

Barriers to Innovation in Hospitality Provision: Towards a reorientation of theory and practice

Conrad Lashley and Barry O'Mahony



Introduction

Recent challenges within the hospitality industry highlight a critical need for research and innovation to inform management practice. Surprisingly, however, a comprehensive review of literature has found that innovation research within the industry is scant and that innovative practice lags behind many other industries. In a study into innovation activity across 14 industries in the UK, for example, Robson and Ortmans (2006) found hotels and restaurants to be the second least innovative. This lack of innovation activity is most pronounced in the food and beverage sector with Enz (2004, p.5) noting that the food service sector in the US is reactive making few advances in current practice '... until a period of crisis arises' and Ottenbacher and Gnoth advising that hospitality 'managers often rely on gut feeling, speculation, and their own limited experience about the keys to innovation success' (2005, p. 206).

An emerging crisis is currently evident in the food and beverage departments of international chain hotels. Indeed, a continual decline in customer demand within this sector has prompted Riley (2000, p.112) to pose the question 'can hotel restaurants ever be profitable?' Riley's question is based on his observations that chain hotels are losing market share prompting outsourcing of restaurants and the cancellation of several service periods (Riley, 2000). This downgrading of food and beverage within these establishments has also been noted by Wood (2007) who advises that apart from a few hotels that are food led, the majority now make their money from room sales. A similar situation is occurring in Australia where the majority of international chain hotels have abandoned fine dining altogether reducing their food and beverage outlets to casual dining with the main emphasis on providing breakfast and 24 hour room service.

This conceptual paper argues that the current management paradigm in international chain hotels presents a barrier to innovation, which is compounded by a failure to recognise that hospitality and tourism experiences have important emotional dimensions. The paper explains that by understanding the hospitality transaction between hosts and guests commercial operators can deliver customer experiences that build customer loyalty. The paper then illustrates how a reflective hospitality curriculum can prepare hospitality management graduates to react to the dynamic environment that is today's hospitality industry.

Background and context

Much of the hospitality and tourism academic literature implies that the sector represents one more facet of the service industry. This is particularly evident in the marketing literature where principles adapted from product and manufacturing marketing are applied to redefine marketing issues through the prism of product, place, price and promotion, by adding people, processes and place in service contexts (Parasuraman, Berry, and Zeitzmal, 1991; Palmer, 2001). In this framework, hospitality and marketing management is principally concerned with adjusting each of these elements to provide a competitive offer to customers (Kotler, 2003). The same concepts are applied, therefore, to marketing to hotel and restaurant customers, as those applied to marketing to laundry and financial service customers (Lovelock, 1999).

This narrow approach is further limited within the international hotel chain sector where ‘... many international hospitality companies do not really ‘do’ any marketing at all’ (Renaghan 1995, p.165) concentrating instead on sales. Renaghan’s comments are based on the fundamental distinction between a product and a market focus. He advises that international hotel chains are foremost among the hospitality firms that concentrate on revenue generation through increased sales rather than by offering distinctive products and services that satisfy the needs of their customers. According to Renaghan (1995): ‘firms that become customer oriented are ones that not only understand customer needs but have used that knowledge to focus their resources, energy and efforts in their quest for growth and profit’ (p.167).

Another core feature of market orientated organisations is that they offer a product or service that is distinctively different to that of their competitors. Most people would agree, however, that there is little to distinguish one international hotel chains brand from another. For this reason the food and beverage offerings at all major chain hotels are predictable. The major problem with this approach is that it gives priority to the tangible aspects of the customer offer. Thus the focus is on the quality of the facilities and comfort of the room as well as the range and quality of the food and drinks on offer, which fails to recognise that it is the quality of the guest emotional experience that really creates long-term customer satisfaction and loyalty. Herzberg’s (1964) concept of motivation theory provides a useful metaphor where the physical aspects of the venue such as the décor, accommodation, physical facilities, meals and drinks are potentially ‘*dissatisfiers*.’ If standards do not meet expectations, customers will be dissatisfied, but exceeding their expectations in these aspects will not produce satisfaction (Balmer & Baum, 1993). Customer satisfaction will be generated by the quality of the emotions generated from their experiences with staff and their performance, the qualities of hospitableness, fellow diners and the performance of management. These are the key dimensions that are crucial to generating customer satisfaction through their

emotional experiences as guests. Long-term customer loyalty and repeat custom to the venue are dependent on the emotions generated by these elements. Highly satisfied hospitality guests are more likely to return, or to recommend the establishment to family and friends.

