation of social capital, such as trust between partners (Sánchez Famoso et al., 2014). Finally, the partner dimension represents the characteristics of the network partners in terms of valuable resources, capacities and knowledge (Coleman, 1988; Lin, 1999).

This article is focused on the analysis of the role of the partner dimension. An efficient way to address the characteristics of the set of partners from a network perspective is through the notion of global diversity (Goerzen and Beamish, 2005; Gilsing, Nootenboom, Vanhaverbeke, Duysters & van den Oord, 2008). In this sense, authors who are close to the field of open innovation stress the necessity to interact with different types of agents in order to improve the firm’s capacity to adapt to changes and, therefore, to develop strategic innovations (Chesbrough, 2003; Chesbrough and Crowther, 2006).

Thus, considering the wide range of characteristics and potential partners that can be analyzed in tourism industry (Cravens and Piercy, 1994; Saxena, 2005; Zehrer; 2009; Prebensen, 2014), the study of the global diversity will be addressed as the main variable driving innovative performance (Goerzen and Beamish, 2005; Gilsing et al., 2008).

Therefore, the first proposition is the following:

P1. Network global diversity has a positive impact on the service experience innovative performance.

Most particularly, a potential way to assess global diversity is through the analysis of two dimensions: resources diversity and cognitive diversity. Resource diversity (Batjargal, 2003; Castro, Acedo & Picón-Berjoyo, 2015) refers to the degree of diversity of valuable resources, capacities and knowledge of the partners (Coleman, 1988; Lin, 1999). Numerous studies address resource diversity through the analysis of different types of partners at
different stages of the value chain, such as competitors, clients or/ and suppliers (Santamaría Sánchez and RialpCriado, 2007; Nieto and Santamaría, 2007).

The key issue of heterogeneous networks stems from access to a wider, more diverse and non-redundant range of resources, information and capabilities at a lower cost than homogeneous networks (Wassmer, 2010). All this puts the firms in a better position to develop innovations (McEvily and Zaheer, 1999; Jiang, Tao & Santoro, 2010; Santamaría, Nieto and Barge-Gil, 2010). Hospitality is one of the sectors with more inter-connected industries (Pansiri, 2008). Among the main parties involved are providers, suppliers, distributors, competitors and clients (Cravens and Piercy, 1994; Saxena, 2005; Zehrer; 2009; Prebensen, 2014). In this context, it is especially relevant to focus on the role played by resource diversity in the generation of service experience innovative performance.

The following description aims to identify potential partners in hospitality networks, as well as the complementary resources and capabilities provided in order to generate innovations. Firstly, vertical cooperation involves relations between companies operating at different production levels, such as hotels, catering firms, tour operators and/ or travel agencies (Medina-Muñoz, García-Falcón & Medina-Muñoz, 2002; Pansiri, 2008; Wong, Mistilis & Dwyer, 2010). Usually, vertical cooperation corresponds to the supply chain, including clients and firms from different industries, such as cleaning services (Zehrer, 2009).

Literature on business cooperation acknowledges that cooperating with suppliers and clients allows improving the firm’s innovative capacity (Surruca Aguilar and Santamaría Sánchez, 2007), especially when firms seek product or process innovations (Shaw, 1994; Tether, 2002; Bayona, García Marco & Huerta Arribas, 2003) but lack the necessary resources and/or capacities. This type of collaboration provides external knowledge resources (Arranz and Fernández de Arroyabe, 2008) in the form of suggestions, requirements, or complaints (Fang, 2008).

Furthermore, cooperation with clients provides valuable information about new market needs and trends (Sánchez González and Herrera, 2014). A potential way to obtain resources and capabilities from clients in hospitality firms is by involving them in the service delivery process (Orfila-Sintes and Mattson, 2009; Prebensen, 2014; Souto, 2015).

However, recent research poses inconsistencies regarding clients contribution to the network (Chang and Taylor 2016; Storey and Larbig, 2017). This primarily relates to the idea that beyond a certain point, relations with customer may hinder new service success (Homburg and Kuehnl, 2014; Storey and Larbig, 2017), since an excessive knowledge heterogeneity may hamper firm’s knowledge absorption (Antioco, Moenaert & Lindgreen, 2008).

On the other hand, horizontal cooperation — also called coopetition — implies the establishment of collaboration relations among firms at the same level of production— competitors—, such as hotels cooperating with one another (Grängsjö, 2003; Feng and Morrison, 2007;Wong et al., 2010). Competitors may also provide access to different knowledge and skills (Baumard, 2009; Bouncken, Clauß & Fredrich, 2016), which are especially useful when firms have a common interest, for example, joining forces to develop new products (Arranz and Fernández de Arroyabe, 2008). Considering the little mutual trust among tourism firms (Hjalager, 2002), a potential way to foster the presence of competitors in the hospitality network is through business associations (Chim-Miki and Batista-Canino, 2017), which favour trust, reciprocity and social embeddedness, in order to generate social capital and simultaneously, innovation (Bouncken et al., 2016).

