

**A SMALL AND MEDIUM-SIZED HOTEL BUSINESS SERVICE  
INNOVATION MODEL FOR THE MATURE TRAVELERS**



**Daosook Boonyasarn**

**A Dissertation Submitted in Partial  
Fulfillment of the Requirements for the Degree of  
Doctor of Philosophy (Integrated Tourism Management)  
The Graduate School of Tourism Management  
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**The Graduate School of Tourism Management**

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..... Major Advisor  
(Assistant Professor Rugphong Vongsaroj, Ph.D.)

The Examining Committee Approved This Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy (Integrated Tourism Management).

..... Committee Chairperson  
(Atchareeya Saknarong, Ph.D.)

..... Committee  
(Professor Therdchai Choibamroong, Ph.D.)

..... Committee  
(Associate Professor Suwaree Namwong, Ph.D.)

..... Committee  
(Assistant Professor Rugphong Vongsaroj, Ph.D.)

..... Committee  
(Assistant Professor Paithoon Monpanthong, Ph.D.)

..... Dean  
(Assistant Professor Paithoon Monpanthong, Ph.D.)

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## ABSTRACT

<b>Title of Dissertation</b>	A SMALL AND MEDIUM-SIZED HOTEL BUSINESS SERVICE INNOVATION MODEL FOR THE MATURE TRAVELERS
<b>Author</b>	Daosook Boonyasarn
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The intense hotel competition becomes a challenge for small and medium-sized hotels to survive and forces them adjust themselves in terms of strategies to attract the potential market and their strategic management to increase their competitiveness and to survive. The group of mature travelers is considered as one of the most potential and lucrative market segments with its significance in size, potential and purchasing power which possible provide the opportunity for hotel industry, including small and medium-sized hotels. Thus, to target this segment, hoteliers need knowledge necessary and the strategic management. It is necessary for business to identify differentiation value drivers to respond to the value-oriented characteristic of the current mature travelers and adopt service innovation as a strategic tool to approach this segment. Consequently, a service innovation model is necessary as a guidance tool to enable small and medium-sized hoteliers to create the customer satisfaction and competitive advantage. The purposes of this study were 1) to study the components of differentiation value drivers of the mature travelers, 2) to analyze the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers, 3) to analyze the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and identify the key factors determining the firms' service innovation capability, 4) to create a small and medium-sized hotel business service innovation model for the mature travelers.

To gain the fruitful information, the research design employed a mixed-method approach. The quantitative approach was conducted using a survey technique. The respondents included 384 international mature travelers aged 55 years old or older, travelling to Thailand for leisure, and had experienced staying in small and medium-sized

hotels. As for the qualitative research, a total of 17 key informants of hotel owners/managers were engaged in the in-depth interviews. With all data, finally, a proposed service innovation model was further conducted to verify by the five experts.

Descriptive statistic (frequency, percentage, mean and standard deviation), Exploratory Factor Analysis (EFA), and inferential statistics (Independent Sample t-test, One-Way ANOVA, Multiple Regression Analysis, and Simple Regression Analysis) were employed to analyze the quantitative data. While the quantitative data was analyzed utilizing contentment analysis (coding, similarities and differences, group categorization, thematic analysis, cause and effect analysis)

The quantitative results revealed 1) four components of differentiation value drivers of the mature travelers toward small and medium-sized hotels were better health and security, better atmosphere, more responsiveness, better accessibility and affordable, additionally, respondents rated all dimensions of differentiation value drivers as very important, 2) travelers' demographic factors, including marital status, nationality, education, work status and income had significant influenced on differentiation value drivers, whereas, gender, age and health were found no significant differences, 3) motivations of using small and medium-sized hotels had effects on a differentiation value driver in dimensions of better health and security (rest and relaxation, convenience, special services, learning experiences, and price value), better atmosphere (rest and relaxation, uniqueness, special service, learning experiences, and price value), more responsiveness (novelty seeking, personal values, uniqueness, learning experiences), better accessibility and more affordable (novelty seeking), and total differentiation value drivers (novelty seeking, rest and relaxation, uniqueness, convenience, special services, learning experiences, price value), 4) all personality types seeking differences (allocentric, midcentric, and psychocentric personalities) had effected on differentiation value drivers in all dimensions except a dimension of better health and security (significantly found only midcentric and psychocentric personalities).

As for qualitative results, the findings found that small and medium-sized hotels had high capabilities to perform innovation in areas of 1) process innovation and product performance innovation (in response to attain better health and security), 2) service innovation, process innovation, and product performance innovation (in response to attain

better atmosphere), 3) product performance innovation, process innovation, product system innovation, and network innovations (in response to attain more responsiveness), 4) channel innovation, and product performance innovation (in response to attain better accessibility and more affordable). Additionally, firm, innovation management, employee, market orientation, innovation networks, technology were found as the enabling factors to foster small and medium-sized hotels to effectively perform service innovation.

Lastly, this study proposed ‘a service innovation A-R-H-A model’ for small and medium-sized hotel business to enhance differentiation value creation to satisfy the requirements of mature travelers. The overall service innovation model was verified by a panel of experts. The final service innovation A-R-H-A model consisted of four aspects, namely, atmosphere, responsiveness, health and security, and accessibility and more affordable.

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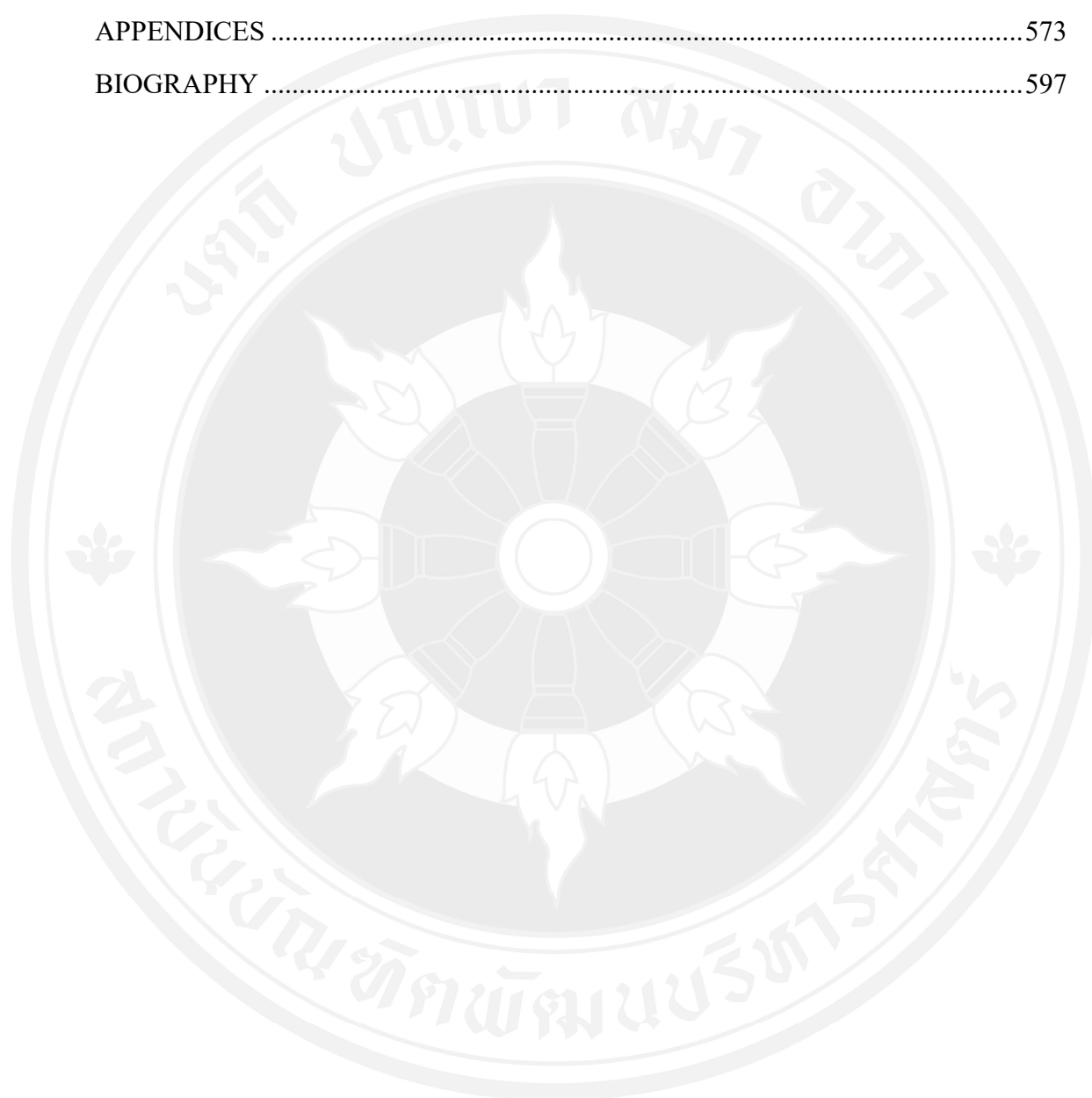
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# CHAPTER 1

## INTRODUCTION

### 1.1 Background and Significance of the Study

Tourism is one of the crucial industries contributing to world economy since over the past six decades, tourism has experienced to become one of the world's largest and fastest-growing economic sectors. According to data analysis of the World Tourism Organization (UNWTO), it revealed that the number of international tourist arrivals worldwide has been continuously growing over time from 25 million in 1950 to 1,186 million in 2015 and is forecasted to consecutively achieve a total of 1.8 billion by the year 2030 (World Tourism Organization, 2016). Consequently, many countries consider tourism as a tool to drive for economic growth and as a significant element of the service-driven (Yasin, Alavi, Koubida, & Small, 2011).

At the moment, the mature market is becoming great in numerous sizes and increasing significant in the worldwide. This segment is a potential and attractive niche market segment and also is considered a new tourism market that many countries are focusing on (Esichaikul, 2012; Fleischer & Pizam, 2002; Lee & King, 2016).

#### **1.1.1 The significance of rise in a mature tourist segment and its effect on the tourism**

Nowadays, the global population has been facing significant aging due to the social structure forward to aging society. Most countries in the world is experiencing growth of their old population in the number and proportion. According to the data from the World Population Aging 2015 informed by the United Nations (United Nation, 2015), the number of world senior population is expected to grow from 901 million in

2015 to 1.4 billion by the year 2030, and the proportion is projected to continuously increased to more than double its size in 2015 to reach almost 2.1 billion by 2050.

The phenomenon of an aging wave happens because of the fact that the generation of baby boomers has become a large number and proportion of the world's senior population. These baby boomers have fewer children than prior generations which consequently lead to the falling fertility rates in the next baby bust generation. Furthermore, the dramatic advancement in medical care and pharmaceuticals have extended average life expectancy as well as the growth of economic wealth and social security have provided people a better quality of life (Pan & Jordan-Marsh, 2010; United Nation, 2015). Throughout the next century, the aging population will influence on the world's society, countries and economics, thus, the mature market has been generally considered as one of the most significant consumer segments which could create tremendous opportunities for various industries (Le Serre & Chevalier, 2012; Schewe, 1990), particularly in tourism industry (Batra, 2009; Chesworth, 2006; Chu & Chu, 2013; Horneman, Carter, Wei, & Ruys, 2002; Mahadevan, 2014).

This demographic shift makes the elderly segment market become attractive to the tourism industry and draw attention in many countries (Fleischer & Pizam, 2002). The World Tourism Organization (WTO) forecasts that the globally number of aging tourists will consecutively increase to reach 611 million in the year 2030 (World Tourism Organization, 2016). From a market perspective, the mature segment is an opportune market for the tourism industry because of several reasons. The significant of mature traveler market is not only its current size of population, potential growth and purchasing power, but also a reason of demographic forecast which expected to continuously rise in the future years (Hossain, Bailey, & Lubulwa, 2007; Schröder & Widmann, 2007). Today, the characters of the mature traveler differ from those in the past, in other words, they are active aging, feeling healthier, wealthier and spend more than other groups, better educated, more experienced, more independent and less of social and family constraints (Patterson, 2006). In addition, after retiring, most of them

are seen being able to travel or value travel experience as the 'essence of retirement' (Weiss, 2005) as they have abundance of time to travel and the duration of stay. Hence, there is a tendency for mature travelers to travel more frequently, at great distance and stay away longer than the others (Gladwell & Bedini, 2004; Reece, 2004). Since the characteristics of the mature travelers, they have become a considerable market and the 'growth engine' of the tourism industry. This segment is a niche market with great opportune and potential, consequently, many destinations have formulated strategies to attract this lucrative traveler market.

Because tourism is viewed as one of the most competitive industries, Thailand is not the only one country that consider tourism as a tool to drive for economic growth. There are many competitors who are able to compete with Thailand's tourism. To target at all market segments may not be a good idea, it could become a marketing without direction. Therefore, targeting the potential market is substantial for its growth (Johann, Johann, Padma, & Padma, 2016). Amongst the demographic segmentation, the aging population is the most influential and appealing target market for the global tourism industry (Reece, 2004; Schröder & Widmann, 2007; Shoemaker, 2000). Because of its significant size and potential growth, the mature market has become a momentous area of interest in the tourism industry (Batra, 2009; Horneman et al., 2002; Reece, 2004).

Similar to most other tourism destinations, Thailand has begun to show interest in mature traveler segment. According to data from the Department of Tourism (2015), the international mature travelers represented 12.1% of overall international tourists visited Thailand in the year 2015, also has tendency to increase every year and it is estimated to reach 6.2 million by the year 2022. The Tourism Authority of Thailand (TAT) is responsible for marketing and promoting Thailand tourism. To promote and develop proactive marketing strategies to attract new market is one of its objective (TAT, 2017) , thus, the international mature travel market is one of its new targets due to the potential of this emerging market. As mentioned, the mature market is considered as a new opportune market for Thailand's tourism which should be focused and prioritized (Esichaikul, 2012).

In this study the age of 55 years old and over is defined the cut-off age criterion of the mature travelers considering as 'the intermediate point of an individual's life'. This age of 55 years is considered as the dividing line between the young and older (Leventhal, 1991; Moschis, 1992). Nowadays, the age of 55 years seems to be as the beginning of a new stage of life after youth and career because the rising popularity of early retirement creates the experience of life changes to a younger group of older adults (Faranda & Schmidt, 2000). Similar to many literatures, the most widely used definition, especially in the case of tourism and hospitality services, defines mature travelers as people age 55 years or over (Ananth et al., 1992; Bai, Smith, Cai, & O'leary, 1999; Baloglu & Shoemaker, 2001; Esichaikul, 2012; Muller & O'Cass, 2001; Patterson, 2006; Peter, Olson, & Grunert, 1999; Ruys & Wei, 1998; Vieregge et al., 2007), at this 55 of age threshold can used to include person who may have various needs for products and services (Moschis et al., 1997; You & O'leary, 1999).

### **1.1.2 Small and medium-sized hotel business in Thailand**

Although the continuously increasing number of tourist arrivals is the driving force of the growth in hotel business in Thailand, but also leads to the intensely competitive environment because it stimulates the extensively expanding number of hotels in the large hotel business as well as the growth of other accommodation types. Consequently, it affects the small and medium-sized hotels' competitiveness to compete with competitors and become a challenge for them to survive in the hotel business competition (Thai Farmers Research Centre, 2016). Therefore, it is essential for small and medium-sized hotel business to increase their levels of competitive advantage to meet challenge by adjusting themselves in terms of their strategies to attract the potential market and their strategic management to increase their competitiveness and to survive from the intense competition.

#### ***Opportunities for small and medium-sized hotel business***

To target the potential market, the group of mature traveler is one of the most influential and attractive market segment in this moment because of its significance in size, potential and purchasing power (Batra, 2009; Hsu, Cai, & Wong, 2007). Currently, the change in sociocultural trend has been affecting the tourist behavior including the

mature travelers. A sub-segment of mature travelers emphasizes on searching for authentic and unique experiences as well as products and services with a strong human touch, and tend to avoid mass tourism (Leask, Fyall, & Barron, 2014; Santos et al., 2016). Some of them prefer to rest and relax, enjoy tranquility (Esichaikul, 2012), and are likely to engage in peaceful travel activities (Mohamed, Omar, & Tay, 2016) and favor in slow tourism (Yodmongkol, Sangkakorn, & Reeveerakul, 2015). The mature group is a niche market who spend a large amount on their travels for high-quality lodging, for better consumer products and services including high quality services, and for something unique or different (Pallauf, Meiners, & Seeberger, 2011).

This attractive profile of mature travelers can be compatible with the characteristics or strengths of small and medium-sized hotels as they can leverage their advantages of size, for instance, being closer to customer, being more flexible, and being more authentic, which enable them easier to reach customers and provide more individual and personalized services with high quality of services (Oh, 1999; Pikkemaat, Pikkemaat, Zehrer, & Zehrer, 2016). Since the characteristics of the mature travelers, they have become an attractive market which provide a new opportune channel for the small and medium-sized hotel business to focus on this lucrative segment. Importantly, since mature travelers are value-oriented (Moschis & Ünal, 2008), it is necessary for business to identify differentiation value drivers according to mature travelers' needs to deliver value drivers which differentiate from other competitors to attract the segment and gain competitive advantage.

Moreover, the growing expansion of the digital economy through Internet and Web technologies can create a crucial contribution to tourism development. For tourism businesses, technologies provide the ability to provide information and booking available to a multitude of tourists at relatively low costs (Hojeghan & Esfangareh, 2011). The technology of e-business brings about a new competitive global market place which offer more opportunities and possibilities for the business in both global and local levels (Shanker, 2008). With the rise of digital economy, it allows small and medium-



sized hotel business possibly access to global tourist markets or target segment more effectively not less than in the large-sized hotel business.

This can be considered as the supporting opportunities and possibilities for the small and medium-sized hotels to reach the potential segment like the mature travelers who can be an alternative solution for business survival among the severe competition in the hotel business and also enable them to compete with other competitors including the large hotel enterprises.

### **1.1.3 Innovation as a strategy for competitive advantage**

In the face of fiercely intense competition and turbulent within hospitality environment, it is becoming more and more concerning for small and medium-sized hotel business to create more competitive advantage in order to survive (Binder, Mair, Stummer, & Kessler, 2016). To meet the challenges is not easy, small and medium-sized hotels are forced to look for ways to modify and develop their products and services to meet the changing needs of their target customers (De Jong & Vermeulen, 2006; Ottenbacher, 2007). Today, there is no doubt about the importance of innovation as one of the most considerable strategies of competition to create capabilities and competitive advantage (Binder et al., 2016; Kaufmann & Tödting, 2002). Innovation has become a strategic weapon which serves as the key drivers of growth and development, it can enhance product and service differentiation that delivers new value to customer and foster to sharpen a firm's competitive edge (Sanjeev & Bandyopadhyay, 2016; Sharma, 2016; Victorino, Verma, Plaschka, & Dev, 2005).

#### ***Innovation and mature travelers***

In relation to mature travelers and innovation, it has stemmed from the negative notions of the traditional elderly that they are out of fashion, set in their ways, unlikely to change or try out new things, and resist to innovation. Such notions may have been realistic for those former cohorts, but do not fit to the new generation of today's mature travelers (González, Rodríguez, Miranda, & Cervantes, 2009; Szmigin & Carrigan, 2001; Wang, Wu, Luo, & Lu, 2017). Since the current mature travelers differ from those predecessors in terms of value, attitude, and behavior. Moreover, this mature

market is heterogeneous with a great variability of people with respect to their attitude and behavior (Moschis, Lee, & Mathur, 1997). More importantly, many of them are willing to accept change and personal challenges, are knowledgeable customers who actively seek for new experience and more likely to try new products and something different, and are generally be more venturesome and active consumers (Correia & Elliott, 2006; Mathur, Sherman, & Schiffman, 2000; Sherman & Schiffman, 1991; Szmigin & Carrigan, 2001). With respect to technologies, previous researches on the technological adoption of mature consumers have indicated that they are actively receptive to new technologies, furthermore, they also hold more positive attitudes toward technology than was previously thought (Leventhal, 2000; Szmigin & Carrigan, 2001). Today, mature consumers are the fastest growing group of Internet users and recognize the lifestyle value that technology development as a route to education and leisure pursuits (Moschis, 2003; Szmigin & Carrigan, 2001).