Barriers to innovation in international chain hotels

International hotel chains provide an opportunity to demonstrate a lack of alignment with customers' need for emotionally positive experiences. Firstly, however, it is necessary to acknowledge some of the difficulties under which they operate. They manage hotels on behalf of owners that are generally corporate investors that have little interest and no experience in hotel operations. In many cases, capital investment is minimised so that end of year results show favourable returns on investment for shareholders. In relation to hotel operations, owners' main concerns are to keep overheads and operating costs, which are normally charged back to the local properties by international hotel corporations, at a minimum level. As a result, new ways are sought to reduce costs, which inevitably result in a reduction in menu choice, thus further limiting the product range. A move towards partially prepared products, and buying in whole courses such as pre-made desserts is also evident. This results in less distinction in the product range. Kitchen performance is monitored on the basis of a prescribed food cost percentage thus reducing the role of the food and beverage manager to one of policing financial performance goals.

Ritzer notes the evolution of this management orientation in his work on 'MacDonaldization' (1983, 2004) advising that hospitality services are subject to corporate pressures to increase control, calculability, predictability and efficiency (Ritzer, 2006). These systems, informed by Taylorism (Taylor, 1947) originated in the manufacturing sector. When transferred to services, however, they minimise human discretion and personal initiative resulting in standardised and scripted service interactions. The problem is that within the hospitality industry they are inconsistent with genuine hospitality and acts of hospitableness and ultimately lead to 'inhospitable hospitality'

The problem is that rigid adherence to systems and processes, many of which originate overseas, that characterises food and beverage management in international chain hotels has not only stifled the opportunity for creativity but has also limited its appeal as a career option for university graduates, the majority of whom choose rooms division as the pathway to promotion. As a result, creative management dimensions are removed and the entire department presents a mundane and stressful career option.

The lack of an innovative reflective approach to hospitality provision has meant that social trends such as major changes in consumption habits and meal eating patterns (Mikela 2000) have not

been recognised. For example, others have capitalised on the healthy approach to eating and drinking that is occurring all around including franchisees with little training in food production or service. Whilst food retailers market low fat, low carbohydrate food alternatives and industry relevant research suggests that healthy styles such as grilling, poaching, steaming and stir-frying are influential in consumption choice (O'Mahony & Hall 2007) few chain hotel menus present guests with even basic information on the methods of cookery employed in food preparation.

Moreover, important dimensions of food and beverage provision evident in recent socio- cultural studies such as the work by Lashley, Morrison and Randall (2005) who found that hosts provide emotional dimensions to dining experiences that are vital to creating memorable occasions are not considered. The dominant impression is that these emotional dimensions of hospitality are what make these meal occasions special, and it will be these emotional dimensions of their visit that make for memorable hospitality events.

Education and a reflective curriculum

With recent Industry Labour Organisation (ILO2002) reports indicating that the hospitality sector has entered an era of intense competition where competing on the basis of price will be detrimental to the industry, this paper calls for a shift in both the academic orientation that informs the current hospitality management paradigm and in its practical application within the hospitality industry. Given the barriers to innovation highlighted earlier coupled with the fact that many hospitality businesses are categorised as small traditional service firms the investment required to reposition industry provision is at best unlikely. Consequently, many hospitality businesses are at risk of being left behind in the global economy. As a result, the industry must look to educational institutions to develop the reflective, innovative practitioners to improve industry performance.

Whilst it is acknowledged that the raft of hospitality management courses that have been offered at higher degree, degree and vocational level for many years worldwide have improved the service and professionalism of the hospitality industry, there has been a growing debate within the hospitality management field about the ability of the hospitality management curriculum to prepare students for the challenges of today's hospitality industry (Lashley and Morrison 2000; Morrison and O'Mahony 2002). From a North American perspective, Barrows and Bosselman (1999) have asserted that the international hospitality industry and business environment are so dynamic it is unrealistic to assume that curriculum content can accurately reflect current industry practices. In particular hospitality academics have questioned the extent to which traditional hospitality management higher education prepares students to be able to think outside existing practices and paradigms (Airey and Tribe 2000).

The perspective that has emerged from this debate is that there is a need for the hospitality management curriculum to draw from the many disciplines or other fields of enquiry, which help to explain hospitality. Morrison and O'Mahony (2002, p.196) advocate this approach on the basis that '... there is potential that traditional management may be challenged, inherited rituals questioned, and breakout from historical mindsets achieved to revitalise the future rather than simply replicate the past'. One way of doing this is to study the host and guest relationship which has a long tradition, pre dating modern hospitality and tourism businesses by thousands of years and universally evident across all societies (Derrida, 2002). To this end the domestic or private domain of hospitality provides a set of broadly shared social norms and expectations about hospitality and the obligations required of hosts and guests. As such the domestic/private domain of hospitality is the key arena for learning the behaviours of being a host and being a guest.