Nevertheless, firms must be cautious since the diversity of partners may has negative effects due to the possibility of increased opportunistic behaviour (Santamaría et al., 2010), as well as assimilation difficulties and information overload (Kogut and Zander, 1992; Levinthal and March, 1993).

Therefore, the second proposition is the following:
**P1a.** Network resource diversity has a positive impact on the service experience innovative performance.

Besides the resource diversity, the study of the characteristics of the network partners may also be addressed through the cognitive diversity, in other words, knowledge and skills of communication and information exchange process among partners. In this vein, cognitive diversity can be posed in terms of nationality. Partnerships between companies of different nationalities can facilitate the entry into new markets (Glaister and Buckley, 1996), provide complementary capabilities (Lane, Salk & Lyles, 2001; Wassmer, 2010) and improve knowledge and learning bases (Lubatkin, Florin & Lane, 2001; Wassmer, 2010). However, it can also hinder knowledge transfer by entailing conflict and increasing management costs, given the lesser cognitive proximity (Jiang et al., 2010; Wassmer, 2010).

It is especially relevant for hospitality industry to consider the influence of national diversity regarding the service experience innovative performance. Hospitality industry operates in a global context aiming at catering the needs of the contemporary world traveler, as well as reaping the benefits of economies of scale and achieving the critical mass necessary to sustain economic viability. Consequently, it has to face several challenges related to the management and cross cultural communications (Harrington and Ottenbacher, 2011; Bharwani and Butt, 2012).

On the other hand, an organization's ability to learn from partners increases as their knowledge bases become more similar and complementary (Lane and Lubatkin, 1998; Simonin, 1999). Comparable cognitive schemes facilitate access to information, favouring the creation of new knowledge, and lowering the knowledge transferring costs (Yli-Renko, Autio & Sapienza, 2001; Tsai and Ghoshal, 1998).

This may be case of collaboration among competitors, given their similar knowledge base and uncertainty problems (Baumard, 2009; Bouncken et al., 2016). However, in tourism industry sharing knowledge with competitors is viewed as source of risks (Czakon and Czernek, 2016; Pellegrin- Boucher, Le Roy & Gurău, 2013). The ease to copy successful ideas (Poon, 1993; Vila et al., 2012) may leads to a potential vulnerable situation in which firms need to carefully balance knowledge sharing (Baumard, 2009).

Therefore, in order to understand the relation between the cognitive diversity and innovative performance in the service experience, the third proposition is the following:

**P1b.** Network cognitive proximity has a positive impact on the service experience innovative performance.

As shown in Figure 2, and on the basis of the previous discussion, it is proposed a theoretical model explaining innovative performance in service experience.
5. Discussion, conclusions and future lines of research

Nowadays tourism and accommodation firms face challenging economic trends in an extremely competitive business environment. This, together with the complexity of the product and the key role information, knowledge and relationships plays in this industry, requires an analysis from several approaches.

In this way, this article contributes to extend research on network and service experience fields by providing a general framework explaining the provision of the accommodation service experience from a network perspective, previously lacked in the literature. First, the paper examines the conceptual essence and scope of the accommodation service, generating an integrative conceptualization from an experience and network perspective that has been lacking in previous research.

More in-depth knowledge of the relation between the service experience and the network allows us to propose a direct relation between the social capital generated and the innovative perspective. In this vein, innovative performance is presented in terms of introduction in the market of a new or significantly improved good or service (s), delivery method, design or packaging, placement, promotion or pricing in the set of assembled services; or a complete assembled service. It also is highlighted the necessity to involve multiple agents both to provide the service and to innovate. This leads to the importance of the social capital as a driver of competitive advantage, especially regarding the global diversity of the set of partners in order to achieve innovative performance. In addition to the global term, diversity may explain innovative performance more specifically, in terms of resources provided by the partners and cognitive proximity among them.

This theoretical approach represents a step forward in tourism research since tourism and hospitality research has mainly approach the notion of “experience” in terms of customer loyalty, satisfaction, and positive word-of-mouth, but never as an economic or financial result (Helkkula, 2011).
These conclusions also have implications for management. The findings suggest that the service experience should be developed with the participation of multiple agents in mind. More specifically, managers need to realize that a potential way to achieve economic performance is by extracting all the advantages provided by the network, especially through the social capital. In this sense, an interesting way of exploiting the network is by focusing on the characteristics from a global perspective, in terms both of resources and cognitive schemes.

Future research is encouraged to test the model with empirical data. Taking into account that in tourism industries innovation is an essential condition not only to succeed, but also to survive (Sok and O’Cass, 2011; Gomezelj, 2016; Orfila-Sintes and Mattson, 2009), another worthwhile line of investigation would be to address the network design to introduce innovative services experiences in the market and achieve innovative performance. For example, research could discuss the more suitable type of partner, the number, the nature of relations—formal or informal, short or long-term—or the position of the firm in the network. Moreover, it would be interesting to identify critical resources and capabilities to improve the network potential to offer innovative service experiences.

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