Although some studies have shown that some mature consumers (usually over 65 years old) are among the last to adopt innovations or fear of new technology as they perceived that new technologies may be incompatible with their limitations, no clear benefit, and inconsistent with their self-image (Badowska, Zamojska, & Rogala, 2015). However, these points seem little to conclude that they are more likely to oppose to innovation since they are broadly similar to the general population in the matter of their innovation resistance (Szmigin & Carrigan, 2001). Additionally, in hospitality industry, innovation in services does not only exclusively mean for the implementation of technological innovation in an effort to differentiation but also includes a non-technological aspect which emphasizes on the intangible human resources and organizational structure and factors that can add value to customer service (Carvalho & Costa, 2011). Significantly, Sherman and Schiffman (1991) asserted that the new age mature consumers are 'selective innovative' as they are likely to accept an innovation practice or buy new products and services when they feel that they will gain value from making the purchase.

Therefore, it can be considered that the mature market opens for innovation and accepts it definitely (Badowska et al., 2015). The behavior and attitude of current mature travelers toward innovation can be positively supporting factors for small

medium-sized hotel business to implement the strategy of innovation as a tool to create differentiation in response to this lucrative market.

### ***Innovation and small and medium-sized hotel business***

In the turbulence and dynamic hospitality environment, there are considerable reasons why small and medium-sized hotel business should adopt the implementation of innovation. Firstly, the customers generally view that the hospitality market is constantly overflowed by many similar that service offerings are easy to substitute. This forces hotel operators to attempt to differentiate themselves from its competitors (Reid & Sandler, 1992b). Secondly, the hospitality industry is fast changing since the diffusion of information technology, so hotel operators are necessary to make proactive changes that particularly focus on customer preferences, service quality as well as technological interfaces for maintaining competitive within this dynamic circumstance (Karmarkar, 2004; Olsen & Connolly, 2000). Thirdly, as today's customers do not exhibit a behavior of truly brand loyalty as in the former, instead, they choose to patronize where can offer them the best value proposition to match their requirements (Olsen & Connolly, 2000). Besides, current customers are also rising intense demand for higher quality and added value in tourism products and services (Pikkemaat & Weiermair, 2007).

In order to cope with challenges, therefore, small and medium-sized hotel business needs to implement sophisticated marketing technique as 'innovation' as a source of competitive advantage. It has been acknowledged that hotels with innovative oriented are more successful in their business performing than those non-innovative competitors because of their capability in coping to customer needs and offering differentiated products and services (Grissemann, Pikkemaat, & Weger, 2013). Moreover, the capable to develop innovation is not only critical for survival but also linked to long-term sustainability and profitability (De Jong & Vermeulen, 2006; Ottenbacher, 2007). As Freeman, one of the scholars in innovation research, stated that 'not to innovate is to die' (Freeman & Soete, 1997).

Relative to the hotel business where personalized service is largely demanded by customers, small and medium-sized hotel business plays a significant role in the service innovation development (Binder et al., 2016). Some studies evidently found that

small and medium-sized hotel business are more innovative (Binder et al., 2016; Pikkemaat & Peters, 2012). One of the reasons is owing to the heterogeneity of small and medium-sized hotel business which prevents simple generalizations which is differentiate them from large firms (Kaufmann & Tödtling, 2002). Importantly, small and medium-sized hotels have the ability and capability to create service differentiation through the implementation of service innovation since most of them are characterized as flexibility, having ability to provide individual and personalized services and products in line with the market requirements, respond more quickly to change in the market and react to the changing environment, and free of red tape than the large enterprises (Hani Zulkepli, Hasnan, & Mohtar, 2015; Pikkemaat, 2008).

However, many literatures also had found several obstacles of innovation in small and medium-sized hotels when compared to the large tourism enterprises. In generally, small and medium-sized hotels have fewer resources than large organizations to drive innovation. The most frequently identified constraints of small and medium-sized hotels are including; lack of funds for innovation, lack of qualified personnel with time available, knowledge to implement innovation activities and technical know-how (Hjalager, 2002; Kaufmann & Tödtling, 2002; Pikkemaat, 2008; Tiwari & Buse, 2007). These mentioned constraints are the common characteristics of problems occurred in small and medium- sized hotel business in many countries including Thailand (Rattanawong, Suwanno, & Jindabot, 2014) which challenge their ability to create the competitive advantage in the hotel business.

#### **1.1.4 Justification of the study**

The fiercely competitive hospitality environment affects small and medium-sized hotels' competitiveness to compete with competitors and challenges them for survival. To remain in this intense competition, it is crucial for small and medium-sized hotels to increase their competitive advantage to meet the challenge by adjusting themselves in relation to their strategies to attract the potential market. The segment of 'mature travelers' is one of the most appealing potential markets. This segment is a niche market which largely spends on their travels for high-quality lodging, better

personalized products and services, unique experience and differentiation (Batra, 2009). This attractive profile of mature travelers can be compatible with the strengths of small and medium-sized hotels as they can leverage their advantage of size, namely being closer to the customer, more flexible, and more authentic which allow them to offer unique and personalized service with quality (Pikkemaat et al., 2016). Moreover, the rising expansion of digital economy enables small and medium-sized hotels possibly access to the global tourist market more effectively not less than those large hotels (Shanker, 2008). Consequently, this can be the enabling factors for small and medium-sized hotels to reach the potential market of mature travelers.

Creating the differentiation value of product and service offerings is an approach to satisfy the demands of today's mature travelers. To attract this lucrative market, 'service innovation' is a strategic weapon enhancing product and service differentiation that delivers new value to customer and sharpen the firm's competitive edge. Furthermore, developing service innovation is not only critical for survival but also linked to long-term sustainability and profitability as mentioned by Freeman and Soete (1997) that 'not to innovate is to die'. Additionally, Badowska et al. (2015) asserted that the mature market opens for innovation and definitely accept it. The behavior and attitude of current mature travelers toward innovation can be supporting factors for small and medium-sized hotels to implement the service innovation strategy to create differentiation to response this potential market.

However, many literatures had found various obstacles of innovation in small and medium-sized hotels comparing to those large tourism enterprises. As a result, it is a critical concern that how small and medium-sized hotel business can gain competitive advantage through service innovation under their constraints and their existing resources by developing the new or improve existing products and services or process to create the new service innovative approaches. This can be benefit in the value creation for target customers and organizations, and for a survival of the business, especially when service innovation is an essential knowledge for the development of the competitiveness of Thai tourism entrepreneurs.

Furthermore, the exploration about how to create the competitiveness in small and medium-sized hotel business will enable them to achieve the benefits from tourism

which will generally contribute to income distribution as well as to create multiplier effects to the tourism industry and the economy. Besides, it also strengthens their capabilities to cope with and response to the specific needs or differentiation value drivers of the mature market. The capability of small and medium-sized hotel business in service innovation to achieve differentiation is significant because it can enhance the competitive edge to organizations, tourism industry and the economy (Hani Zulkepli et al. , 2015; Pikkemaat & Weiermair, 2007) and will eventually contribute the competitiveness of the nation (Porter, 1990).

In terms of academic gaps, it is evidently found that the body of knowledge developing an appropriate service innovation approach for tourism industry especially in small and medium sized hotel business seldom exist (Hipp & Grupp, 2005; Hjalager, 2010; Orfila-Sintes & Mattsson, 2009; Pikkemaat & Peters, 2012; Pikkemaat et al., 2016). Overall, a considerable amount of studies on issues of innovation and innovativeness are well established on large firms in other industries such as manufacturing (Chipunza, 2014; Pechlaner, Reuter, & Zehrer, 2010) which knowledge are unable to be totally transferred to the tourism sector because of the differences of tourism product characteristics (Hipp & Grupp, 2005; Pikkemaat et al., 2016; Thomas & Wood, 2014).

However, innovation research in the tourism sector has begun to examine in the past two decades (Hjalager, 2010; Ottenbacher, 2007). A recent of extant studies mostly existed the six main areas, namely, categories of innovations(Hjalager, 1997, 2010; Weiermair, 2004), triggers of innovation (Duverger, 2012; López-Fernández, Serrano-Bedia, & Gómez-López, 2011; Pikkemaat & Peters, 2012), search processes and sources of knowledge for innovations (Baggio & Cooper, 2010; Hjalager, 2010; Shaw & Williams, 2009), the extent and effects of innovation activities (De Jong & Vermeulen, 2006; Ottenbacher, 2007), implications and impacts of innovations (Blake, Sinclair, & Soria, 2006; Victorino et al., 2005), and innovation policy (Hall & Williams, 2008; Pikkemaat & Weiermair, 2007). Nevertheless, most studies are discussed in broad-base analysis and generally focused on large tourism firms. While the innovation literature in specific small and medium-sized hotel business is still scarce. In particular, research on service innovation in terms of knowledge to innovate or an appropriate

innovation approach for small and medium-sized hotel business are under-researched (Hjalager, 2010; Orfila-Sintes & Mattsson, 2009; Thomas & Wood, 2014). Consequently, the knowledge of innovation development in small and medium-sized business in hospitality sector is still lack of theoretical support in the academic world. Many studies mentioned the low rate of successful hospitality innovation relates to the limited knowledge of innovation. Therefore, service operators have to rely on their gut feeling, and their restricted experience regarding to achieve successful innovation (Ottenbacher, 2007). The results of this study will fill this academic gap and also benefit to entrepreneurs to apply the finding knowledge to carry out on innovation in tourism and hospitality industry.

In order to satisfy the demand of current mature travelers, from the literature review found that the studies of differentiation value drivers in small and medium-sized hotel business are hardly found, particularly on the segment of mature travelers (Mungall & Gherissi Labben, 2009). Generally, the studies about the lodging related to mature travelers have mostly focused on the hotel's generic service attributes or traditional value drivers toward accommodation in the context of conventional hotel (Albayrak, Caber, & Bideci, 2016; Ananth, DeMicco, Moreo, & Howey, 1992; Caber & Albayrak, 2014; Callan & Bowman, 2000; Vieregge, Phetkaew, Beldona, Lumsden, & DeMicco, 2007; Wei, Ruys, & Muller, 1999; Wuest, Emenheiser, & Tas, 2001), but very few researches have been written about differentiation value drivers targeting this segment on the setting of small and medium-sized hotels (Mungall & Gherissi Labben, 2009). As a result, the knowledge necessary for entrepreneurs in small and medium-sized hotels about creating differentiation value in the mature segment is still restricted. Besides, Caber and Albayrak (2014) pointed out that new hotel attributes which are important for mature travelers' hotel selections need to be further developed to attract and satisfy the mature market of today. Since mature travelers today are differing from those predecessors in the past, many tourism and hospitality businesses in Thailand operate their businesses with inadequate knowledge directed at understanding mature travelers (Batra, 2009). It is essential for business operator to acquire knowledge about new mature travelers and differentiation value drivers in order to develop products and services in response to needs and wants of this segment.

For these reasons, the goal of this study is to create a service innovation model for small and medium-sized hotel business focusing on the mature travelers, which contributes to strengthen the competitive advantage of small and medium-sized hotel business by enhancing the mature travelers' differentiation value creation through service innovation. To obtain the ultimate goal or a service innovation model, firstly, this study focused fundamentally on the demands of mature travelers by identifying their differentiation value drivers when using small and medium-sized hotels, and also study how factors including tourists' profiles, motivations, and personalities influence on mature travelers' expectations on their differentiation value drivers in order to segment and propose the value propositions for mature travelers. Secondly, innovative value creation capability and key factors determining the firm's service innovation capability are explored to analyze the current potential of innovative value creation in small and medium-sized hotels. Thirdly, the finding data from the demand side or value proposition of mature travelers in response to their differentiation value drivers was integrated with the data of capability of innovative value creation capability of small and medium-sized hotels to create a service innovation as a tool to enhance the differentiation value creation to satisfy the requirements of mature travelers.

From the aforementioned problems and the significance of study, it can be summarized that it is necessary to study on "A Small and Medium-Sized Hotel Business Service Innovation Model for the Mature Travelers" in order to enable them to create customer satisfaction and the competitive advantage to the business, the tourism industry, the economy and ultimately contribute to the competitiveness of the country.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

1.2.1 To study the components of differentiation value drivers of the mature travelers.



1.2.2 To analyze the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers.

1.2.3 To analyze the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and identify the key factors determining the firms' service innovation capability.

1.2.4 To create a small and medium-sized hotel business service innovation model for the mature travelers.

### **1.3 Research Questions**

To achieve the research objectives, the answers are required for the questions as follows:

1.3.1 What are the components of differentiation value drivers of the mature travelers?

1.3.2 What are the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers?

1.3.3 What is the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and what are the key factors determining the firm's service innovation capability?

1.3.4 How should a small and medium-sized hotel business service innovation model be developed for the mature travelers?

### **1.4 Expected Outputs of the Study**

The expected results of the study are as follows:

1.4.1 The components of differentiation value drivers of the mature travelers.

1.4.2 the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers.

1.4.3 The level of mature travelers' expectations on differentiation value drivers toward small and medium-sized hotels.

1.4.4 Segments and value propositions of mature travelers.

1.4.5 The innovative value creation capability of small and medium-sized hotels in Thailand.

1.4.6 The key factors of determining the firm's service innovation capability in small and medium-sized hotels.

1.4.7 An appropriate value proposition to match the mature travelers' demands to enhance their differentiation value drivers through the service innovation approach.

1.4.8 A small and medium-sized hotel business service innovation model for the mature travelers.

## **1.5 Expected Benefits of the Study**

The expected benefits of the study are as follows:

1.5.1 In terms of small and medium-sized hotel business, the practical implication of this study may enable the owners/manager of small and medium-sized hotels to clearly understand the mature travelers' differentiation value drivers, gaps and capabilities in response to the mature travelers. Besides, knowledge about how to achieve success with hospitality innovations. The findings can be applied to improve their service innovation capabilities to attain the competitive advantage and create more customer value enhancement.

1.5.1 In terms of other business service firms and/or other business, the findings can be able to apply to develop as the key aspects that help them design the guidelines or strategies in developing the service business to meet the mature travelers' demands.

1.5.2 In terms of academic contribution, the knowledge from the findings can be further developed. The researches may be conducted the similar studies in the area of the value drivers, perceived value and value enhancement through innovation in a different market segment in other tourism-based businesses and/or other business.

## **1.6 Scope of the Study**

### **1.6.1 Content Scope**

This study will focus on two parts including demand side or mature travelers, and the supply side or small and medium-sized hotel business. For mature travelers, the study will conduct the components of differentiation value drivers of mature travelers and evaluate the levels of mature travelers' expectations toward differentiation value drivers, analyze influence of factors including profiles, motivations, and personalities on differentiation value drivers, to segment mature travelers and analyze value proposition. While, small and medium-sized hotel business, the study will explore the innovative value creation capability of small and medium-sized hotel business, investigate the keys factors determining the firm's service innovation capability, namely, firm factor, employee factor, innovation management, market orientation, and innovation networks. Finally, evaluate value proposition to match the mature travelers' demands and capacity of the firm in innovative value creation in order to develop a service innovation model for mature travelers.

### **1.6.2 Geographic Scope**

The study will explore in Bangkok, the major tourist destination in Thailand, where is one of the most popular destinations for international mature travelers in

Thailand (Department of Tourism, 2015). Bangkok destination is a good representative of Central region where offering distinctive characteristics of city and cultural tourism. Moreover, this destination has a high number of small and medium-sized hotel business (National Statistical Office, 2014) where can be considered as the potential area for a study.

### **1.6.3 Population Scope**

The research will be conducted by collecting data from two main groups as follows:

1.6.3.1 In quantitative study, the questionnaires will distribute to the target populations who are the international mature travelers aged 55 years and over, visiting Thailand for leisure to the major tourist destinations in Bangkok.

1.6.3.2 In qualitative study, the in-depth interviews will conduct with the two groups of populations. The first group is the owners/managers of small and medium-sized hotel business who operate their business in Bangkok destination. The second group consists of the academics and the professional experts.

### **1.6.4 Scope for the Time**

The study will have been conducted for 2.5 years during June 2017 to December 2019, starting from literature review, research design, data collection, data analysis and output reporting.

## **1.7 Definition of Terms**

1.7.1 Mature travelers mention to those international travelers at the age of 55 years old and over (Ananth et al., 1992; Esichaikul, 2012; Moschis, 1992; Vieregge et al., 2007). In this study, mature travelers are the travelers who are healthy, have ample leisure time to travel and willing to spend a considerable amount of their money on leisure activities (Ananth et al., 1992, p.13). Furthermore, this study specifically focuses on the mature travelers who are Free Individual Travelers (FIT) and had experienced staying in small and medium-sized hotels in Thailand.

1.7.2 Small and medium-sized hotels define as the non-large hotels or the hotels with less than 149 rooms (National Statistical Office, 2015, p.4). In this study, small

and medium-sized hotels also refer to the lodging business with the management style of independent, management contract or chain hotels.

1.7.3 Differentiation value drivers refer to the attributes that differentiate products and services from competitors and to attract and retain their customers (Sanjeev & Bandyopadhyay, 2016, p. 408). In this study, differentiation value drivers include the attributes that mature travelers expect when selecting small and medium-sized hotels.

1.7.4 Expected value defines as the customer's prediction or prior expectation about the performance of hotel product and service attributes (Özdipçiner, 2009, p. 268).

1.7.5 Innovative value creation capability refers to organizational innovative abilities to invent and deliver solutions that provide more value to the customers than the existing offers (Möller & Törrönen, 2003, p. 112).

1.7.6 Innovation capability defines as an organizational ability to utilize the resources, aggregate knowledge, and skills to innovation activities relating to new products/services, processes, or management, marketing or work organization systems, to create added value for the organization or its stakeholders (Hogan, Soutar, McColl-Kennedy, and Sweeney, 2011, p. 1266).

1.7.7 Service innovation means a creating new service or a renewal of an existing service which provide benefit derived from the added value that provides to the customers (Toivonen, Tuominen, & Brax, 2007, p. 369).

1.7.8 Service innovation model defines as the guidelines based on the research findings and the viewpoint of researcher in the integration of theoretical suggestions to support the guidelines. The model can be served as a box of tool for conducting service innovation in small and medium-sized hotels for the purpose of enhancing differentiation value drivers of mature travelers.

## **1.8 Summary of Chapter One**

This chapter presents the background and signification of the study with the two main focuses; 1) the massively rise in a mature traveler segment which provide an opportunity for tourism industry including Thailand. The chapter illustrates the importance of mature traveler segment as one of the most influential and attractive

market and its trend 2) the situation of small and medium-sized hotels in Thailand which has been faced the intensely competitive environment which challenge them to compete in hotel business. To target the potential market of mature traveler is considered as a solution or an opportunity for them to survive by employing an innovation as a strategic marketing tool for competitive advantage to meet the challenge. The chapter also emphasizes mature travelers' behaviors and trends toward innovation as well as the significance and advantages of implementing the service innovation in small and medium-sized hotel business. Although, the issues of mature traveler segment and service innovation are becoming more recognized, however, it is evidently found that there is still lack of academic knowledge about service innovation on the specific segment of mature traveler in the setting of small and medium-sized hotel business. Consequently, the justification for the study is based on the gaps found in the literature which calls for answers of "how should a service innovation model be developed for small and medium-sized hotel business focusing on the mature travelers".

Furthermore, this chapter also outlines the four objectives of the research which include the study of components of differentiation value driver; the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers; the innovative value creation capability of small and medium-sized hotels and key factors; a proposed service innovation model. Besides, research questions, expected outputs, expected benefits, scope of the study are identified. Lastly, definitions of terms are also defined for readers' further clarifications.

The next chapter discusses the literature review which provides the theories relating to the objectives of the study.

## CHAPTER 2

### LITURATURE REVIEW

#### 2.1 Introduction

This chapter outlines concepts, theories, and researches relating to the study of “A Small and Medium-Sized Hotel Business Service Innovation Model for the Mature Travelers” which are presented in two main parts. The first part presents literature related to the mature travelers which consists of definition, significance, segment, and behavior of mature travelers in Section 2.1. And mature travelers’ differentiation value drivers are identified in Section 2.2. In addition, Section 2.3 presents factors influencing mature travelers’ differentiation value drivers. The second part reviews literature regarding small and medium-sized hotel business and innovation. The outlines of sections include the overview of small and medium-sized hotel business in Section 2.4. Then, theory of innovation is presented in Section 2.5. Additionally, Section 2.6 illustrates about innovate value creation in hotel industry. Lastly, key factors determining the firm’s service innovation capability are discussed in Section 2.7.