This broader approach is supported by recent research by Warde and Martens (2000) who found that diners regarded hospitality offered in the home to be authentic whilst the hospitality offered in commercial restaurants was less than authentic. Consequently, the domestic/private domain of hospitality is important for hospitality and tourism practitioners because this domain provides a source of learning about host and guest relations which can be used during communications with guests and with staff in commercial provision. Apart from providing a context in which individuals learn host and guest behaviour, the domestic/private domain also provides some of the specific skills associated with cooking, serving drinks and providing accommodation. O'Mahony's (2003) profile of five award winning Australian restaurateurs revealed that a common theme was that all learnt to cook food in the domestic/private domain. Typically they learnt to love food and to cook through the influence of a female family member. In other cases, the enjoyment of food and drink and entertaining was developed in the home. Lashley's (1985) research into leading hotel and restaurant chefs' profiles also revealed that they typically developed an enjoyment of food and cooking in the home with a mother, grandmother or other significant female family member.

If the guest experience is to be such as to create memorable experiences and ultimately enable the guest to feel a bond of friendship, hosting behaviour needs to reflect the traditions of hospitality and hospitableness because the nature of the relationship between those offering hospitality experiences in bars, hotels and restaurant sites and the recipients of those experiences is of key importance to an analytical understanding of the commercial domain of hospitality. One of the key debates that has emerged over the commercial domain of hospitality is the extent which it is possible to engage these traditional relationships in what is essentially an economic transaction. For some (Slattery, 2002), these are economic relationships. Customers are not guests they are customers entering into a contractual economic relationship. Customers receive a bundle of products and services, and for this they pay money in exchange. This type of thinking implies a

substantially rational relationship and one in which emotional needs of the service encounter are recognised but given a subordinate role in the economic transaction. Service deliverers are required to provide emotional labour (Hochschild, 1983) through an appropriate emotional performance, but this only one element of the service delivery.

This paper argues, however, that sustained customer relationships can be developed if the host and guest relationship is informed by these more traditional definitions of hospitality, concerned with delivering hospitality through the genuine hospitableness of hosts. By providing hospitality experiences that are delivered by individuals who are welcoming and hosting guests in a way that converts 'strangers into friends' it is possible to develop a loyal base of 'customers who are friends'.

In addition, making traditional hospitality and the emotional dimensions of guest experiences at the heart of commercial hospitality and tourism marketing is, in principal, advocating a business strategy which aims to gain competitive advantage through the uniqueness of the service quality. Conventional services (Kotler, 2003) marketing literature suggests that a strategy that aims to compete via quality is less easily replicated than a strategy which aims to compete on low prices. A quality strategy is likely to develop more loyal customers and will be less susceptible to competitor pressures. The approach advocated here adds a further dimension to this because traditional hospitality suggests that good hosting leads to strangers becoming friends. In a commercial context the approach suggests that making customers into friends intensifies the levels of loyalty because of the emotional attachment of the relationship.

Morrison and O'Mahony (2003) report on how the educational challenge above was embraced in the design and development of a subject that builds theory by translating perspectives found within the private domain of hospitality into a framework to inform industry practice. Although geographically half a world apart, this reorientation has proven successful at Victoria University in Melbourne and at Strathclyde University in Scotland. Whilst the model is limited to a single subject due to competition for curriculum space, it is suggested that further academic focus should be brought to bear to provide the educational scaffolding to support innovation in hospitality management practice.

Conclusion

The domestic/private domain of hospitality provides valuable insights for those interested in developing commercial hospitality experiences. It establishes a context in which individuals perform acts of hospitality and display their qualities of hospitableness. The domain also

establishes the sense of authenticity of the hospitality experience. Traditional notions of hospitality can inform hospitality and tourism marketing strategies in commercial organisations and the business' relationship with customers. By recognising the core importance of the host guest transaction, and the emotional dimensions of the guest's experiences, it is possible to build a loyal customer base of individuals who have a friendly or friend-like relationship with the brand. These traditional concepts of hospitality are universal and are defining features of a society and its culture.

Setting the host and guest transactions at the core of commercial hospitality and tourism organisations requires some fundamental changes in the way many commercial organisations operate. In many cases, and despite the rhetoric of stakeholder interests and balanced score cards, shareholder interests are paramount and dominate short-term financial targets.

This paper has argued that, in the absence of an industry driven paradigm shift, educational institutions must provide the curriculum required to create reflective, innovative hospitality managers. The study of hospitality in this social and cultural domain is presented as a key element in this theoretical underpinning because it will enable individual business to develop a better understanding of the needs of guests. Through an understanding of the cultural obligations to be hospitable front line staff will be empowered to deliver the guest experiences which create memorable moments from which to build repeat visits and customer loyalty. In addition, reflective management practice will enable hospitality businesses to develop products and services that guests really want and are prepared to pay for, whilst creating a vibrant, creative workplace for hospitality management graduates.