#### 2.2 Definition, Significance, Segment, and Behavior of Mature Travelers

##### 2.2.1 Definition of Mature Travelers

###### *Age defined for mature travelers*

There is no consensus among researchers to identify the age criterion or consistent definition used to define of what is an old person (Faranda & Schmidt, 2000; Littrell, Paige, & Song, 2004; Moschis, 1991; Patterson, 2006; Prideaux, Wei, & Ruys, 2001). Although, chronological age is considered as one of the most general methods for defining when an individual is aging (Nielsen, 2014), but age per se is difficult to determine for this group because the process of aging does not effect on a person in a similar phenomenon. Aging is multidimensional in a manner that people not only age

differently biographically but also socially, psychologically, and spiritually (Moschis et al., 1997). This simply means that people do not consistently look or act their age.

In tourism and hospitality studies, the use of chronological age references as the cut-off age for mature market are lacked of consistency. Several cut-off ages have been used to define the beginning of the mature travelers variously ranged from 50 to 65 years of age, depending on the studies (Javalgi, Thomas, & Rao, 1992; Moschis, 1992; Norman, Daniels, McGuire, & Norman, 2001; Patterson, 2006). In traditional convention, the mature market consisted of those aged of 65 years and over (Lago & Poffley, 1993; World Health Organization 2011) which normally seen as the common age at a person retires, and many financial benefits increasing to their status are available at this age, including Social Security and Medicare. Furthermore, a status of empty nest for parents is commonly perceived by that time (Faranda & Schmidt, 2000). However, over time increasingly younger age groups are considered as older adults, the decade from age 50 to 60 years is mentioned as the average age that adult passes through the most significant degree of life changes (Hughes, 1985; Moschis, 1992). This cut-off age criterion considered as 'the intermediate point of an individual's life' which can be taken the age of 55 years as the dividing line between the young and older (Leventhal, 1991; Moschis, 1992). Nowadays, the age of 55 years seems to be as the beginning of a new stage of life after youth and career because the rising popularity of early retirement creates the experience of life changes to a younger group of older adults (Faranda & Schmidt, 2000). Similar to many literatures, the most widely used definition, especially in the case of tourism and hospitality services, defines mature travelers as people age 55 years or over (Ananth et al., 1992; Bai, Smith, Cai, & O'leary, 1999; Baloglu & Shoemaker, 2001; Esichaikul, 2012; Muller & O'Cass, 2001; Patterson, 2006; Peter, Olson, & Grunert, 1999; Ruys & Wei, 1998; Vieregge et al., 2007), at this 55 of age threshold can used to include person who may have various needs for products and services (Moschis et al., 1997; You & O'leary, 1999).

From various sources of cut-off age criterion differently identified an age of mature travelers, the researcher adopts the most used definition to identify mature



travelers as person age 55 years or over by considering to most defining factors: the age as the midpoint of an individual's life, the age when individual retires from their career, and the age when individual is qualified for pensions, government funds, and other financial benefits (Faranda & Schmidt, 2000); Leventhal (1991); (Prideaux et al., 2001; Vieregge et al., 2007), besides, this age includes individual who may have various needs for a wide range of products and services (Moschis et al., 1997).

***Term defined and characteristics of mature travelers***

Generally, the term 'mature travelers' has been described in various terms by marketers. The term 'mature travelers' is generally used interchangeably with the term 'baby boomers', and also used by other terms, namely, older travelers, older adults, older tourists, golden oldies, the third age, grey nomads, grey population, grey panthers, senior travelers, silvers, the elderly, the young at heart, empty nesters, woopies, muppies, the new old, and prime lifers (Callan & Bowman, 2000; Kurtulmuşoğlu & Esiyok, 2017; Vojvodic, 2015b).

The baby boomers generation as a particular focus of this research interest, is the group that currently drive population aging, mentions to person born in the year between 1946 to 1964 (American Association of Retired Persons, 2004). Currently, this generation behaves differently from the negative stereotypes of traditional elderly or the pre-war generation who will begin to decline in overall numbers (Glover & Prideaux, 2009; González et al., 2009). A misunderstanding about the real conditions in which they perceived themselves result in a distortion of image of this new mature market. People was often considered them to be dependent, poor, ill, weak or disabled, isolated, lonely, lacking aspirations, uneducated, unproductive, physically or mentally limited (González et al., 2009; Sherman & Schiffman, 1991).

Nowadays, boomers or mature travelers are healthier and more active than ever, they normally perceive themselves as 15 years younger than their chronological age (González et al., 2009). Greatly improvements in health and higher life expectancy

have led to a rapid growth of this population, they are in better health conditions and living longer. This generation can be identified by the desire to be autonomous and to be feel young once again or young at heart (Mungall & Gherissi Labben, 2009). Consequently, the mature travelers of today comprise a diversity of individuals, who are energetic and dynamic (Badinelli, Davis, & Gustin, 1991). Furthermore, they tend to seek more active travel experiences and activities when travel rather than settling for an inactive retirement. As this generation, sometimes called ‘Zoomers’ or ‘baby boomers with zip’ which means boomers who have enjoy the moment, seize opportunities, care about their own health and well-being, prefer to spend the time for their adventurous travel habits and refusal to leave their youth (Hudson, 2010).

Wealth is another significant characteristic when describing the mature travelers. Generally, this group is considered as the affluent generation due to their increasing revenues derive from retirement pensions or superannuation funds, maturing investments, and social security benefits which have provided them opportunities to create personal wealth (Kazeminia, Del Chiappa, & Jafari, 2015; Knutson, Elsworth, & Beck, 2006). Moreover, the mature travelers are lessen financial commitments since they have less family restrictions or in the empty nest status (children have left home) for parents, and are no longer having to face to critical investments such as purchasing a place to live (Mungall & Gherissi Labben, 2009), thus, they have lower liability than younger age (Glover & Prideaux, 2009; Reece, 2004). Because of this distinctiveness, it led them to gain higher purchasing power than average and being a group with the larger spending power especially on travel and leisure when comparing to other age groups (Jang & Ham, 2009; McGuire, Uysal, & McDonald, 1988; Mungall & Gherissi Labben, 2009).

Mature travelers are not only healthier, more active, richer but also more independent, have more free time and less from obligations in terms of family constraints and work responsibilities (Patterson & Pegg, 2009; You & O'leary, 1999). This means the ample amount of time allows them opportunities to participate actively in leisure activities. With more time, they are more interested in travel (Ananth et al., 1992) and tended to have more travel flexibility even in low seasons (Moufakkir, 2006; Sund & Boksberger, 2007) which are the possibility to increase the occupancy rate during non-peak periods in the tourism and hospitality services. Furthermore, as mature travelers are in the certain maturity stage of life, they perceived tangibles become less important for their life, instead, they place more important value on experience, personal growth, and helping others (Schitko & Losekoot, 2012). When traveling, they are focused on learning experiences through seeking for knowledge and opportunities for self-development and discovery (Kang & Moscardo, 2006) to satisfy their physically and mentally health.

In conclusion, mature travelers today are presently mature but not elderly (Purinton-Johnson, 2013). They are the generation of baby boomers who gradually enter to the mature market to replace the previous cohort of past eras. In this study, the researcher defines mature travelers as the baby boomer generation at the age of 55 years old and over, who are mature in aspects of age, health, and have ample of time availability to travel, and willing to spend their considerable amount of money for their leisure activities. Interestingly, in an aspect of the term 'mature travelers', it has been pointed out by previous studies that inappropriate words such as 'elderly', 'old timer', 'senior', and 'retired person' should be avoided to call them (Albayrak et al., 2016; Nielson & Curry, 1997). Thus, the word 'mature' should be more appropriate.

### **2.2.2 Significance of mature travelers towards tourism and hospitality services**

A segment of mature travelers is considered as one of the most prosperously promising targeted markets. There are various reasons why the tourism and hospitality services should considerably prioritize this mature market:

Firstly, it is the market which has been mentioned as the most dramatically growing segment (Owens, 1989). Referring to the United Nation's statistical project analysis, in the year 2015, the number of old persons is approximately reach over 901 million, and it will reach in worldwide excess of 2.1 billion by the year 2050. This unprecedented phenomenon is the first time in human history that the number of old population is outnumbered the younger one (United Nation, 2015). Today, the increasing of life expectancy, medical advancement and a better quality of life have led to the longevity and the rapidly growth and of this population (Pan & Jordan-Marsh, 2010). Considering to its growing population share in terms of size and growth rate, tourism industry is one of the economic sectors for which the age group of mature travelers have become a prosperous market with a great consumption prospect in the future.

Secondly, this segment market has a plenty of free time. Generally, mature travelers of today are more independent as most of them are retired and free from constraints. Most of them tend to spend their abundantly free time to recreational activities (Robinson & Godbey, 2010) and consider tourism as one of their most preferences (Staats & Pierfelice, 2003). Literatures found that mature travelers spent almost 40 percent more time than younger group, in other words, they took more holidays and stayed on vacation longer than other groups to tourism and recreation activities (Lavery, 1999; Śniadek, 2006).

Thirdly, because of time flexibility after retirement, it makes the mature travelers segment become highly attractive to tourism and hospitality industries that face difficulties from the fluctuations of seasonal demand (Jang & Wu, 2006). As the benefit of a plentiful free time, this market group is normally flexible in their travel plans as they have time available to travel during the whole period of the year whenever

they want. Moreover, they also willing to leave for travels off-season which provide the opportunity for tourism and hospitality businesses to minimize vacancies during off-peak period (Mungall & Gherissi Labben, 2009; Wuest et al., 2001).

Fourthly, this market is relatively affluent. Mature travelers are believed to have a great deal of discretionary earnings because of the affluence they have collected over their entire lives (You & O'leary, 1999), including their pensions and social security benefits (Mitchell, 2000). Consequently, they do not confront the restriction on their personal income that obstruct them from traveling. With this age group, they spend their larger spending on travel and recreational activities than other age group when traveling (McGuire et al., 1988). In United States, for instance, this segment is considered as the most affluent when comparing to other group, they distribute to the greatest volume of travel and spend approximately over 30 billion on trips in year round (Jang & Ham, 2009; Śniadek, 2006). While the purchasing power of French mature travelers is estimated to reach €150 billion per annum. Besides, in generally, 70 percent of total cruise passengers together with 80 percent of all luxurious cruise trips are occupied by mature travelers aged of 55 years and over (Cetron & Davies, 1995; Śniadek, 2006).

Fifthly, increasing advancement of healthcare and pharmaceuticals contribute to an individual's longevity as more people can live their lives longer than ever (Esichaikul, 2012; Moschis et al., 1997). Today's mature travelers have healthier, more physical fit, more active and feel younger than their actual age (Moschis et al., 1997), importantly, they wish to remain their youthful conditions (Mungall & Gherissi Labben, 2009). Travel is the most common activity which can response to this purpose. In accordance with Lee and Tideswell (2005), travel has positively impact on mature travelers' lives by leading them the greater life satisfaction through new travel experiences which contribute to their physical and mental health. This study is similarly to the concept of active aging by World Health Organization (2002) desires older persons to maintain active and engage in useful activities which travelling is considered as an activity that sustain active aging.

Last but not least, mature travelers from the baby boomers' generation are considerably changed in values and beliefs as they are more educated and many of them have travel experiences related with their work lives and for their own pleasure (Hayslip, Panek, & Hicks-Patrick, 2007). They expect their adulthoods after their retirements to be a time for rediscovering and reinventing themselves including an opportunity to try new things. They also devote their travels as a moment for learning experiences, fun and entertainment, especially perceive tourism and leisure activity as the 'reward' (Śniadek, 2006) they deserve to earn for their lives. As changes in their values and beliefs, it can estimate the increasing propensity to travel of mature travelers today and tomorrow.

It can be concluded that the growth of this segment is as the result of their physical conditions that are more active and healthier than those previous generations. Moreover, they are characterized as travelers who have plenty of free times with spending power and prefer to travel off-seasons. Interestingly, due to their spending capability which considerably above than other segments. For these reasons, they become a more attractive and lucrative market segment for tourism and hospitality sector.

### **2.2.3 Mature travelers' market segmentation and their behaviors**

#### ***Mature Travelers' Market Segmentation***

Mature traveler market is viewed as a heterogeneous segment of the population (Alén, Losada, & de Carlos, 2017; Moschis et al., 1997; Shoemaker, 2000). The mature travelers are different in their attitudes, values, and behaviors among their group, furthermore, their needs also differ from those of previous generations. Therefore, a "shotgun" marketing approach is unlikely to be an appropriate strategy. Matching firm's products and services offerings with the demands of subgroups, is considered as an appropriate strategy to satisfy a non-homogeneous market. In order to achieve this mature market, market segmentation is the only way to overcome the complexity and to clarified customer needs (Moschis, 1993).

Market segmentation is a strategic tool which extensively implemented to direct the mature market. It involves the subdividing of the market into various smaller market segments, then, each sub-group could be recognized for its product and service preferences, as well as delivery methods (Moschis, 1992; Moschis et al., 1997). In other words, this strategy reveals the differences among the mature traveler market and matches their needs with specific products and services that are being targeted. A definition of market segmentation is simply defined by Kotler (2000) as a “large, identifiable group within a market with similar wants”. To examined mature travelers, there is no a best way to divide mature traveler market (Kotler, Bowen, Makens, & Baloglu, 2017; Shoemaker & Shaw, 2008), researchers have implemented various different methods or segmentation variables for segmenting this cohort. To explore the market segmentation, three central approaches have been identified in the studies of mature traveler market (Nimrod & Rotem, 2010) as following:

### **1. Demographic segmentation**

Most simply, demographic segmentation is popular and has been generally used to divide mature market into subgroups (e.g. Gustin and Weaver, 1993; Callen and Bowman, 2000; Vieregge et al., 2007) because it is easy to measure and define (Kotler, 2000). This method of demographic segmentation divides the mature traveler groups based on socio-economic variables, namely, gender, income, race, age, occupation, nationality, religious, education, culture, generation, and life-cycle (Kotler et al., 2017; Shoemaker & Shaw, 2008). Among these socio-economic and demographic data, chronological age is the most common and dominantly used to segment this market and predict their behavior (Fitzgerald Bone, 1991; Sund & Boksberger, 2007; You & O'leary, 1999). For example, some studies identified the mature market as four groups of age range : 55 to 64, 65 to 74, 75 to 84, and 85 and over (Fitzgerald Bone, 1991), while the Economist (2002) classified mature travelers into three subgroups: young seniors (55 to 64), mature seniors (65 to 74), and the old seniors (75+). In addition,

Norman et al. (2001) classified mature traveler market into two groups; the group with 50-64 years old is labeled as the neo-mature market, while the age with 65 years old and above is defined as the veteran mature market. Apart from age segmentation, some sociologists identified this market into two sub-segments grounded on the year boomers were born: leading-edge boomers are labeled those who were born in between the year 1946 to 1955, and trailing-edge boomers are identified those were born in between the year 1956 to 1964 (Nimrod, 2008).

However, many studies have argued that using a chronological age or one age-based category alone is too large and unlikely to respond to the complicated factors indicate in the process of aging (Fitzgerald Bone, 1991; Moschis et al., 1997; Mungall & Gherissi Labben, 2009), it may overlook critical segments of this market (Sudbury & Simcock, 2009). Moreover, using the chronological age is questioned by numerous studies, it has been empirically confirmed that mature individuals perceive themselves are being younger than their age and deny the typical traits as well as behaviors influenced by age differing from their chronological age or year of birth (González et al., 2009). Alternatively, some scholars attempted to implement cognitive age as a new approach to segment the mature market (Catterall & Maclaran, 2001; Cleaver & Muller, 1998; González et al., 2009). For instance, González et al. (2009) employed the notion of cognitive age and employ it as a variable to segment mature travelers, and established two sub-segments called “active livers” and “stable passives”. Active livers perceived their cognitive age lower than their actual chronological age, while the second group had a perception of their cognitive age similar to or greater than its real value. The findings showed the differences among both groups in terms of their travel motivation and behavior. That is, when traveling, active livers preferred to meet challenges and viewed traveling as an opportunity to maintain balance of their health and consider tourism is an activity which they could be enjoyed. This segment tended to pay in higher price for lodging, travel with couples or as a family. In contrary, stable passive presented an inactive profile and participated activity only available in their packaged leisure



traveling. This group was likely to stay in low to middle price range of accommodation, and traveled with their spouses or an organized tour group.

Nonetheless, Moschis (1993) argued that age alone is insufficient to explain the differences in mature individual's behavior. As a result, a broader range of socio-demographic variables become alternate segmentation methods for mature market. Laventhal (1991), for instance, employed age and other factors like purchasing power, health, and marital status to segment mature market. To identify mature market, using of multidimensional constructs seemed to be more appropriate for segmentation because of the fact that individuals age diversely and aging also involves differences in behaviors, attitudes, and ability varied by individuals (Fitzgerald Bone, 1991; Moschis, 1993; Sudbury & Simcock, 2009; You & O'leary, 1999).

## **2. Psychographic segmentation**

Another approach was psychographic segmentation. Because individuals in the same demographic segment can have dissimilar psychographic attributes (Kotler, 2000), consequently, researchers have attempted to segment the mature market based on personality traits (activities, interests, and opinions / AIO), value, lifestyle, and attitudes. Psychographic segmentation is a type that divides a market into subgroups based on their lifestyle, personality characteristics, interests, social class, values, and attitudes behaviors (Kotler, 2000; Shoemaker & Shaw, 2008). Several studies had been employed psychographic variables to segment the mature market described as following:

Using psychographic segmentation, some studies had been divided customers into a lifestyle and life-cycle groups. The early research of Wells and Gubar (1966) proposed the six stages of a life cycle, including, (i) Bachelor stage, (ii) Newly married couples (iii) Full nest I (iv) Full nest (II), (v) Empty nest, and (vi) Solitary survivors, can be related to the older customer. In addition to value and life styles (VALS) of Gollub and Javitz (1989), the study proposed a famous customer segmentation approach called "Lifestyles and Values of Older Adults" or LOVOA. This model included the six

psychographic segments, including, adaptors, attainers, preservers, explorers, pragmatists, and martyrs. Each segment has a different psychology and preferences. Similarly, Moschis (1993) applied both gerontological and psychographic variables to proposed the 'concept of gerontographics'. This approach is based on lifestyle or psychographics segmentation rather than concentrates on needs, attitudes, behavior, and lifestyles of mature individuals. The four different segments are classified: Healthy hermits, Healthy indulgers, Ailing outgoers, and Frail recluses. This gerontographic approach provides more details in explaining individual relationship within social system to shape the mature individual's behaviors.

A study of Mathur, Sherman, and Schiffman (1998) divided the mature market into two distinctive subgroups based on multidimensional constructs: demographic, value and interest, and behavior when travel. A first group segmented by age: 55-64 years old, and 65 years old and over. Next group segmented by value: new-age elderly and tradition elderly. The findings presented that the group of new-age elderly is more autonomous, desire more control of their activity, and more flexibility in their activity during their trip. In addition, they are less relying on materialism when comparing to traditional seniors, and also emphasize the value of the personal experiences of staying rather than the price. This reflects that the segment of new-age seniors is attracted by experiences which provide them a more sense of a personal basis.

In terms of personality segmentation, Fitzgerald Bone (1991) suggested a segmentation model to subdivide mature segments based on combining demographic and psychographic as five key segmentation variables: demographic variables - (i) health (ii) discretionary income; lifestyle variables - (iii) activity level (iv) discretionary time; and psychological variable - (v) response to others. The findings classified two basic personality groups of mature market: Sociables, who reengaged and were other-directed and Separators who disengaged and were inner-directed. In the same way, Horneman et al. (2002) combined demographic and psychographics variables to

subdivide the senior Australian travelers. Six segments included Conservatives, Pioneers, Aussies, Big spenders, and Enthusiasts.

Furthermore, psychographic segmentation based on travel preference variable or attributes also generally used to segment mature market. Hsu and Lee (2002) identified thirteen attributes of the tour selection to distinguish characteristics amongst mature traveler segments. Based on their tour selection attributes, the results segmented the mature groups into three groups: the dependents, the sociable, and the independents. These three distinctive segments allowed travel operators to develop target market-specific packages as well as marketing strategies for attracting each selected group. Similarly, Morgan and Levy (1993) employed psychographic variables related to three type of specific products (travel, health, and food product) in order to segment mature market to predict their consumer behavior.

Recently, segmentation of mature market has been focused on travel motivations as one of the most important variable for conceiving customer behavior (Backman, Backman, & Silverberg, 1999; Boksberger & Laesser, 2009; Cleaver, Muller, Ruys, & Wei, 1999). Early research for travel motion found in Gray (1979) classified 'Wanderlust' and 'Sunlust' as two major intrinsic motives influencing travel. Seven push motives were identified by Crompton (1979), comprised of self-exploration, escape, prestige, relaxation, regression, social interaction, and kinship-enhancement. Shoemaker (1989) divided senior citizens into three subgroups based on travel motivation: Familiar travelers referred to seniors who preferred to revisit to the same places rather than discovering the new one. Next, Active resters who was perceived travelling as a great occasion for their socialization. The third group called Older set, this group preferred to take arranged trip with non-challenge activities. In the context of Australia, Horneman et al. (2002) profiled Australian mature travelers by identifying the most mentioned travel motivation for mature travelers into four travel motives: rest and relaxation, physical exercise, visting friends and relatives (VFR), and education and learning. A study by Fleischer and Pizam (2002) proposed six common motivations

between mature traveler groups, including, learning, physical exercises, rest and relaxation, nostalgia and excitement, and social interaction. This study confirmed that the mature market was not homogeneous.

### **3. Behavioral segmentation**

Other studies used behavioral segmentation to differentiate between the subgroups of mature travelers. Behavioral segmentation segments a market into subgroups based on attitude, knowledge of the consumers, as well as use, response or benefits sought from a product/destination (Kotler et al., 2017).

In behavioral segmentation, benefits sought throughout travel and tourists' destination activities are accepted as the significant base of segmentation because it directly associates to the product and destination development, and the marketing strategy (Carneiro, Eusébio, Kastenholz, & Alvelos, 2013). For example, You and O'leary (2000) conducted a study on older Japanese travelers, and defined three older tourist segments based on the destination activities that they were involved during their travel. Three sub-segments: Conventional mass tourists, Inert travelers, and Hyper-active travelers, and, were tested and found that each group of older traveler market became more active and differed from those previous precedents in terms of their travel characteristics and travel philosophy. Lehto, O'leary, and Lee (2002) discriminated the sub-segment among mature traveler groups grounded on travel product preferences and benefits sought. The findings found the differences in relation to destination attributes and benefits sought among three different segments: Budget conscious relaxation seekers, Enthusiastic female experiencers, and Independent eco-tourists. Results revealed that differences in travel philosophy were existing among each subgroup in relation to destination activities. Littrell et al. (2004) proposed profiles based on tourism activities and shopping behaviors to address mature travelers' preferences during their traveling. Three profiles of mature traveler segmentation consisted of Cultural tourists, Moderate tourists, and Active outdoor/ cultural tourists. The differences among

segments found in areas of shopping venues, mall preferences and source of information about shopping.

From previous literature review can summarize that the studies of segmentation of mature traveler market are found in three central approaches. Demographic segmentation based on socio-economic variables. Second approach is psychographic segmentation which consists of value, lifestyle, gerontographic, personality, preference or attributes, and travel motives variables. And other studies used behavior segmentation based on benefits sought as criterion to divide the subgroup. In short, the mature traveler segment is not homogeneous but instead highly heterogeneous, additionally, significantly differences have been existed among sub-segment of the mature cohorts. Moreover, mature traveler market today is also differing from those of previous generations in the past. For these reasons, the segmentation is the most appropriate approach to understand and analyze demands of this highly diverse group by considering to the appropriateness of application.

#### ***Mature Travelers' Behavior***

The mature traveler group has been recognized by both researchers and business operators as a significant segment of tourism market (Chen, Wang, Luoh, Shih, & You, 2014). To create a more insight profile of mature travelers, variables as accommodation type, travel companion, time spent in trip preparing, trip duration, transportation used, type of trip, sources of information, activities arrangement, travel motivation, and well as socio-demographic characteristics, are crucial for tourism and hospitality operators to analyze the consumer demands (Alén et al., 2017). Besides, the purpose of traveling, and the attractiveness of destination's attributes are also included (Baloglu & Shoemaker, 2001). However, such variables are subject to time, economic, family-related constraints, as well as socio-demographic factors, for instance, gender, age, level of education, employment status, level of income, and health assessment (Batra, 2009; Blazey, 1992; Fleischer & Pizam, 2002).

As regards for type of accommodation, hotels, followed by holiday apartments, homes of friends or family are preferred by the majority of mature travelers when travel,

especially for older mature travelers (Batra, 2009). While the younger mature travelers choose the alternative accommodation type like camping. Lieux, Weaver, and McCleary (1994) added that mature travelers are also interested in visiting historical or aesthetic places and likely to choose to stay in hotels rather than other economic alternative lodging such as hostel or family accommodation.

As for mature travelers' travel companion, this variable is strongly associated to the type of trip. That is, older mature travelers prefer to travel with companion, on the contrary, younger mature travelers can travel alone as soon as they are a part of a group (Batra, 2009), additionally, mature travelers who still active in employment are more probable to travel alone (Blazey, 1992). Besides, mature travelers with a lower educational level are more enjoy traveling with the same age group, contrary to the group with a higher level of income, they are not favor to travel with accompany (Batra, 2009).

For type of trip, the group tour package is considered as one of favorable alternative for mature travelers because it provides convenience, safety, and travel companions (Patterson, 2006) particularly on a group with lower income and lower level of education group (Bai, Jang, Cai, and O'Leary, 2001; Batra, 2009; Chen, 2009). Value of money, health constraints, travel companions, and discomfort in facing unusual situations while traveling are the main reasons for them in preferring package tours (Lee and Tidswell, 2005).

Regarding to the time spending for trip planning, time for spending is positively relate to the increasing age of mature travelers (Huh & Vogt, 2008). For the sources of information used, Alén, Domínguez, and Losada (2012) mentioned that the television, press and radio are the effective channels to reach mature travelers because they usually read, watch television, and listen to the radio. A study of Shim, Gehrt, and Siek (2005) noted that mature travelers mostly gain the sources of travel information from the channel of mass media and print media. Whereas younger mature travelers with a higher education degree and higher income level are mostly valued the internet or social media as their prime sources to access information for their trip preparation (Batra, 2009; Huh & Vogt, 2008), but the internet or social media is less associated

with the group of retirees and the group with lower education level including the group which rely on travel agencies (Batra, 2009; Shim et al., 2005). Besides, younger mature travelers seem to depend on the informal sources of information by the word of mouth through family, friends, and neighbours (Alén et al., 2012; Gheno, 2015; Shim et al., 2005). Besides, it is regarded that those mature travelers who used the more sources of information for their trip planning, they tended to participate the more activities at destination (Littrell et al., 2004). This means that the use of information sources is importantly associated to the activities engaged at the destination.

As for the means of activities engagement, when travel, mature traveler usually engage a variety of activities such as shopping, day tours, visit historical places and museums, sport events, casino, sightseeing (Batra, 2009; Littrell et al., 2004). Alén, Nicolau, Losada, and Domínguez (2014) noted that the activities arranged at the destination has influence on the length of stay, and positively related to the number of tourist arrivals. Older mature travelers enjoy recreational activities such as classical concerts, casino, theatres, birdwatching, sightseeing, while younger mature travelers prefer more adventure and physical leisure activities like hiking, horse riding, bowling, rock and roll concerts because they are more generally physically fit and healthier. That is, the younger group is generally more fun-loving and favor in physically challenge activities than those older group who prefer to choose relaxing and calming activities (Lehto, Jang, Achana, & O'Leary, 2008). Moreover, the mature travelers also value on socialization. They perceives travel as an opportunity for their social interaction by meeting new people and build a new relationship with others (Patterson, 2002).

In relation to transportation, comparing to younger mature travelers, older travelers more prefer to travel by bus, especially the older travelers with a level of lower education and income. Such those older groups who prefer traveling by bus, they are aroused by the travelling cost, climate, historic and artistic places in the destination, including events and tourist attractions (Baloglu & Shoemaker, 2001)

In an aspect of the duration of trip, retired mature travelers incline to stay longer in the destination than those who are still active in working or employment (Blazey,

1992). Furthermore, Wang (2005) added that the mature travelers with the purpose of visiting friends and relatives tend to stay longer in the destination. The studies of Fleischer and Pizam (2002) pointed out that a positive relationship exists between income, age, and self-perceived health with the length of stay of the mature travelers.

As regard to the period of the year in which trip taken, the mature travelers are characterised as discerning customers who often visit the destination or patronize hospitality business at non-peak periods such as non-holiday periods, low season which beneficial to business enterprises to fill up their occupancy rate and revenue (Rhee & Yang, 2015). Further, Glover and Prideaux (2009) added that mature travelers of today tend to travel for their leisure more often than their parents due to the fact that they have more time available, higher disposable incomes, besides, advantages of advancement in transportation technology, as well as, ease of accessibility to the new destinations are encouraged them to travel more frequently.

To conclude, through numerous studies have been documented the attractiveness of the mature market, it is crucial to remember that nature of mature market is constantly changing over time. The mature travelers today behave differently from those previous predecessors in the past (Davies, 2005). Therefore, the marketers needs an ongoing flow of information towards the consumer behavior of the mature market. In addition, to restrict only to the information gathering of today's mature travelers alone, is not sufficient. Lanenthal (1991: 39) stated: "The aging consumer of tomorrow is going to be much different from the aging consumer market of today"

## **2.3 Factors Influencing Mature Travelers' Differentiation Value Drivers**

### **2.3.1 Demographic Factors**

Demographics refer as the characteristics or structure of population. Gender, age, family life cycle, family size, employment, education, race, nationality, income, and religion are concluded as the important demographic variables which generally used for dividing customer group. Demographic segmentation is popular and



extensively implemented in marketing segmentation because customer demands and preferences are involved with demographic variables and ease to identify and measure (Kotler, Armstrong, Harris, & Piercy, 2005).

Mature traveler market is extensive in its size and potential for the tourism industry. Mature travelers are very heterogeneous population and different from those predecessors in the past (Albayrak et al., 2016; Alén et al., 2017; Kent Dychtwald, 1997). This is the reason why demographic segmentation approach is essential to gain understanding of this heterogeneous group. Based on a market segment, service providers can develop expertise in particular product and service offerings as well as marketing strategies to achieve the needs and satisfaction of the targeted group (Hsu and Lee, 2002). Various previous literatures have explored demographic variables related to the value drivers of tourists in lodging business. The most common demographic variables include sex, age, marital status, nationality, occupation, education and income. Such demographic variables have been investigated in several relating contexts.

In terms of important hotel attributes affecting the tourists' lodging preferences and selection, Ananth, DeMicco, Moreo, and Howey (1992) examined differences in perceptions of the attributes sought by two different age groups of mature travelers. Findings underlined that the attributes sought by mature travelers at the age of 59 years old or greater and those sought by younger travelers with under 59 years of age were found significantly differences among them. The findings found that certain amenities or mature-specific attributes were required and perceived more important by mature travelers than by young travelers. Furthermore, the study also confirmed that importance of hotel attributes for mature travelers varied by their demographic traits. The study of Sund and Boksberger (2007) also found in line with Ananth et al. (1992), findings confirmed that important differences were existed not only between seniors and non-seniors in respect to preferences but also among pre-seniors and seniors.

Similar to the findings of Callan and Bowman (2000), intended to ascertain whether the important attributes for mature travelers' hotel selection varied according to gender, age, retirement status and income. The results revealed that gender had found in significance differences between male and female toward hotel attributes. Female have higher expectations than men when choosing accommodations or evaluate their quality of service attributes. The study also found significant difference between the age group of mature travelers. The lower age groups (55-65, 65-74) did not considered the certain mobility attributes to be important as those of age over 75 did. This can imply that some certain attributes relate to the increasing age or mobility limitations. In relation to retirement status, important differences were found value of money of hotel service attributes was perceived great important to non-retired seniors than retirees who were less price conscious. On the other hand, the level of income had no significant differences in important mature travelers' hotel attributes.

The studies of Poon and Low (2005) and Albayrak, Caber, and Bideci (2016) examined the differences in tourists' perceptions toward hotel attributes particularly focusing on nationalities. Poon and Low (2005) showed that important differences were existed between Asian and Western assessment of hotel attributes' quality. Western tourists reported higher satisfaction levels on Malaysian hotels' quality than Eastern tourists did. In the same way, Albayrak et al. (2016) also revealed that the perceptions on the important hotel attributes noticeably differed among German and British senior tourists. Both studies found similarly that significant differences existed among different nationalities, that is, people from different nationalities have different perceptions regarding the importance of hotel attributes. On the contrary, Caber and Albayrak (2014) found the results in another aspect. Findings unveiled that the importance rating of hotel attributes was insignificantly different among three different

nationalities respondents and age-groups: Dutch, German, and British; pre-senior groups and senior group.

However, Chan and Wong (2006) employed demographic variables including age group, gender, educational level, and country of residence to investigate whether there are any significant differences in Frequent Independent Travelers' perceptions on influential factors affecting their hotel selection, excepting price. Finding pointed out that significant variations existed among different demographic groups in various aspects. For instance, male FITs were more particularly influenced by the influential factors listed in the hotel attributes when comparing to female tourists. Among the age groups, hotel selection was influenced by their companies' recommendation for FITs aged between 26-25 than the group aged 56 or over. Besides, in relation to education level, it was reported that tourists in lower educational level were more likely influenced by the travel agent's recommendation than those in higher educational level. In addition, the study of Chen et al. (2014) found that senior group tourists with lower educational level were more satisfied with room facilities offering by hotels as they were tend to have lower level of expectations.

In terms of perceived customer delight, based on a question, "Are guest from different cultures likely to be delighted by differently things?", Torres, Fu, and Lehto (2014) examined the drivers of customer delight targeting on different nationalities and cultures including, the United States, Brazil, Germany, and Canada. After analyzing, the author concluded that even some universal service components exist, the customers from various nationality or culture can be delighted by different service attributes.

Several researches also investigated in areas of tourists' preferences, behaviors, and decision-making. Batra (2009) investigated whether three demographic variables: age, level of education, and marital status have an influence on senior travelers' experience, behavior, and overall experience upon visiting Thailand including an aspect of lodging preferences. The existence of significant differences was found in the senior tourists' perception on traveling experience, behavior of travel, and overall experience

related to their age, education, and marital status. In a study of Fleischer and Pizam (2002) remarked that the motivations and preferences of mature travelers significantly varied by demographic characteristics like gender, age, and health status. The study suggested that the group of mature travelers at the age group between 60-70 years was seen as the most considerable segment because of such group devoted the longest time spending on vacation. Moreover, health status and income also influenced their travel decision-making. While the length of stay on their vacations was determined by age and previous vacation experience.

Jang and Ham (2009) aimed to investigate the relationship between socio-demographic and economic variables and senior tourists spending decisions. The findings concluded that socio-demographic as age, education, income, and marital status significantly affected the possibilities of leisure travel in both groups of older seniors and baby boomers. Findings explained that among both of groups, marital status was positively significant. Married senior couples were more probably travel than seniors without spouses as they were more actively participated more in leisure activities due to their spouses may provide more favorable occasions and motivations to travel. Significant variations were also found in income and education in both groups. Seniors in high educational level with college and graduate, were more probably to travel than seniors with under a high school education. In addition, the income factor was found positively significant in both two sub-groups, it was found that the more income seniors earned, the more potentially they were to travel. Furthermore, Age also had influence on the participate rate of leisure among seniors. That is, the participate rate for leisure increased at the certain average rate of retirement (58 years). Then, the rising trend in travel continued until a specific age (74 years), but after that, the rate would be declined which implied to the instant health deterioration pass a certain age. This can reflect that age has correlation with health status. Therefore, the self-assessment of health has been used as additional variables in various researches on the senior travelers (Le Serre & Chevalier, 2012). This variable has significant influence

on the seniors' destination choices and has been perceived as an important traveling constraint for some seniors (Blazey, 1992). Good health was a more significant factor than a few health problems.

Lehto et al. (2002) explored the gender differences within the older travelers in relation to travel product preferences and benefits sought. Finding showed significant differences between older female travelers and older male travelers in perceptions toward travel product preferences and benefits sought. In terms of benefits sought, older female travelers were more concentrated on social communication aspects of travel benefits, in contrary, older male travelers were more focused on functional, instrumental aspect of travel benefits. For travel product preferences, females were more valued safety issues and opportunities to socialize, interaction with people than males. These findings of gender differences also similar to the study of Norris and Wall (1994) that females had different traveler needs from those for males due to their motivational differences.

Based on previous studies mentioned above, the findings empirically found that mature travelers are heterogeneous which can be divided into subgroups and their perceptions toward service attributes or value drivers are varies according to their demographic variables. Therefore, this research will test the differences in the mature travelers' demographic variables on differentiation value drivers in terms of their expectations. From prior literatures (as shown in Table 2.1), the researcher constructed and identified demographic variables which applicable to the context of study. The demographic factors adopted in this research include gender, age, marital status, nationality, education, income, employment, and health status.

H1: Travelers with different profiles have different expectations on differentiation value drivers.

Table 2.1 Demographic variables related in tourist's value drivers in lodging business

Author (s)	Topics	Demographic Variables
Ananth et al., (1992)	Marketplace lodging needs of mature travelers	Gender, age, employment, income, marital status
Sund and Boksberger (2007)	Senior and non-senior traveler behavior: some exploratory evidence from the holiday rental sector in Switzerland	Age
Callan and Bowman (2000)	Selecting hotel and determining salient quality attributes: A preliminary study of mature British travelers	Gender, age, retirement status, and income
Poon and Low (2005)	Are travelers satisfied with Malaysia hotels?	Nationality
Albayrak et al., (2016)	Identification of hotel attributes for senior tourists by using Vavra's importance grid	Gender, marital status, income, occupation, time of visit, and length of stay
Caber and Albayrak (2014)	Does the importance of hotel attributes for senior tourists? : A comparison of three markets	Age and nationality
Chang and Wong (2006)	Hotel selection: When price is not the issue	Gender, Age group, education level, and country of residence
Chen et al., (2014)	Does a friendly hotel room increase senior group package tourist satisfaction? field experiment	Gender, Age, Marital status, Education, Occupation
Torres et al., (2014)	Examining key drivers of customer delight in a hotel experience: A cross-cultural perspective	Gender and nationality
Batra (2009)	Senior pleasure tourists: Examination of their demography, travel experience, and travel behavior upon visiting the Bangkok Metropolis	Age, marital status, and education
Fleischer and Pizam (2002)	Tourism constraints among Israeli seniors	Age, gender, and health status
Jang and Ham (2009)	A double-hurdle analysis of travel expenditure: Baby boomer seniors versus older seniors	Age, marital status, race, household size, education, income, homeownership, living environment, and region
Lehto et al., (2002)	Mature international travelers	Gender, age, and education
Le Serre and Chevalier, (2012)	Marketing travel services to senior consumers	Gender, age, income, marital status, education, self-assessed health

### **2.3.2 Motivation in selecting Small and Medium-sized Hotels**

To date, numerous of establishments in the tourism industry have the structure of a small business which convey the tourist preferences and the need for personalized services in tourism. Most of them prefer to possibly make their holiday as an individual experience that means high quality and personalized services. Small and medium-sized enterprises in tourism industry are likely flexible enough to meet these individual tourists' requirements (Keller, Bieger, & Congrès, 2004). Small and medium-sized hotels have developed over time to their adaptation capabilities to pursuit customers' needs and demands. They can provide superior service and facilities to their customers/tourists as large sized hotels offer. Due to their small size, they have capability to develop personal relationships and closely communicate with customers, make up in flexibility, personalized services as well as customized experience with local character and charm (Buhalis & Peters, 2006; Firat, Ozaltin Turker, & Metin, 2014). With these characteristics of small and medium-sized hotels, the tourists feel comforted in this type of hospitality property on account of the fact that the consumers at this day search for warm interest. This enhances the tourists' satisfaction.

In order to strengthen the tourists' satisfaction, understanding tourists' behavior in terms of needs, choices, and preferences toward small and medium-sized hotels allows entrepreneurs to deeply understand and gain knowledge which is beneficial to develop the products and services in line with their value drivers. The tourist motivation is basically used in literatures to discover the tourist behavior influencing their decision making toward their destination choice or patronizing small and medium-sized hotels in this context of study.