References

- Balmer, S & Baum, T (1993) 'Applying Herzberg's Hygiene Factors to the Changing Accommodation Environment', *International Journal of Contemporary Hospitality Management* Vol 5 No 2.
- Derrida, J. (2002) *Acts of Religion*, Routledge, New York.
- Enz, C and Siguaw, J 2004, 'Revisiting the Best of the Best: Innovations in Hotel Practice', *Cornell Hotel and Restaurant Administration Quarterly*, vol. 44, no. 5, pp. 115-23.
- Herzberg, F. (1966) *Work and the Nature of Man* Staple Press: New York.
- Hochschild, A.R. (1983) *The Managed Heart: Commercialization of Human Feeling* Berkley: University of California Press.
- ILO 2001, *Human Resource Development, Employment and Globalization in the Hotel, Catering and Tourism sector*, International Labour Organization, Geneva.
- Kotler, P. (2003). *A Framework for Marketing Management*. Prentice Hall.

- Lashley, C., & Morrison, A., (2000) eds *In Search of Hospitality: theoretical perspectives and debates*, Oxford: Butterworth-Heinemann.
- Lashley, C., (1985) *Why Women Don't Become Chefs*, unpublished MA Thesis, Warwick: University of Warwick.
- Lashley, C., Morrison, A., & Randall, S., (2005) 'More than a service encounter? Insights into the emotions of hospitality through special meal occasions', *Journal of Hospitality and Tourism Management*, Vol. 12, No.1, 80-92.
- Lovelock, C. (1999). *Principles of Service Marketing and Management* Prentice Hall.
- Mikela, J. (2000), 'Cultural Definitions of the Meal', in *Dimensions of the Meal: The Science, Culture, Business, and Art of Eating*, Ed H. L. Meiselman, Aspen, Press Maryland, pp.7-18.
- Mann, S., (1999) *Hiding What We Feel, Faking What We Don't: understanding the role of emotions at work*, Shaftesbury: Element.
- Morrison, A. and O'Mahony, G. B. 2003, The Liberation of Hospitality Management Education, *International Journal of Contemporary Hospitality Management*, vol.15, no.1, pp.38-44.
- O'Mahony, B., (2003) 'Social and domestic forces in commercial hospitality provision: a view from Australia', *Hospitality Review*, Vol. 5, No. 4, 37-41.
- O'Mahony, B. and Hall, J. (2007), 'The Influence of Perceived Body Image, Vanity and Personal Values on Food Consumption and Related behaviour', *Journal of Hospitality and Tourism Management*, Vol.14, no.1, pp.57-69.
- Ottensbacher, M and Gnoth, J 2005, 'How to develop successful hospitality innovation', *Cornell Hotel and Restaurant Administration Quarterly*, vol. 46, no. 2, pp. 205-22.
- Palmer, A. (2001) *Principles of Services Marketing* McGraw Hill: London.
- Parasuraman, A., Berry, L.L., Zeithaml, V.A. (1991) 'Understanding Customer Expectations of Service', *Sloan Management Review* Vol. 32, No 3, p 39-48.
- Renaghan, L (1993) 'International Hospitality Marketing' in *The International Hospitality Industry: Organisational Operational Issues*, P. Jones and A. Pizam (Eds) Pitman, London pp 165-172.
- Ritzer, G. (2004) *The Mcdonaldization of Society Revised New Century Edition*, Pine Forge Press, Thousand Oaks.
- Ritzer, G., (1993) *The MacDonalidization of Society*, Thousand Oaks, CA: Pine Forge.
- Ritzer, G., (2006) 'Inhospitable hospitality?' in Lashley, C., Lynch, P., and Morrison, A., eds *Hospitality: a social lens*, Oxford: Elsevier.
- Robson, S and Ortmans, L 2006, 'First findings from the UK Innovation Survey, 2005', *Economic Trends*, vol. 628, pp. 58-64.
- Salter, A and Tether, B 2006, *Innovation in Services: Through the Looking Glass of Innovation Studies*, Advanced Institute of Management (AIM).
- Slattery, P., (2002) 'Finding the Hospitality Industry' *Journal of Hospitality, Leisure Sport and Tourism*, Vol., 1, No. 1.
- Taylor, F.W. (1947) *Scientific Management*, New York, Harper & Row.
- Warde, A., Martens, L. (2001) *Dining Out*, London: Sage.
- Wood, R. (2007), 'The Future of Food and Beverage Management Research', *Journal of Hospitality and Tourism Management*, Vol.14, no.1, pp.6-16.