#### ***Tourist motivation***

Motivation refers to a state of need which drives people to behave in a particular way to fulfill to the desired satisfaction (Crompton, 1979; Peattie & Moutinho, 2000). In terms of tourism, tourist motivation combines of needs and desires that affect the tendency to travel in a general sense (O'Leary & Deegan, 2005). Tourist motivation has been largely examined in extensive literatures in relation to tourist motivation factors

drive to tourists' choice of holiday destination (Crompton, 1979; Jiang, Scott, & Ding, 2015; Kim Lian Chan & Baum, 2007; Rageh & Melewar, 2013; Scarinci & Richins, 2008; Wang, Luo, & Tang, 2015). Tourist motivation presents a comprehension of why tourists perceive or perform things as they do, it is regarded as one of the most significant variables to describe travel behavior and a key component in the process of destination decision-making. Moreover, it is a crucial predictor in measuring tourists' satisfaction (Snepenger, King, Marshall, & Uysal, 2006). Consequently, understanding tourists' motivation factors that influence their travel decisions and behaviors is essential for industry practitioners. Investigating and evaluating tourist motivation enables tourism and hospitality operators to gain insight and understand a tourist's needs, choice, and preferences.

In addition, tourist motivation is also accepted as useful segmentation tools for the tourism market (Cha et al., 1995; Cohen, 1979; Goeldner & Ritchie, 2007) by grouping tourists on the basis of similar perception of destination attributes (Sangpikul, 2008a). Furthermore, the key implication of this segmentation is that tourists' needs and wants, and perceptions vary through their different motivations and preferences (Lieux et al., 1994; Patterson, 2006) This idea is also supported by the previous findings from the literature mentioned above that differences of tourists' motivation related to their different perceived value.

To address the question 'why do tourist travel?', various researches were conducted and motivational theories and theoretical frameworks are proposed by many researchers (Crompton, 1979; Dann, 1977; Iso-Ahola, 1982; Pearce, 1993; Pearce & Lee, 2005), for examples, Maslow's hierarchy of need theory, push and pull theory, Pearce's travel career ladder, Iso-Ahola's social psychological model and the Functional theory of attitudes to tourism (Wu, 2003) . However, the analysis of motivation based on push and pull factors has been commonly accepted and used in previous literatures as a major factors in travel decision-making criteria (Baloglu & Uysal, 1996; Cha, McCleary, & Uysal, 1995; Yuan & McDonald, 1990). Among researchers, Crompton's (1979) push and pull factors are more popular and generally applied in the examination



of recent studies (Mohsin & Alsawafi, 2011; Phau, Lee, & Quintal, 2013; Sangpikul, 2008b; Sirakaya, Uysal, & Yoshioka, 2003).

Push and pull theory is a model to determine travelers' motivations and its influencing on their choices of holiday destination. Push factors mention as an individual's internal drives/ intrinsic desires which encourage people to travel or participate in tourist activities, whilst pull factors describe the external drives that attract tourist to choose or a certain tourism product/ service or choose a destination because of the attractiveness of a destination (Baloglu & Uysal, 1996; Cha et al., 1995; Crompton, 1979; Crompton & McKay, 1997). When the travel decision-making has been made, pull factors play a significant role in stimulating an individual to a particular destination. It simply concludes that push factors encourage people to travel or "whether to go", which describe the travelers' needs and desires for travel. While pull factors arouse the destination choice and determine the choosing of a specific destination or "where to go" (Klenosky, 2002). Furthermore, push and pull factors also are viewed as demand and supply dimensions in the process of decision making (Kim & Lee, 2002).

According to push and pull theory, since the empirical efforts of Crompton (1979), further studies have attempted to examine push and pull factors and also widely explored in several settings, such as nationalities (Allan, 2014; Cha et al., 1995; Yuan & McDonald, 1990), destinations (Mohammad & Som, 2010; Nikjoo & Ketabi, 2015; Phau et al., 2013; Yiamjanya & Wongleedee, 2014), and events (Backman, Backman, Uysal, & Sunshine, 1995; Crompton & McKay, 1997; Smith, Costello, & Muenchen, 2010). Though push-pull theory has been extensively discussed in tourism industry, a small number of studies have been investigated on customer motivation for selecting accommodation in lodging industry (Kim Lian Chan & Baum, 2007; Wang, 2013; Wang et al., 2015), particularly in small and medium sized hotels. This study applies the push and pull framework to explore the mature travelers' behavior in selecting small and medium-sized hotels, with push factors described as motivations (demand) and pull factors identified as lodging attributes (supply).

### ***The push-pull factors influencing small and medium-sized hotel selection***

Specially relate to lodging selection focusing on the context of small and medium-size scale accommodations, previous literatures were found in an area of various types of accommodations, namely, boutique hotel, resort, alternative accommodation including guesthouse, bed & breakfast, homestay and farm stay.

In relation of boutique hotels which emerging as small and medium-sized enterprises (Firat et al., 2014), a qualitative study of McIntosh and Siggs (2005) examined the motives which attract tourists to choose to stay in boutique hotels rather than traditional hotels by using in-depth interview with 19 hosts and 30 guests at boutique hotels in New Zealand. The findings concluded the five key dimensions of tourists' motivation of staying at boutique accommodation in terms of their experience sought and gain. The unique character, personalization, homely atmosphere of lodging, high quality standard offered, and value-added nature of the physical location, and culture and knowledge of the hosts, are the five key factors that tourists perceived important as the motivation in staying at boutique type of accommodation. And this study emphasized that these five key motives provide differentiation value that set the boutique hotel distinguish from the conventional hotel.

By adopting the empirical study of McIntosh and Siggs (2005), Aggett (2007) further developed a research to examine the factors influencing on tourists' motivation to choose the boutique accommodation type in the context of UK's boutique hotel. The questionnaires were tested on a number of boutique hotel guests in UK and tried to test the theory of other researchers, particularly that of McIntosh and Siggs (2005). The findings found that location, quality, uniqueness of the hotels, service provided and personalize service offered are considered as the top five boutique accommodation attributes which influencing the hotel guests' decision to select this type of accommodation. Moreover, this study also revealed that these attributes are nearly similar to those determined in the findings of McIntosh and Siggs (2005). The four of attributes; location, quality, personalize service, and unique are identified in both of

studies as being influential in customers' motivation to patronize this accommodation type. While the fifth attribute 'the service provided' which include service associated with individual attention, confirmed the theory that the boutique hotel guests desire to experience a personalized service. The study also concluded that customers are seeking for alternative accommodations differing from those traditional accommodations.

A study conducted by Khosravi, Malek, and Ekiz (2014), attempted to investigate the attractive factors that drive tourists to boutique hotels by evaluating from tourists' actual experience of this type of lodging in Penang, Malaysia. The results were supported by the data derived by 133 guests who stay in boutique hotel in Penang, Malaysia. And indicated that the tourists' perception of boutique hotels attributes consists of four dimensions including hotel facilities, special services, hotel design and image, and price and location. The findings are also in line with the prior studies of McIntosh and Siggs (2005) and Aggett (2007) that individualize and personalize service from friendly staff within a homelike atmosphere and unique architecture are the attractive factors driving the tourist selection of boutique hotel. The results of this study also concluded that the uniqueness of boutique hotel is regarded as an innovation differentiation strategy in terms of its characteristic as cozy places with specific architect and special interior design.

Interestingly, in a different setting, Wang, Liu, and Tang (2015) examined tourist motivations to patronize boutique hotels in Xiamen, China by employing the push-pull theory based on human need theory. This study expected different customers' motivation factors from traditional hotels, and the study area in Xiamen was a place where combined two different culture of eastern and western, therefore, the perspective of customers' motivation could also have reflected in culture aspect. The study identified the interpersonal experience, uniqueness seeking, and social networking as the motivational push factors and the site value, and decoration and theme as the pull motive factors. The results of study found significant to explain the traveler motivation to choose boutique hotels. Demographic variables of age, income, and marital status are significantly associated to push and pull motivational factors. That is, significant

differences were found in age, marital, and income groups in their perceptions of motivational factors.

In a resort accommodation type, Van Vuuren and Slabbert (2011) investigated travel motivations of tourists to a South African resort by examining travel motivation and testing it with other similar researches. This survey was conducted with the sampling of 201 tourists who stayed at resort in KwaZulu-Natal, South Africa, and factor analysis was employed in this study. The findings concluded that the main motives of tourists to patronize the resort are personal values, to participate in enriching and learning experiences, to rest and relax, social experiences, and participation in recreational activities. Among the respondents, recreational activities and enriching and learning experiences are viewed as the most popular motives. This results confirmed motives identified found similarly with several previous studies conducted in different countries which reflect the universal travel motivations. And also suggested that tourists are usually searching for something different, consequently, the lodging operator should find unique aspects to attract tourist and create tourist satisfaction.

Alternative accommodation had been suggested as a future trend which would be increasing an important role and growing popularity in the hospitality business (Reynolds & Emenheiser, 1996). Consequently, many authors have conducted research in this type of accommodation (Ingram, 2002; McIntosh, Lynch, & Sweeney, 2011; Morrison, 2002). A study of why tourists select alternative accommodation is one of the area that have conducted by researchers. Gunasekaran and Anandkumar (2012) studied motivational factors influencing tourists to choose alternative accommodations apart from traditional hotel such as service apartments, guest houses, and commercial homes specially homestay, and bed and breakfast at a heritage town in India by using factor analysis. The respondents included 123 domestic and international tourists visiting Pondicherry, a heritage town in India. The findings pointed out that value for money, homely atmosphere, guest-host relationship, and local touch are the main factors attracting tourists to select alternative accommodation establishments. In addition, results also found similarly to other studies that 'home-like' atmosphere is perceived by

the most of respondents as a key motive to choose alternative accommodation. Furthermore, value of money also defined with alternative accommodation, the term of value of money is not mean only pricing, but also refer to the overall experience comparing to its cost. Another example, Pearce (1990) proposed three motives of tourists for selecting farm accommodations on farm tourism in New Zealand. The desire to meet local people, desire to see country and scenery, and desire to escape the larger commercial hotels are identified as the key motivational factors.

Using the Push-Pull Model Crompton (1979), Hsu and Lin (2011) defined nine push-pull motivational factors for college students to choose B&B home stay accommodation in Taiwan. The author explained that tourists are motivated by both push and pull motives to stay in this type of lodging. Based on Hsu and Lin's (2011) study, the nine motivational factors of home stay accommodation selection consist of leisure and relaxation, activities arrangement, quality of services, social demands and facilities, prices, specialty appearance scene attraction, sanitation transportation and comfort. The author concluded that these factors provide the customers' value that differ from the conventional hotels.

While the previous studies concentrated on tourists' motivation, Agyeiwaah, Akyeampong, and Amenumey (2013) focused on the influence of international tourists' basic socio-demographic on their motivations for selecting homestay accommodation options in the Kumasi Metropolis of Ghana. Both of qualitative and quantitative methods are employed to international respondents. The five motivational forces include knowledge acquisition/educational, authentic socio-cultural experience, and economic/cheap price, environmental preservation security, and warmth of home. The findings confirmed that socio-demographics as age, gender, educational level, marital status, geographical regions influence tourist motivation for homestay accommodation selection. Such socio-demographic variables share varied motivational factors for selecting this type of accommodation.

From the literatures mentioned above have discussed various motivational motives related to small and medium-sized scale of accommodations influencing tourists' accommodation selection. As shown in Table 2.2, it illustrated various push-pull factors, however, most of studies have not clearly identified which are push or pull motives influencing tourists' decision and accommodation selection. According to the previous literature reviews of push and pull motivation in tourism and lodging industry, the researcher defines potential motivational factors which may applicable to the context of small and medium-sized accommodations. Finally, these finding factors are constructed as variables in this study by synthesizing, combining and grouping to similar things from different researchers' study (as shown in Table 2.3). Such mentioned factors can be segmented as following:

1) The push factors

Push factors are the motivation to stimulate tourists to go out and fulfil their needs or physical demands. Escaping and seeking are recognized as the basic motivational push dimensions of tourists' behaviors on their decision-making to travel (Iso-Ahola, 1982). In this study, the push items are as follows:

(1) *Novelty seeking* – a push factor identified by Yuan and McDonald (1990), mentioned to escape for novelty and quest for a different atmosphere. In general, novelty is also identified as the degree which tourist desire to experience new things (Manning, Bearden, & Madden, 1995). Novelty seeking is in accord with personal innovativeness which indicate the individual's inclination to adopt innovations (Guttentag, 2016). In this study, novelty seeking means the tourist motivation to escape from the large or traditional commercial hotels and search for a place to alternate the hotels (Pearce, 1990) or a place to provide a novel, unique or differentiation experience (Wang et al., 2015).

(2) *Rest and relaxation* – have been categorized as a push factor by Crompton (1979) and Yuan and McDonald (1990). 'Rest and relaxation' are one of the most common push factors found in the studies (Jang & Wu, 2006). It is a factor that tourists seek for psychologically peaceful place to relax and escaping from the mundane life. In this study, the relatively small size of accommodations allows them to provide cozy places with a comfort and relaxation of staying (Hsu and Lin, 2011; Van Vuuren & Slabbert, 2011).

(3) *Personal values* – refers to the personal reasons including influence of family, influence of friends, personal interest, and status and prestige that influence on tourists' decision toward particular type of accommodation (Van Vuuren & Slabbert, 2011).

(4) *Guest-Host relationship* – the desire for interpersonal interaction. In this study, it refers to interaction between guest and host or personal touch which requires much more interaction among guest and host. (Gunasekaran & Anandkumar, 2012; McIntosh & Siggs, 2005; Wang et al., 2015).

(5) *Social enhancement* – refers as the enhancing of kinship relations (Crompton, 1979; Yuan & McDonald, 1990). In this study, the lodging's advantage of size provides an intimate environment which allows guests to participate in activities, and also provides an opportunity to enhance their relationship with others (Hsu and Lin, 2011; Wang et al., 2015; Van Vuuren & Slabbert, 2011).

## 2) The pull factors

On the contrary to push factors, pull factors are external motives that influence tourists to travel to destination or choose a destination choice. In the context of hospitality, pull factors mention to the attractiveness of features and attributes such as facilities, entertainment as well as events which are provided by hotels to meet the tourists' certain needs (McCartney & Ge, 2016). In this study, the pull items are as follows:

(1) *Uniqueness* – the unique characteristic of physical environment and ambience are set small and medium-sized scale accommodations apart from the large-size accommodations (Aggett, 2007; Hsu and Lin, 2011; Khosravi, Malek, and Ekiz, 2014; Wang, Luo and Tang, 2015). The distinctiveness or uniqueness of accommodation is considered as very influential factor in terms of accommodation choice (McIntosh & Siggs, 2005).

(2) *Convenience* – convenience is cited as one of the most significant factors and listed as a priority for tourists when determining lodging selection especially in terms of location (Aggett, 2007; Khosravi et al., 2014) and transportation (Hsu and Lin, 2011).

(3) *Homely atmosphere* – the small scale of most of lodging can create of “a home away from home” for the guests. In terms of accommodation, “homely” can describes as being comfortable, charming, security, restful and relaxing as well as a sense of nostalgic sense of home (Agyeiwaah, et al., 2013; McIntosh & Siggs, 2005; Gunasegaram and Anandkumaar, 2012; Hsu and Lin, 2011).

(4) *Special services* – refer to individualize or personalize attention which is found as one of distinguish characteristics of small and medium-scale accommodation type ((Buhalis & Peters, 2006; Keller et al., 2004; Yilmaz, 2008). Special service is perceived important in customers’ view because it is personal, friendly and has a measurement of good service. In addition, special service involves with high service quality, attention to details, extra touches as well as quality experience (Aggett, 2007, Hsu and Lin, 2011; Khosarvi et al., 2014; McIntosh & Sigg, 2005)

(5) *Learning experiences* – include environment surroundings accommodation, local experience, value added information in terms of physical location and knowledge and culture of the host which extend the tourists’ experiences (Agyeiwaah, et al., 2013; Gunasegaram and Anandkumar, 2012; Hsu and Lin, 2011; Van Vuuren and Slabbert, 2013).

(6) *Price value* – or economic benefit is perceived as a main motive driving tourists’ decision, refers to value for money or experience with reasonable cost experiences (Agyeiwaah, et al., 2013; Gunasegaram and Anandkumar, 2012; Hsu and Lin, 2011; Khosarvi et al., 2014). Price value is generally conceptualized value together with emotional, social, and quality value, and it is a trade-off between benefits gain and monetary cost of using (Sweeny and Soutar, 2001). Cost is considered as one of the most significant factors for mature travelers when deciding destination choices. It could portray the characteristic of the cost-conscious of old people who are regard of their finance status and desire to expand the monetary status (McIntosh, Goeldner, & Ritchie, 1995; Musa & Sim, 2010).

The variables used in this research to measure the relationship between motivations of using small & medium-sized hotels and the expected differentiation value drivers of mature travelers.



H2: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expected differentiation value drivers.



Table 2.2 Motivational researches on lodging selection

<i>Author (s)</i>	<i>Year</i>	<i>Study site</i>	<i>Motivational factors</i>
Pearce	1990	Farm tourism in New Zealand	Escape the larger commercial hotel, to meet local people, and to see the Countryside
McIntosh and Sigg	2005	An Exploration of the Experiential Nature of Boutique Accommodation	Unique character, personalized or personal touch, homely feel of accommodation, high quality standard offered, and value added
Aggett	2007	Homestay in the Kumasi Metropolis of Ghana	Location, quality, uniqueness of the hotels, actual service provided and personalize service offered
Hsu and Lin	2011	Homestay in Taiwan	Activities arrangement, social demands and facilities, and leisure and relaxation, quality of services, scene attraction, price, sanitation and comfort, special appearance, and transportation
Gunasekaran and Anandkumar	2012	Alternative accommodation in Pondichicherry, India	Homely atmosphere, value for money, local touch, and guest-host relationship
Vuuren and Slabbert	2011	South African resorts	Resting and relaxation, enriching and learning experiences, participation in recreational activities, personal values, and social experiences
<i>Agyeiwaah et al.</i>	2013	Homestay in the Kumasi Metropolis of Ghana	Authentic socio-cultural experience, and knowledge acquisition/educational, security and warmth of home, economic/cheap price, and environmental preservation
Khosarvi, Malek, and Ekiz	2014	Boutique Hotels, Penang Island, Malaysia	Special services, room features, hotel facilities, price and location, and hotel design and image
Wang et al.	2015	Boutique hotels in Xiamen, China	Three push factors (uniqueness seeking, interpersonal experience, and social networking) and two pull factors (site value, and decoration and theme)

Table 2.3 Push and Pull motivational factors in selecting small and medium sized hotels used in the study

<b>Factor</b>	<b>Literature</b>
<i>Push factors</i>	
Novelty seeking	Pearce (1990); Wang et al. (2015)
Rest and relaxation	Hsu and Lin (2011); Van Vuuren & Slabbert (2011)
Personal values	Van Vuuren & Slabbert (2011)
Guest-host relationships	Gunasekaran & Anandkumar (2012); Mcintosh & Siggs (2005); Wang et al. (2015)
Social enhancement	Hsu and Lin (2011); Wang et al (2015); Van Vuuren & Slabbert (2011)
<i>Pull factors</i>	
Uniqueness	Aggett (2007); Hsu and Lin (2011); Khosarvi, Malek, and Ekiz, (2014); Mcintosh & Siggs (2005); Wang et al. (2015).
Convenience	Aggett (2007); Khosarvi, et al. (2014); Hsu and Lin (2011)
Homely atmosphere	Agyeiwaah, et al. (2013); Mcintosh & Siggs (2005); Gunasegaram & Anandkumaar (2012); Hsu & Lin (2011).
Special services	Aggett (2007), Hsu and Lin (2011); Khosarvi et al. (2014); Mcintosh & Sigg (2005)
Learning experience	Agyeiwaah, et al. (2013) ; Gunasegaram & Anandkumar (2012); Hsu and Lin (2011); Van Vuuren and Slabbert (2013)
Price value	Agyeiwaah, et al. (2013) ; Gunasegaram & Anandkumar (2012); Hsu & Lin (2011); Khosarvi et al. (2014)

### 2.3.3 Personalities Seeking Differences

It has been generally accepted that the mature market is heterogeneous and comprises of a great variability of population in relation to their attitude and behavior (Moschis et al., 1997). The negative stereotype of the traditional elderly (e.g. homogeneous, out of fashion, ailing, poor, isolated, lack of inspiration, and so forth) may have been realistic in the past, but it do not fit a substantial portion of the current new generation of mature consumers (González et al., 2009). As the baby boomer population has aged and enter to this market with their own pattern of value, attitudes, and behavior which differ from the traditional elderly (Purinton-Johnson, 2013). They have become more heterogeneous in regard to their level of education, purchasing power and the health condition within this cohort (Alén et al., 2017). Sherman and Schiffman (1991), for example, identified the characteristics of the new generation of elderly as 'new-age elderly'. This sub-segment of mature consumer perceived themselves as younger than their age and outlook, they are more control of lives and self-confident. Importantly, many of them are willing to accept change such as new products and services, and are skillful and knowledgeable consumers. In addition, they also quest for new experience or some differentiation, and creative personal challenges to satisfy their life (Carrigan & Szmigin, 1999; Correia & Elliott, 2006; Mathur et al., 2000; Sherman & Schiffman, 1991).

In relation to differentiation value drivers, Szmigin and Carrigan (2001) suggested that the increasing age of mature consumers does not always mean that they are unlikely to seek for new things or less interested in new and exciting products and services, instead, they are more active consumers and more venturesome than previous older generation in general. However, due to their differences among their mature traveler group, they are unlike to perceive the same thing, some of them may feel more difficult in adopting new or learning new experience especially new technology products (Morris, Venkatesh, & Ackerman, 2005). Consequently, the same marketing approach to this market as a homogeneous mass is not seem to be appropriate. Thus, if the marketer presents a useful segmentation within the mature market, it could provide

opportunities to reach the specific segments and distinguish differences between them in order to enable business operators to develop certain products and services to satisfy the particular target segment (Correia & Elliott, 2006; Szmigin & Carrigan, 2001). To understand the customer behavior, it is necessary to explore factors influencing individuals' behavior. The factor as personality characteristics has been extensively implemented to explain and explored its relationship to the tourist behavior (Bodey & Grace, 2006; Leung & Law, 2010) and choices (Januszewska & Viaene, 2001). As personality can influence individuals' preferences, perceptions, and decisions-making (Carver & Scheier, 2012). Better understanding of tourists' personality may lead to a better service offering. This study explores personality of mature travelers in seeking difference for profiling the mature traveler segments.

Personality is mentioned as a distinctive and patterns of thought, feelings, and behaviors that individuals act in the different situations (Arnould, Price, & Zinkhan, 2002; Hogan, 1987). Based on the assumption of personality in predicting behavior, numerous studies have been attempted to explore by drawing a connection between personality and consumer behavior. For example, Mowen and Spears (1999) mentioned that people with differences in personalities act are influencing on their behavior across a different situations.

Among the personality studies in tourism and hospitality context, a measure personality like the Big Five Factors (BFF) is seen to be universal (Mowen, 2000) and considered as one of the most popular personality trait model (Leung & Law, 2010). The Big Five model categorizes personality traits into five groups includes neuroticism, conscientiousness, extraversion, agreeableness, and openness to experience (Barrick & Mount, 1991; John & Srivastava, 1999) as the main factors diving human behavior. Neuroticism refers to emotion instability such as depress, worry, and nervous. Conscientiousness person means individuals with orderly, efficient, precise, persistent, and industrious. Extraversion reflects a person with high level of talkativeness, assertiveness, vigorousness, and social abilities. While agreeableness refers to individuals who get along well with others, warm, empathetic, generous, and normal.

Openness to experience mentions to person who are creative, curious, artistic, intellectual, and insightful. The studies which employed Big Five model generally focused on service staff personality and their service satisfaction, personality influencing individual's travel choices and activities, and intention to visit a destination (Leung & Law, 2010). For instance, Jani (2014) conducted a research to explore the relationship between travel personality and the personality theory of Big Five Factors (BFF). The results showed that significant differences exist between travel personalities based on the Big Five Factors, and the findings also provide a comprehension of different travel personalities vary by the different of Big Five Factors level and their combinations. Further studies also concluded that personality also influence on the perceived of individuals on their traveling choice (Ariffin, Ahmad, & Ishak, 2008) and leisure activities preferences (Barnett & Klitzing, 2006). However, there are some critics argue that the Big Five Factors are too general and not to specific enough to understand the unique of the individual (Carducci, 2009).

In respect to the desire novelty seeking experience, travel-style typologies or tourist typologies have been developed. The most considerable and well-known approaches are those proposed by Cohen (1972) and Plog (1974). The first typology, developed by Cohen (1972), classified tourists based on the combine of novelty/excitement and familiarity/security preferred by tourists when travelling. The four categories of tourists divided to the individual mass tourist, organized mass tourist, the drifter, and the explorer (as shown in Figure 2.2) as the basic way of tourists' classification. Considering to the ranking from familiarity to novelty, the organized mass tourist is the type of tourist who search for the most familiarity, while the drifter seeks for the most novelty.

The next typology is Plog's (1974, 2001) psychographic model, has been extensively implemented by various researchers study (Litvin, 2006). Plog's psychographics model is one of the most popular measurements of tourist personality, and has been used as the model to segment tourists into categories based on their personality and their related travel behavior (George, Henthorne, & Williams, 2013;

Huang & Hsu, 2009; Park & Jang, 2014). This model explains tourists' behavior along a continuum with ranging from psychocentric to allocentric (as shown in Figure 2.1). Psychocentric are self-inhabited who prefer to familiar and occupy regularly to commonplace, and anxious about their traveling. On the contrary, ventures or allocentrics focus on seeking out uniqueness, variety of activities, novelty, and prefer unfamiliar. Regarding to Plog's classification (1974, 2001), the tourists can distribute into psychocentric as 2.5% of the population, while allocentrics show 4% respectively, and the remainder falls into the groups in between are the majority group. This middle group called also the midcentrics. Plog also subdivided this midcentrics into near-dependables, near-venturers, and centrics (the largest group with individuals who have a combine of personality characteristics). The overall dimension of tourist population is distributed in a normal bell-shaped curve.

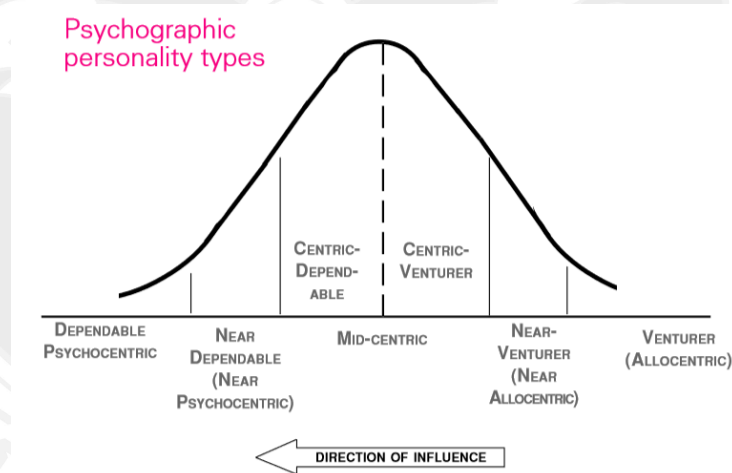


Figure 2.1 Plog's Psychographic Personality Types

Source: Plog (2001)

Jackson and Inbakaran (2006) developed personality measurement by adopting Plog's (1974) psychographics to define type of tourist personality. The allocentric personality attributes can be identified in terms of seeking novelty or the unfamiliar, intellectually curious, risk taking, sociable, individualistic self, venturesome, and active

enthusiasm for tourism experiences. To illustrate, intellectually curious refers to the trait comprising of seeking knowledge, being curious to learn new experience when traveling, searching enrichment and willing to learn. Seeking novelty includes new, seeking novelty, differentiation, unusual, demand for discovery, and likely to choose new products. Sociable associates with being sociable, meeting new local people or the host community. Venturesome perceives tourist experience as seeking for something new, discover to unknown, and challenge activities. Risk taking includes rapid decision making, flexible and independence travel, perceived tourist experience as a challenge. Individualistic self includes inner-directed, internal locus of control, individualistic, minimize use and dependent on tourism industry organizers such as pre-planning or pre-reservation, packaged or organized tours. Active enthusiasms about travel involves with personality characteristics of having fun, being thrilled, hedonistic, and worry free.

While the characteristics of the psychocentric are dimensionally contrary which can be described in terms of intellectual restricted, conservative, preference for familiar, high need for structure, anxious and safety concerns, absence of foreign, motivation to escape, relax, low enthusiasm for activity, external locus of control, and self-indulgent or hedonistic.

Comparing between the psychographic approaches of Cohen (1972) and Plog (1974, 2001) as shown in Table 2.4, found that even both of them are different, but each of them propose the similar view along a travel continuum focused on the degree of familiarity or novelty desired when traveling.



Table 2.4 The novelty-familiarity tourist continuum

Researcher	Seeking Familiarity	←—————→			Seeking Novelty
Cohen	Organized mass tourists	Individual mass tourists	Explorers	Drifters	
Plog	Psychocentrics		Midcentrics		Allocentrics

Source: Adapted from Basala and Klenosky (2001)

In this research, a study of differentiation value drivers in small and medium-sized hotel business is related to the context of novelty and innovation. Small and medium-sized hotels develop strategies to exploit the competitive advantages of their size by offering differentiation to their products and service as well as constantly innovating in order to attract and retain customers, and to differentiate themselves from other competitors especially large business enterprises (Scarborough & Zimmerer, 2011). Therefore, understanding tourist personality in seeking differences is necessary to shape their strategies to achieve customer satisfaction. Plog's psychographic segmentation well explains travel pattern and preferences based on tourists' personality characteristics (Chow & Murphy, 2011; Galloway, 2002) which in line with this research study of differentiation value drivers. Plog (2002) described that venturers are attracted by new technology and regularly the first user of new products and services. More importantly, Plog's explanation of those identified tourist behavior is also closely to the adoption and diffusion model related to the novelty or innovation. That is, the allocentric group can be related to 'innovators' as they are at the forefront of new trend, and the near allocentric is closely to 'early adapters'. On the other hand, psychocentric are equate to 'laggards' or the last group of people to change (Seaton & Bennett, 1996). Furthermore, many studies have used Plog's psychographics and affirmed that

psychographics significantly influence tourist travel behavior and preferences (Morakabati & Kapuściński, 2016; Park & Jang, 2014; Poon & Huang, 2017) as the different tourist personalities have different consumption choices, preferences or perceived value (Leung & Law, 2010). This type of psychographics are generally accepted as a useful approach to segment between consumer groups (Ryel & Grasse, 1991).

Hence, Plog's psychographic model or tourist personality typology may be useful to explore mature travelers' expectation toward differentiation value drivers. In this study, the psychographic construct by Jackson and Inbakaran (2006) is employed in this research due to its relevant to the context of study. These personality traits variables are employed to segment the mature travelers' personalities into 3 types, namely, allocentric, psychocentric, and midcentric (between allocentric and psychocentric), in order to measure relationship between personalities seeking differences and the expected differentiation value drivers of mature travelers.

H3: Personalities seeking differences positively effect to the mature travelers' expected differentiation value drivers.

## **2.4 Mature Travelers' Differentiation Value Drivers**

### **2.4.1 Mature Travelers' Differentiation Value Drivers in Accommodation Services**

As mentioned in the numerous literatures stated the importance and attractiveness of this lucrative mature market, the hotel marketers need for effective marketing and consistent information regarding to the mature market. Consequently, the provision of services should be meet the expectation and satisfaction of customers in order to attract, retain customers and utmost competitive advantage. Young and Brewer (2002) mentioned that a key to success in the marketing effort toward the mature

market is devoted to an ability to identify important factors or value drivers that drive the mature travelers' perceptions of quality.

In this context, value drivers mean hotel attributes of products, services and facilities that hotel offer to customers to drive customer satisfaction. Dolnicar and Otter (2003) studied a review literature of previous researches to explore the generic hotel attributes which perceive as important to hotel customers. A total of 173 items were extracted, classified into nine factors: image, price/value, hotel, service, location, room, food and beverage, services, security, and marketing. The study identified the top five important attributes to drive customer satisfaction consist of convenient price, location, friendliness of staff, service quality, and reputation. Additionally, various studies have explored the important hotel attributes in respect to the perceptions and preferences vary among different type of travelers and in vary contexts, for instance, business and pleasure travelers (Lewis, 1984a, 1984b), three-star hotel guests (Tsaor & Tzeng, 1996), boutique hotel guests (Khosravi et al., 2014; Wang et al., 2015), alternative accommodation guest (Gunasekaran & Anandkumar, 2012), and most particular on mature travelers (Ananth et al., 1992; Callan & Bowman, 2000; Wei et al., 1999; Wuest et al., 2001).

#### ***Mature travelers' generic/traditional value drivers***

In relation to mature travelers' value drivers, Ananth et al. (1992) employed 57 hotel attributes to investigate hotel attributes that mature travelers perceived importance when selecting a hotel accommodation. Price and quality are cited as the most important attributes for mature traveler, and followed by security and convenience of location. Later, this study of Ananth et al. (1992) has been adopted as a basic reference for further

studies about mature travelers' attributes in the hotel business. For example, Gustin and Weaver (1993) further developed hotel attributes to explore mature travelers by using 53 attributes. The study found that ambience, comfortably secure, price yet quality, and information aids are considered to be important. While, Wuest, Emenheiser, and Tas (1998) found that value, security, convenience and safety are considered highly important, which were similar to the study of Ananth et al. (1992). Then, Vieregge et al. (2007) employed 56 of the 57 attributes from Ananth et al. (1992) to explore mature travelers' preference for hotel facilities in setting of resort hotels in Thailand, they findings showed that value for money, cleanliness, price of accommodation, easy to access to the beach, and personal on duty are perceived by the international mature travelers. The study also found difference in hotels preferences based on age, gender, nationality, and profession.

In the context of mature British travelers, Callan and Bowman (2000) conducted a survey from mature British travelers to evaluate their perceptions toward the important hotel attributes driving their satisfaction when choosing hotels. The result revealed that the mature British travelers perceived value for money more important than low prices and discount, followed by cleanliness, comfort of the bedroom, politeness of staff, efficiency of service, and location are identified as important factors. Moreover, the study pointed out that mature-specific attributes pertaining to mobility limitations also perceived high importance. Similarly, Caber and Albayrak (2014) adopted the Callan and Bowman's (2000) scale to investigate the three mature market segments: German, Dutch, and British. Results indicated that availability of organized entertainment and value for money in the hotel are perceived important by mature British travelers than other respondents, while, mature Dutch travelers perceived more

importance to food service when compared to other participants. Besides, cleanliness and comfort are considered as the most important attributes for all of them in overall aspect.

In regard to the personal enriching experience, as the increasing age of mature travelers, they expect this certain age to be a time of rediscovery, rejuvenation and reinvention and an opportunity to learn and try new things (Davis, 2005). Consequently, the demand of educational and experimental vacation trip become increasing popular among mature travelers today (Howe & Strauss, 2007). The study of Mungall and Gherissi Labben (2009) suggested that the mature traveler value a personal holiday experience therefore, the hoteliers should contribute to encouraging the creation of specific programs to enriching their experience.

As for service quality, Wuest, Tas, and Emenheiser (1996) used SERVQUAL model to assess the perception of mature travelers toward important hotel service quality. Among the five aspects of service quality attributes, assurance and reliability are viewed as the greater value. Later in the year 2001, Wuest et al. (2001) investigated the perception of hotel service quality attributes in the lenses of lodging managers and mature travelers. The finding indicated that both of them perceived the utmost important attributes similarly in two aspects: reliability (dependability of service) and maintenance of accurate records; and assurance (ability to feel safe in their transactions with hotel employees). The latest findings found similarly with their previous study.

For mature travelers, additional tangible attributes of safety related physical design features in both hotel rooms and public areas are perceived important (Ananth et al., 1992; Callan & Bowman, 2000; Chen et al., 2014). investigated the relationship between mature-friendly facilities in a hotel and the level of satisfaction of mature traveler, and found that a room with mature-friendly facilities is positively related to

customers' satisfaction together with comfort, decoration, illumination, cleanliness, and overall satisfaction. Similar to Lee and King (2016), found that the barrier-free accommodation facilities is rated as one of the most significant determinants of destination attractiveness which also enhance customer satisfaction of mature travelers. Hartman & Qu (2007) added that designing guestroom which incorporate features specific to the mature market is now drawing attention and perceive important by many chain hotels to appeal to this market. The examples of room amenities are brighter lighting, big- button TV remote control and phones, large number on the lock, levers for handles for the doors, and so forth. Interestingly, it found that these aging specific features become popular with everyone.

Innovative in-room technologies now become the value added service that lodging business provide to their guests to create differentiation and enhance guest satisfaction (Bilgihan, Cobanoglu, & Miller, 2010). The current in-room technological attributes may includes personalized welcoming message on television, video on command, high speed Wi-Fi, music, internet on TV, promotional video, FTG TV (Bilgihan, Smith, Ricci, & Bujisic, 2016), mini-bar, alarm clock, voice mail, hair dryer, in-room electronic safe, coffee/tea making facilities and so on (Brochado, Rita, & Margarido, 2016). A study of Brochado et al. (2016) found that the availability of new guestroom technologies can affect the decision making of hotel guest when considering hotel selection. The results also stressed that most guests are searching for the facilities and lodging that can provide them the uniqueness or the different experiences, and consider that room with technologies could be fulfil their desire. For mature travelers, current research on mature consumers adopting technology has showed that mature consumers have more positive perspectives towards technologies than previous

(Leventhal, 2000; Szmigin & Carrigan, 2001). Significantly, many of them are willing to accept changes and seek for the new challenges and experiences (Mathur et al., 2000).

In a specific area of small and medium sized hotels, Khosravi et al. (2014) defined the value perceived by the travelers to driver their satisfaction toward small and medium scale of accommodation are special services, facilities, price, location, hotel design and image. While McIntosh and Siggs (2005) stated homely, unique character, quality, personalized, information, and value added location are the key experiential dimensions to drive guest satisfaction. Furthermore, Aggett (2007) asserted that individuality, high level of service, personalized attention, and location are the factors contrast to the traditional hotel accommodation. These mentioned attributes are considered as the key attractiveness and provide the value that make this type of accommodation differentiate from those large mainstream hotel accommodations.

From the previous studies, the perceptions of mature travelers' value drivers vary by the demographic and psychographic factors including behaviors and preferences. Such literatures proposed numerous of hotel value drivers of mature travelers, the researcher classifies and groups these value drivers into 9 dimensions; convenience, price, safety and security, cleanliness, comfort, mature-friendly attributes, ambience, service, and experience as shown on Table 2.5.

Table 2.5 Mature Travelers' Important Generic/Traditional Value Drivers

Authors (Year)	Key variables								
	Convenience	Price	Safety & security	Cleanliness	Comfort	Mature-friendly attributes	Ambience	Service	Experience
Badinelli, Davis, and Gustin (1991)	X	X	X	X					
Ananth et al.(1992)	X				X	X		X	
Mungall and Labben (2009)								X	X
Gustin and Weaver (1993)	X	X	X				X		
Chen et al.,(2014)				X	X	X	X		
Weuest, Tas and Emenheiser (1996)								X	
Wuest, Emenheiser, and Tas (2001)								X	
Wuest, Emenheiser and Tas (1998)	X	X	X					X	
Hartman and Qu (2007)						X	X		
Moschis & Üna (2008)		X							
Vieregge et al. (2007)	X	X	X	X				X	
Ruys and Wei (1998)	X		X	X	X			X	
Lee & King (2016)						X			
Caber and Albayrak (2014)		X		X	X				
Callan and Bowan (2000)		X		X	X	X		X	
Albayrak et al.(2016)		X							
Hudson (2010)	X							X	X
Anuar et al. (2017)			X	X				X	
Brochado et al. (2016)	X								
Bilgihan et al. (2016)	X								
Bilgihan (2012)	X								
Khosarvi et al.(2014)	X	X					X	X	
McIntosh and Siggs (2005)							X	X	
Aggett (2007)	X							X	
Kumar and Singh (2014)	X	X		X			X		
Sohrabi et al. (2012)	X		X		X		X		



### *Mature travelers' differentiation value drivers*

Obviously, travelers at all age expect good value for money, quality products and excellent services. The question is 'how should products and services of small and medium-sized hotel business which target the mature travelers can be different from those competitors or the mainstream of hotel services?' Differentiation is a main competitive factor in the hospitality business (Baum & Haveman, 1997). To accommodate the target market's preferences with products and services differentiation lead to higher customer satisfaction and increase of competitive advantage and the market share (Jani & Han, 2014). Since, today's mature travelers are changed in demands, most of them are willing to accept change and search for new experience (Correia & Elliott, 2006). Thus, hotels need to combine traditional value drivers with differentiation features to offer best value propositions to target customers.

Consequently, the researcher explores mature travelers' differentiation value drivers based on nine dimensions of their traditional value drivers by considering to activities or features that can drive customers with better perception, better value and more satisfaction. Therefore, in this context of study, differentiation value drivers refer to differentiation attributes that add worth to products and services to enhance its value in the perception of the customer and gain a competitive advantage to a business. Differentiation value drivers also mean the attributes that make the existing or new products and services better than ever and are what mature travelers are perceived and willing to pay for. In this study, differentiation value drivers are described as follows:

#### *Convenience*

Convenience is one of the most frequent attributes used in research studies (Dolnicar & Otter, 2003). Mature travelers are convenience-oriented. Convenience is perceived in different ways vary by different people. It does not mean only the convenient location of the hotels but also include the convenience of services provided by the hotels especially from technology offers. Mature travelers prefer products and services that minimize problems and easy-of-use (Moschis, 2003).

It is said that mature travelers have plenty of free time (Robinson & Godbey, 2010), however, they perceive time is precious to them so they are willing to pay more for convenience and hassle-free (Denny, 2009a). Faster check-in and check-out process by providing simple and speed in check-in and check-out system including convenience method of payment is the important value driver rated by mature travelers (Ananth et al., 1992; Chen et al., 2014; Gustin & Weaver, 1993; Hudson, 2010; Radder & Wang, 2006). Particularly, flexible check-in and check-out policies are also perceived as significant hotel value drivers leading to customer satisfaction (De la Peña, Núñez-Serrano, Turrión, & Velázquez, 2016; Subramanian, Gunasekaran, & Gao, 2016; Victorino et al., 2005).

Furthermore, Moschis and Ünal (2008) pointed out that mature travelers consider the convenience in reaching the service provider as one of top five value drivers for patronizing hotels. To provide various options for customers to reach the service provider, hotels can offer by traditional approach (e.g. phone, fax, and email) and the approach with differentiation features as user-friendly reservation systems (Radder & Wang, 2006) or online reservations (e.g. OTA, website, webpage, and social media) (Subramanian et al., 2016; Victorino et al., 2005).

In the sense of technology, the perception towards elderly people as a person with “out of fashion” is often mentioned, especially, in terms of technology. Such a notion might correct in the former times, but the new generation of today’s mature travelers, particularly mature travelers who are still active in the labor market, are not only simply access to IT equipment and the Internet, but also considered the technology as their lifestyle advantages (Wang et al., 2017) and prefer to try new things to seek for new experience (Correia & Elliott, 2006; Mathur et al., 2000).

Innovative in-room technologies have been used as a value-added amenity to create differentiation and enhance customer satisfaction (Brochado et al., 2016; Jayawardena, Jarvis, Adams, Lu, & Tyrewala, 2013). A recent study by Heo and Hyun (2015) reported that in-room technologies are evaluated as the third most useful hotel amenities. Examples of innovative in-room technologies are, namely, High definition TV, video on demand, free-to-guest-TV, music system, hi-speed Wi-Fi, personal computer, a software library, mini-bar and coffee/tea making facilities, alarm clock or

awake up system, hair dryer, in room temperature control, voicemail, satellite channels and so forth (Bilgihan et al., 2016; Brochado et al., 2016; Victorino et al., 2005). Such examples reflect a range of innovation vary from little adjustment or adoption to high level of technology. Hence, in-room technologies provide differentiation value to mature travelers in terms of more hi-technology to allow them to stay conveniently and gain new experience.

#### *Price*

Mature travelers of today, particularly in developed countries, are generally characterized as clients with significant purchasing power and spend more during their holiday (Mungall & Gherissi Labben, 2009). However, it does not mean that they are willing to pay for price without consideration, since they are better educated and more experience in tourism products and services, and some of them perceived their savings and pensions as the most crucial funds for all of their life (Nikitina & Vorontsova, 2015; Wuest et al., 1998). One of significant perceived travel risks of mature travels is their concerning about value for money during holiday (Hsu & Kang, 2009; Kazeminia et al., 2015; Muller & O’Cass, 2001). Consequently, they place importantly emphasis on value for money they spend. Furthermore, as they are more experienced in tourism products and services, lower price or discounting alone may not be able successfully to attract them. That is, as mature travelers are value-oriented so price and quality must be come along (Moschis, 2003; Mungall & Gherissi Labben, 2009).

Therefore, adding differentiation value to price by offering augmented benefits, for example, customer-oriented price strategies (e.g. dynamic pricing), discounts to age group, special deals with group or membership programs, special price for loyal clientele or frequent program for mature travelers, incentive price, and tie-in frequency traveler programs (Ananth et al., 1992; Chan & Wong, 2006; Marvel, 1999; Moschis & Ünal, 2008; Mungall & Gherissi Labben, 2009; Wuest et al., 1998), can fulfill their requirement of value for money which contributes to customer satisfaction and loyalty. This dimension of differentiation value drivers offers mature travelers with more competitive pricing and better value for money.

#### *Safety and security*

In the wake of crimes and terrorism, this has been increased for security and safety concerns in all travelers’ minds, especially, mature travelers who are more

vulnerable and may have more disposable income to spend on their holiday. Safety and security are perceived by mature travelers as important attributes which are rated with high priority when choosing a hotel accommodation (Ananth et al., 1992; Anuar, Musa, Khalid, & Anderson, 2017; Batra, 2009; Gustin & Weaver, 1993). Since hotels are public places, mature travelers may feel insecure or unsafe when comparing to their home environment. Furthermore, another travel risk perceived by mature travelers is concerning about to be in danger or get hurt during their stay (Muller & O’Cass, 2001).

Thus, it is necessary to focus on the safety and security issues of customers by providing them differentiation value drivers that make them feel more comfortable safe and better security. Designing hotel public areas (e.g. lobby, parking) as an open area and less obstruction appeal to the public, and reduce the rate of criminals because it is obvious to be seen when an unusual incident occurring (Simon, 2002). In addition, safety and security features in guest room and public areas including a non-slip bathroom floor, in-room safe deposit box, electronic door locks, fire escape, fire extinguish system, emergency services, emergency phone, contact person in case of emergency, doorframe metal detectors, CCTV or security cameras, security system, safety materials, and train staff in safety and security procedures (Anuar et al., 2017; Gustin & Weaver, 1993; Sharma, 2016; Sohrabi, Vanani, Tahmasebipur, & Fazli, 2012; Vieregge et al., 2007).

#### *Cleanliness*

Numerous studies have been underlined cleanliness as the most desired hotel value driver that influence mature travelers when selecting a hotel (Anuar et al., 2017; Badinelli et al., 1991; Caber & Albayrak, 2014; Callan & Bowman, 2000; Vieregge et al., 2007). Cleanliness is an attribute which added value to the hotels and reflects their image and reputation.

Therefore, hotels should upgrade their services by offering customers with a clean environment in areas of guestroom and public area. For instance, body contact areas, clean linen including bed sheets, pillows, blankets and bedcover should be clean and provide to each new guest and daily change, especially toilet seats must be clean as well (Anuar et al., 2017), since hotel guests often consider body contact areas as ‘zero tolerance’ areas (Wilcock, 2011). Furthermore, in recent times, housekeeping innovations have been introduced in hotel over the world. UV blacklights for detecting

biological substances is implemented for guestroom cleaning (Jayawardena, Jarvis, et al., 2013), nano technology is utilized in surface coating to makes dust and dirt resistant, and microfiber becomes to replace traditional cleaning rags, it is a cleaning system with better cleaning results which is now gradually adopted in housekeeping departments internationally. Microfiber cleaning is also more environmentally friendly due to the absence of chemicals (Singh, 2015a). Besides, green cleaning is another environmentally-friendly housekeeping practices, it helps to reduce chemical hazard and improve air quality through minimize of total suspended atoms, organic compounds, and microorganism (Ruben, 2009). These aforementioned attributes can provide mature travelers with differentiation value drivers in the sense of cleaner than ever.

### *Comfort*

Aging is occurred with physical and psychological which influence the ability to participate in tourism activities. At the age of mature travelers, they have to face with deterioration of body functions (Huber, Milne, & Hyde, 2018). Sleep problem or sleep disorder is a common dilemma within the aging group. Either they need less sleep or unable to get enough sleep as they need, this poor sleep quality negatively impacts on their health related quality of life (Hidalgo et al., 2007; Kamel & Gammack, 2006). As a result, an issue of sleep quality become a major concern among aging tourists. For hospitality business, sleep quality significantly associates with the tourism experience of tourists as they spend a considerably amount of travel time to sleep. The study by Mao, Yang, and Wang (2018) mentioned that the factor regarding to hotel characteristics, such as hotel facilities and the sleep environment, is one of the factors which significantly affect sleep quality in hotels. Therefore, to design elements to provide supportive environments for sleep quality is essential to enhance individuals' quality of life, health and wellness.

The attribute of sleep quality has been at the forefront of value drivers among travelers especially mature travelers (Albayrak et al., 2016; Callan & Bowman, 2000; Radder & Wang, 2006; Rhee & Yang, 2015; Sohrabi et al., 2012; Vieregge et al., 2007). Many studies have been found the attempts of hotels to add value of their products and services to build supportive environments of sleep quality. The attributes include comfort of bed, firm mattress and pillow (Albayrak et al., 2016; Ananth et al., 1992;

Chen et al., 2014; Radder & Wang, 2006; Sohrabi et al., 2012; Vieregge et al., 2007), quiet and soundproof rooms (Ananth et al., 1992; Chen et al., 2014; Özdipçiner, 2009; Radder & Wang, 2006; Vieregge et al., 2007; Wuest et al., 1998), appropriate room temperature mechanism (Ananth et al., 1992; Chen et al., 2014; Vieregge et al., 2007; Wuest et al., 1998), creative turndowns in guestroom with value-added amenities (e.g. a teddy bear or chocolate turndown, scented candles, herbal tea by the bed stand), and value added in-room amenities to foster sleep environment (e.g. black out curtains in rooms, high quality linen, plush pillows, duvets, bath salts, and aromatherapy products) (Singh, 2015a). These differentiation value drivers can provide sleep quality atmospheres to enable mature travelers to be more comfortable sleep quality to respond to their specific needs.

#### *Mature-friendly attributes*

Many mature travelers value traveling as an opportunity to enhance physical and mental health. Nowadays, the advancement of medication and technologies aim at improving the quality of life (Nikitina & Vorontsova, 2015). Nevertheless, physical aging is often accompanied by the deterioration of health condition which inhabit their physical ability to do so. Some of them are discourage by health condition to prevent them from traveling (Hsu et al., 2007; Musa & Sim, 2010). Losada, Alén, Domínguez, and Nicolau (2016) added that retired individuals are likely to restricted by health-related problems than those who still active in working. The mature travelers with health limitations more concern about the difficult problems might arise if the amenities or facilities provided by hotels are not user-friendly (Muller & O’Cass, 2001; Musa & Sim, 2010), importantly, the mature travelers are hotel customers who spend more time in hotels than others (Gladwell & Bedini, 2004) . This reflects that mature travelers’ perception of health limitation is related to a feeling of fear and a concern of safety and comfort.

As mature travelers are comfort-sensitive (Hartman & Qu, 2007), therefore, mature-friendly attributes perceived utmost important for them when choosing a hotel (Chen et al., 2014; Mungall & Gherissi Labben, 2009; Vojvodic, 2015b). Barrier-free accommodation facilities include safety-related physical design features in both guestrooms and public areas. Examples of barrier-free accommodation or use-friendly facilities are better-than-usual lighting, easy-to-read words or large print text

information, easy-to-handle door knobs, non-smoking rooms, low-pile carpets, grab-bars, anti-slip strips, supports in bathroom, wide doorways, visible signage in public areas, and health facilities (Albayrak et al., 2016; Ananth et al., 1992; Caber & Albayrak, 2014; Callan & Bowman, 2000; Lee & King, 2016; Vieregge et al., 2007) . In addition, mature-specific attributes also encompass the ergonomic design for aging (Mungall & Gherissi Labben, 2009; Ruys & Wei, 1998), and health and dietary needs such as dietary menus or health-oriented cuisine, early dining hours, and small food portions (Ananth et al., 1992; Marvel, 1999; Ruys & Wei, 1998). It is widely accepted that mature travelers have particular requirements for lodging facilities. Delivering the value of better mature-friendly facilities can enhance mature travelers' satisfaction.

#### *Ambience*

Many mature travelers perceived travelling as a reward for their entire life, hence, quality of time spending on holiday is precious for them. This aging segment is characterized as customers who most stay longer and spend more time in hotels when comparing to other segments (Gladwell & Bedini, 2004; Mungall & Gherissi Labben, 2009), and place important on value and quality (Moschis & Ünal, 2008). Most of them seek for vacations providing the senses of rest and relaxation, and escape (Fleischer & Pizam, 2002; Horneman et al., 2002; Norman et al., 2001). Fear of not having a good time is one of main concerns among this segment (Huang & Tsai, 2003). Therefore, to provide the pleasant environment of quality hospitality service can minimize their anxiety and enhance customer satisfaction.

The ambience of the hotel is an approach to create value to customers, ambience is perceived by mature travelers as a significant element affecting their choices of hotel selection which are supported by many studies (Albayrak et al., 2016; Caber & Albayrak, 2014; Callan & Bowman, 2000; Poon & Lock-Teng Low, 2005; Radder & Wang, 2006; Ward, 2014) and positively related to customer satisfaction (Sim, Mak, & Jones, 2006; Skogland & Siguaw, 2004; Sulek & Hensley, 2004). In this study, ambience refer to architectural design, stylish interior and exterior decor, aesthetic, color harmony and atmosphere that create the special environment to satisfy mature travelers' travel motivation in aspects of rest and relaxation, and escape from daily life. Besides, as mature travelers are comfort-sensitive, ambience in terms of welcome, warm and cozy, and home-like setting are also mentioned in order to meet their specific

needs (Hartman & Qu, 2007) and minimize their fear of feeling unease away from home (Chen & Wu, 2009). In a nutshell, better ambience is an expecting result from differentiation value added through hotel ambience to mature travelers perceived when staying at small and medium-sized hotels. This differentiation value driver allows small and medium-sized hotels to compete with large hotels.

#### *Service*

Customers today are not looking for “cookie cutter” offerings (Jayawardena, Lawlor, Grieco, Savard, & Tarnowski, 2013), in other words, they want something different and more personalized. A rising demand for personalized service is stimulated by technology and discerning customers. Mature travelers are customers with self-indulgent who expecting personalized service (Boyer King, 2004a; Tassiopoulos & Haydam, 2008). For mature travelers, personal attention is perceived considerable as they value importance of personal contact. (Moschis, 2003). They need to be nurtured by the service providers with a more personalized approach but not in an obvious conduct (Mungall & Gherissi Labben, 2009).

However, according to Zeithaml (1991) stated that services are intangible and nonstandardized, thus, a concern about personal satisfaction is perceived as one of their travel risks (Le Serre, Legohérel, & Weber, 2013; Sellick, 2004), importantly, many service providers still lack of knowledge to handle this segment as some of them misunderstand that all mature travelers are similar (Shoemaker & Shaw, 2008). Besides, enjoyment of comfort and pampering is highly emphasized by mature travelers as an important factor motivating to travel (Boksberger & Laesser, 2009). Therefore, to create differentiation add-value to mature travelers by delivering personalized service can direct their satisfaction and decision to choose an accommodation (Anuar et al., 2017; McIntosh & Siggs, 2005). Since personalized service involve individuality, high levels of service and personalized attention which require highly interaction between guests and hosts (Aggett, 2007). This differentiation value can deliver mature travelers a sense of more personalization or individuality rather than treat them as “me too” offerings.

#### *Experience*

Mature travelers expect their increasing age to be a time of rejuvenation, self-discovery, and opportunity to learn new things (Hudson, 2010). As a result, there is an



increasing trend of mature travelers demanding for learning experience as a part of their vacation or “education vacation” (Moscardo, 2006; Sugerman, 2003). Some aspects of travel risks perceived by mature travelers such as lack of interest and waste of time when spending on vacation or at the destination are factors that may prevent them from traveling (Muller & O’Cass, 2001; Musa & Sim, 2010). Therefore, adding differentiation value of learning experience through traveling can attract and respond to mature travelers who actively seek new experiences, and drive value creation of more enriching personal experience.

Learning and enrichment travel is vacations which grant opportunities for individuals to experience in authentic, interactive learning experiences (Hudson, 2010). Enriching holiday experience includes the creation of specific programs in areas of well-being, health, music, art, cultural, spirituality, agriculture, archeology, anthropology, cuisine, education, language, nature, sports, and wildlife, and etc. (Hudson, 2010; Mungall & Gherissi Labben, 2009; Mungall, Schegg, & Courvoisier, 2010).

In summary, based on previous studies, the researcher identifies mature travelers’ differentiation value drivers in accommodation services into eleven variables within nine dimensions (as shown on Table 2.6). These variables will be used to construct a questionnaire to evaluate the expectations of mature travelers toward differentiation value drivers in small and medium-sized hotels, and the same set of variables will also further develop to examine the capability of small and medium-sized hotel operators in response to mature travelers’ differentiation value drivers.

Table 2.6 Differentiation value drivers of mature travelers

<b>Differentiation value drivers</b>	<b>Author (s)</b>
<i>Convenience</i>	
Faster check-in and check-out process	Ananth et al. (1992); Chen et al. (2014); Gustin and Weaver (1993); Hudson (2010); Radder and Wang (2006); Subramanian et al. (2016); Victorino et al. (2005);
More convenient to reach the service provider	Chan and Wong (2006); Moschis and Ünal (2008); Radder and Wang (2006); Subramanian et al. (2016); Victorino et al. (2005)
More hi-tech	Bilgihan et al. (2016); Brochado et al. (2016); Bilgihan (2012)
<i>Price</i>	
More competitive pricing and better value for money	Ananth et al. (1992); Chan and Wong (2006); Marvel (1999); Moschis and Ünal (2008); Mungall and Gherissi Labben (2009); Wuest et al. (1998)
<i>Safety and security</i>	
More comfortably safe and better security	Ananth et al. (1992); Anuar et al. (2017); Batra (2009); Gustin and Weaver (1993); Sharma (2016); Simon (2002); Vieregge et al. (2007); Ward (2014)
<i>Cleanliness</i>	
Cleaner	Anuar et al. (2017); Badinelli et al. (1991); Gustin and Weaver (1993); Radder and Wang (2006); Vieregge et al. (2007)
<i>Comfort</i>	
More comfortable sleep quality	Ananth et al. (1992); Albayrak et al. (2016); Callan and Bowman (2000); Chen et al. (2014); Özdipçiner (2009); Radder and Wang (2006); Rhee and Yang (2015); Sohrabi et al. (2012); Vieregge et al. (2007); Wuest et al. (1998)
<i>Mature-friendly attributes</i>	
Better mature-friendly facilities	Ananth et al. (1992); Albayrak et al. (2016); Callan and Bowman (2000); Chen et al. (2014); Mungall and Gherissi Labben (2009); Lee and King (2016); Vieregge et al. (2007); Vojvodic (2015b)
<i>Ambience</i>	
Better ambience	Albayrak et al. (2016); Caber and Albayrak (2014); Callan and Bowman (2000); Hartman and Qu (2007); Poon and Lock-Teng Low (2005); Radder and Wang (2006); Sim et al. (2006)
<i>Service</i>	
More personalization	Aggett (2007); (Ariffin & Maghzi, 2012); Anuar et al. (2017); Hudson (2010); Mcintosh and Siggs (2005); Moschis (2003); Mungall and Gherissi Labben (2009)
<i>Experience</i>	
More enriching personal experience	Gustin and Weaver (1993); (Hudson, 2010); (Hsu & Lin, 2011); (Mungall & Gherissi Labben, 2009); (Mungall et al., 2010); (Ward, 2014)

## 2.5 Small and Medium-sized Hotel Business

### 2.5.1 Definition of Small and Medium-sized Hotel

To date, in globalized world, small and medium-sized enterprises especially in tourism industry have become a major source of revenue and play a vital role in employment and economic development of most countries (Boon, Quah, & Kok, 2013; Yilmaz, 2008). There is no universally accepted definition of the term 'small and medium-sized hotel' (Ahmad, 2015; Boon et al., 2013), as well as no consensus on the criteria used to define (Culkin & Smith, 2000). Usually, the number of rooms and employees are the common criteria to define the size of the hotel by academics.

Several studies defined small and medium-sized hotel as an accommodation with less than 50 rooms and employment rate is fewer than 10 people (Buhalis & Main, 1998; Main, 1994; Moutinho, 1990). A more specific definition is proposed by Ingram, Jamieson, Lynch, and Bent (2000) that a small-sized hotel provides 1-50 rooms, a medium-sized hotel offers 51 to 100 rooms, and a hotel with over 100 rooms is called a large hotel. While Ali (2015) classified a term of hotel by its size or number of room as following: a small hotel with less than 100 rooms, a hotel with more than 100 rooms but less than 300 rooms is categorized as a medium-sized hotels, and a hotel with more than 300 rooms up to 1,000 rooms is called a large hotel. Based on the number of employees, Wong (1999) defined a small-sized hotel is one that employ nine or fewer people, whereas medium-size hotel has between 10-99 employees.

According to WTO, a small and medium-sized hotel has below 50 rooms with less ten employees to operate the business (Main, 2001). At this point, there is no resemble among those definitions defined in tourism sector. According to the study of Atkins and Lowe (1997) found more than forty different criteria used to identify small and medium-sized enterprises which have been employed in recent studies, and it seem to be less consistency in the criteria to define the terms especially in tourism industry. The general criteria used to define a small and medium-sized enterprise are, for

example, the employee headcount and turnover, an annual balance sheet, value of fixed assets, and the management structure.

In the context of Thailand, Ministry of Industry (2002) defined small and medium-sized enterprises by Ministerial regulation issued in 2002 regarding to service industry, stated that a small-sized enterprise defines as the one with employees of up to 50 or with assets of up to 50 million baht, and a medium-sized enterprise consists of 50 to 200 employees or with assets of no less than 50 million baht's and up to 200 million baht. More particularly, in terms of the small and medium-size hotel classification, similarly to other countries, the definition of small and medium-sized hotels varies among the authors, and there is no consensus on the criteria used to define the terms. Some studies identified a hotel with less than 100 rooms as a small-sized hotel, and a medium-sized hotel is one that has 100-200 rooms. While other studies defined a hotel with 1-150 rooms is considered to be small scale, and a medium scale hotel has 151-400 rooms (Thongraweewong, 2011). Whereas National Statistical Office (2015) used a criteria to define the size of the hotel by number of room. A small hotel is one having less than 60 rooms, and a medium hotel is one having 60-149 rooms respectively.

From the mentioned studies about the definition of small and medium-sized hotel, the researcher adopts the definition based on the criteria of National Statistical Office (2015) which segmented by number of rooms to apply to this study. However, this study concludes small and medium-sized hotels as the same type of hotel business with less than 149 rooms. Besides, the definition of Nation Statistical Office (2015) has been generally used in several researches in respect to small and medium sized hotel studies in the context of Thailand (Jongkolnee 2016; Wongchiang & Khemthong, 2012).

### **2.5.2 Advantages and Disadvantages of Small and Medium-sized Hotel**

A number of advantages and disadvantages affect the small and medium-sized hotels' competitiveness, profitability and growth. The rising of competition, globalization and technological advancement has challenged small and medium-sized hotel business to maximize their levels of competitive advantage (Raymond & St-Pierre, 2010).

Most of small and medium-sized hotel business are described as adaptability and dynamic as well as having innovative potential which enable them to actively adapt to changes than the large enterprises (Moriarty, Jones, Rowley, & Kupiec-Teahan, 2008; Zulkepli, Hasnan, & Mohtar, 2015). The competitive advantage of small and medium-sized hotels often relates to the advantages of their small size and independence that allow them the flexibility than the larger enterprises. They often provide superior service or great value as the business operators can develop intimate personal relationships with the customers (Morrison & Thomas, 1999). Lacking of standardization and quality control allow small and medium-sized hotels to be able to provide the customers with more flexibility, more customize/personalize services, niche products, and more authentic, local culture and character with high quality service (Buhalis & Peters, 2006; Grönroos, 2001). Similarly, they can utilize the local networks of contacts, personal social or local information to generate the products or services to respond to the individual desire. That is, the product can be personalized 'on the fly' according to the customer requirements, which provide an individual customer a customized and unique experience. This offers them growth opportunities to focus on market niche which usually ignored by large enterprises (Buhalis & Peters, 2006).

Besides, small and medium-sized hotels are also actively adjustable and respond more quickly to changes to the market and external environment. As the flat organization chart or no hierarchy make them free of red tape that hit large enterprises, it enables them to decide and respond instantaneously to demands or market changes (Zulkepli et al., 2015). In addition, in terms of human resources, the flat or less hierarchy

contributes to the close relationship between employee and employer and their motivation which positively result in employee loyalty and low rate of turnover.

Moreover, the personal relationship with business stakeholders such as suppliers, distributors and employees is considered as an advantage due to the favorable terms and conditions may be compromised or assisting could be offered during difficult situations (Buhalis & Peters, 2006). Comparing to large enterprises, Avelini Holjevac and Vrtodusic (1999) stated that small and medium enterprises have more high return on investment than large enterprises as they can faster respond to the market changes with lower cost than large enterprises. More significantly, small and medium enterprises are viewed as bearers of innovations. Several studies have revealed that small and medium-sized firms deliver more economically and technically innovations than large firms. They attempt to apply creativity and innovation to create value or new products and services to the marketplace by doing new things or old things in new ways. Innovations are considered as the way to differentiate themselves from large firms and strengthen their competitive advantages (Avelini Holjevac & Vrtodusic, 1999; Scarborough & Zimmerer, 2011; Yilmaz, 2008).

On the other hand, large companies do have a large competitive advantage over the small and medium-sized businesses. Basically, most of disadvantages of small and medium-sized hotels exist because the absence of economies of scale and scope, they are not able to raise profit margins due to high fixed costs and high cost per unit which unable them to compete on price or achieve cost leadership. This disadvantage discourages them from reinvesting in research and development, marketing research, product development, and creativity enhancement, consequently, the level of innovation in small and medium-sized businesses are relatively low (Cano, 2008). In addition, they are still unwilling or unsure in matter of the cooperation or strategic alliances with other rivals due to lack of trust and openness, and willing to share business ideas, consequently, they are unable to earn the economies of scope (Buhalis & Peters, 2006; Pikkemaat & Peters, 2012).

With regard to innovation, small and medium-sized hotels have fewer resources than large enterprises to drive innovations, are lack of time, money, skills, training and knowledge necessary for developing strategic innovation process, they more prioritize to satisfy customer requirements rather than focus on enhancing behavior and daily operations (Carlos Pinho, 2008; Hjalager, 2002). The strategy development, quality management and technology adoption are hardly to implement in areas of small and medium-sized hotels because of knowledge gaps and lack of education and qualified personnel such as specialized marketing or management expertise, while small and medium-sized hotel owners/ managers are generalist with limited marketing or management experience. Hence, their lack of expertise leads to reduce technology infrastructure and adapting to new process or technology which resulting in the failure to remain responsive to innovation (Buhalis & Peters, 2006).

Furthermore, most of small and medium-sized hotels are lack of a strategic long-term planning as they usually operate with informal management based on daily fire-fight without strategic development. Besides, the uncertainty of future and dynamism within the business environment has challenged the operation of small and medium-sized hotels business due to their human and financial resources constraints (Byers & Slack, 2001). These obstacles force small and medium-sized hotel business to control growth rather than expand on sales, market share, and maximize profitability strategies as large enterprises (Feiz, Khalifah, & Ghotbabadi, 2012).

The findings of advantages and disadvantages of small and medium-sized business are summarized in Table 2.7. With advantages and disadvantages, the researcher explores the innovative value creation capability of small and medium-sized hotels.

Table 2.7 Summary of Advantages and Disadvantages of Small and Medium-Sized Hotels

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Flexible and adaptability</li> <li>• Superior service with personalize products and services</li> <li>• Niche products and market</li> <li>• Respond quick to changes and customers' needs</li> <li>• Quick decision-making process</li> <li>• Employee and employer motivation based on close relationship</li> <li>• Employee loyalty and low turnover</li> <li>• Personalize relationships</li> <li>• Offering new products and services</li> <li>• Higher return on investment</li> <li>• Constantly innovating</li> </ul>	<ul style="list-style-type: none"> <li>• Lack economies of scale and scope</li> <li>• Lack of time, money, skill, training, and knowledge to innovations</li> <li>• Human resources management</li> <li>• Lack of a strategic long-term planning</li> <li>• Informal management</li> <li>• Knowledge gaps and lack of qualified personnel</li> <li>• Challenge from uncertainty and dynamism situations</li> <li>• Human and finance resources constraints</li> </ul>

Source: Combined by Author

## 2.6 Theory of Innovation

Innovation is essential for organizations as a key factor in maintaining competitiveness (Lin & Chen, 2007). Schumpeter (1942) mentioned innovation as the major source of competitive advantage for business firms. Thus, business organizations adopt innovation in order to improve their organization and business performances, heighten their capabilities to provide products and services to customers as well as improve operation performance (Oke, Burke, & Myers, 2007).

The concept of innovation arose from the manufacturing industry, however, this concept has become significant in services sectors as the tourism and hospitality industry. The word 'innovation' is originated from the Latin word 'nova' which means new. An innovation refers to something that is novel and different. To identify the



definition, the term 'innovation' is often confused with the term 'invention'. Tidd, Bessant, and Pavitt (2013) distinguished invention as the creation of a new product or introduction of a process that has never existed before or as the breakthrough. Invention is not aimed at specific commercial use and yet to be desired by the customer.

On the contrary, innovation also includes a minor adaptation of existing products, processes and services. Innovation happens if someone can improve on or make a considerable contribution to existing products, processes or services. At this stage, innovation refers to the commercialization of invention. However, this section will analyse and define the key terms of innovation including, definition of innovation, types of innovation, and degree of innovation. To comprehend these key terms will provide business operators an understanding of what they have used and what should be developed for the market.

### **2.6.1 Innovation and Definition**

The literature review found that there is no consensus in regard to a single definition (Fagerberg & Verspagen, 2009; Ottenbacher, 2007; Pikkemaat & Peters, 2012). Definitions of innovation may differ in their wording, however, common similarities in all definitions are found in three dimensions: 'newness' refers to a new thing to an organization that has been developed. It can be in forms of product, service or process derived from improving the existing or creating a new thing (Freeman, 1982; Freeman & Soete, 1997; Harkema, 2003). Second, 'economic benefits' or commercial success, that is, innovation must be able to create value through the development of new things. Such benefits derived can measure by direct or indirect monetary evaluation (Drucker, 1985; DTI, 2004; Smits, 2002). Third, innovation is based on 'knowledge and creativity idea', thus, the duplication or emulation is not defined as innovation (Drucker, 1985; DTI, 2004; Harkema, 2003). Furthermore, studies also highlight that innovation is about the development and commercial exploitation in application of ideas, new knowledge and inventions.

To conclude, innovation is the commercialization of an invention and also refers to new ideas or new value that result from the use of knowledge, creativity and technological experiences or management to develop new/ improved products, new/improved processes, or new/improved services to meet the needs of the market.

### **2.6.2 Concept of Service Innovation**

Innovation has been increasingly significant for service firms as they offer experiential services in nature. Service providers implement innovation to enhance customers' service experiences through both tangible and intangible aspects (Zolfagharian & Paswan, 2008). Innovation in services or service innovation has a particularly different concept from innovation in the manufacturing industry. Since service innovation is characterized by service specifications namely, intangibility, perishability, heterogeneity, and simultaneous production and service. Service innovation contributes to interaction between service provider and customers which minimizes the gap between these two parties (Gallouj & Weinstein, 1997).

Service innovation is defined as "the introduction of novel ideas that focus on services that provide new ways of delivery a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience" (Enz & Siguaw, 2003; Verma et al., 2008). This definition is one of the most generally cited by several studies (Bharwani & Mathews, 2016; Nagy, 2014; Randhawa et al., 2016). The definition highlights the three elements of service innovation: 'customer focused' - to achieve the customer's expectations, 'process focused' - to improve product and services by utilizing technology or new ways of process, 'continuous improvement oriented' - to search out trends in the tourism industry in order to provide spontaneously services to customers.

The components of service innovation include two aspects: a non-technological component which depending on the human resources, structure of organization, and factors enabling value added to customer service; and a technological component is

depend on technologies, particularly in area of information and communication technologies (Carvalho, 2008).

In brief, service innovation is based on the value creation process regarding the development of new skills, knowledge, attitudes, and capabilities to cocreate and deliver value to customers (Vargo & Lusch, 2004). To concentrate on the highlighted elements of service innovation, service providers can improve their innovative behavior and enhance their organizational performance and competitive advantage.

### **2.6.3 Types of Innovation**

The study of innovation has been widely explored and conceptualized in various ways from several perspectives (Damanpour, 1992). Most of studies have based on the theory on the manufacturing industry. Nevertheless, many studies have integrated the theory and adapted into the context of tourism industry. Innovation is classified by several criteria, namely, area of the organization, technical characteristics, degree of change, area of impact, and so on (Palomares Cano, 2008). In this section of study, the classification of innovation types based on the area of the organization where innovation emerges is reviewed.

Schumpeter (1934) mentioned five areas of innovation development include (i) new or improved products, (ii) new production processes, (iii) new sales markets, (iv) new sources of supply and (v) new ways to reorganize and/or restructure of the company. This innovation classification has been inspired and applied by many scholars and studies in tourism research (Hall, 2009; Hjalager, 2002, 2010; OECD & EUROSTAT, 2005). Hjalager (1997) identified a basic innovation categorization closely to the Schumpeterian' original approach, whereas, Weiermair (2004) made a slightly adjustment. Smith (2010) determined three forms of innovation applications in organization, namely, product innovation, process innovation, and service innovation. While Tidd et al. (2013) focused on four dimensions of innovation categories or the '4Ps' which consist of product innovation (products/services), process innovation, position innovation, and paradigm innovation. A study of Hall (2009) and OECD & EUROSTAT

(2005) similarly classified four types of innovation: product innovations, process innovations, organizational/managerial innovation, and marketing innovations. This four innovation types are considered as the main body of innovation classification (Hjalager, 2010).

Hjalager (2010), one of pioneer researchers in a field of innovation in tourism, further explored the typology of innovation that emerge in tourism sector. Based on Schumpeterian, Hjalager (2010) distinguished innovations into five categories, namely, product or service innovation, process innovation, managerial innovation, marketing innovation, and institutional innovation. The type of product and process innovation is identified similarly to Schumpeter. A third type of managerial/organizational innovation refers to organizational processes. The fourth, marketing innovation includes the reorganization of external commercial linkages which in line with the development of new sales markets and new supply markets according to Schumpeter. A fifth category, institutional innovation involves the collaborative and regulatory structures in communities or tourism industry. The additional aspect of institutional innovation is an example of the author's attempt to incorporate the particularities of innovation in tourism context. From the former classification approaches, different areas of the organization can be described as product generation, process production, organizational management, market development, and interconnection within communities. The more explanation of Hjalager's innovation categories are described as follows.

***Product or service innovation*** means the changed or completely new products or services developing to the stage of commercialization to bring on the market. The new or improved tourism products or services must be perceptible to be new to customers, organizations or destinations, but do not necessary to be new to the tourism sector. Product or service innovations may influence the purchase decision of the customers. In addition, many studies revealed that the characteristic of new/improved product or service innovation that closely fit to organization capabilities tend to be more successful (Danneels, 2002). In the specific context of small and medium-sized

enterprises, the introducing new/ improved products or services with more differentiated attributes to the market enables organizations to achieve customer satisfaction from those who are questing for unique benefits or superior value experience. Therefore, it is necessary to organizations to examine the customers' needs to be able to provide products or services to meet or exceed their requirements.

**Process innovation** mentions to the backstage initiative implementations of service providers which aim at efficiency, proficiency, as well as productivity. Process innovation includes new or significantly improved processes, distribution methods or supporting activities on organizational operations. In small and medium-sized business, most of them perceive process innovation is important as product or service innovation (Barnett & Storey, 2000). It encompasses every activity from the service production process to the delivery process, such as invest in new equipment, and implement new methods or systems. Process innovation is also often linked to the new knowledge or the emergence of new technologies, for instance, Information and Communication Technology (ICT) which is perceived as the backbone of process innovations in nowadays. Sometimes it may combine with existing knowledge or technologies. The new or improved process innovation should be new to the organization but does not need to be new to the tourism industry.

**Managerial/organizational innovation** refers to the implementation of new or significant improved management methods or business practices in organizing and directing internal and external resources. It should be used to improve the organization's efficiency by enhancing human resources' competencies and workplace satisfaction. Managerial/operational innovation is generally found in large enterprises because they have more financial capital to invest new technologies, equipment, knowledge, as well as provide skills and training to employees (Laforet & Tann, 2006). Nevertheless, managerial/operational innovation is also significant in small and medium-sized business because of its small scale. Small and medium-sized business often faces with a difficult and challenge competitive environment and require quick decision-making.

Thus, this type of innovation is seen as a competitive tool for them to survive in the tourism industry (Oke et al., 2007).

**Marketing innovation** means the implementation of new or significant changed product design, placement, promotion, or pricing. Marketing innovation aims at better addressing customer needs, finding new markets or positioning of organization's product on the market in order to increasing sales. It also includes the overall communication and relationship between service providers and customers. Examples of marketing innovation are customer loyalty programs, discount pricing, membership, global distribution system (GDS), computer reservation system (CRS), online social media system or Internet marketing.

**Institutional innovation** is regarded as particular to tourism, represents collaborative structure or regulatory framework that enhance the tourism business. Social tourism organizations, airline alliances, networks of lodging providers are examples of institutional innovation. This type of innovation stimulates the creation of collaborative structures which encourage other types of innovations as knowledge transfers within or between organizations, between service providers and customers, and between private and public sectors.

Apart from Hjalager's innovation categories, Keeley, Walters, Pikkell, and Quinn (2013) proposed an interesting framework of 'the ten types of innovation' which extend the framework of innovation, and argued that innovations can be conducted in various forms to enable innovators to think more broadly and creatively when developing innovations. The ten types of innovation are divided into three areas (see Figure 2.2), 'configuration' involves how the organization is set up in order to make a profit, 'offering' relates to the core product elements and how such product is organized and incorporated, 'experience' is how the organization interacts with their customers.

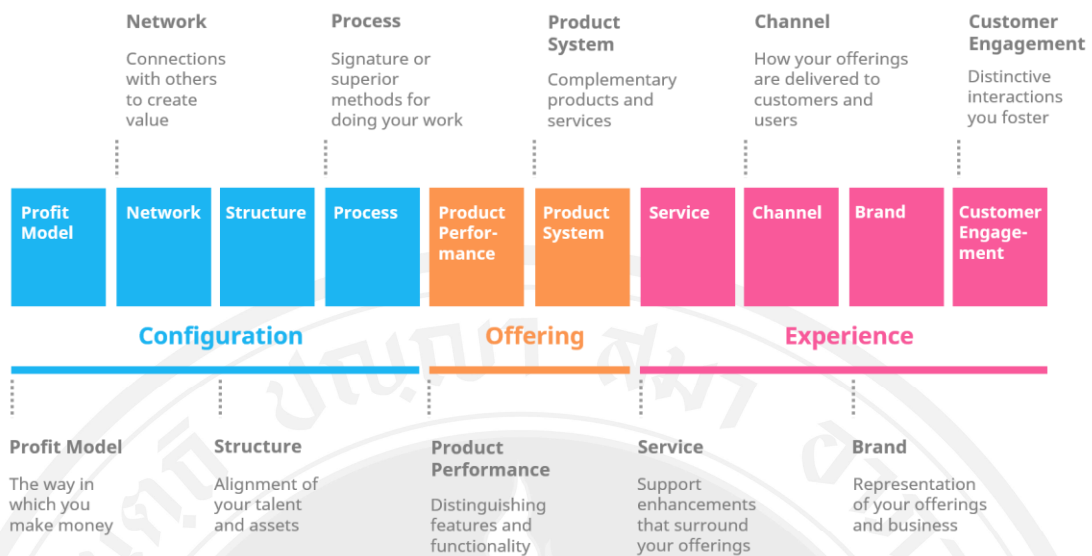


Figure 2.2 Ten Types of Innovation  
Source: Keeley et al. (2013)

To describe each element in detail, (1) profit model innovation relates to the way in which the firm can make profitability, (2) Network innovation means the value that created by connecting or working with others such as third party, vender or cluster, (3) structure innovation concerns with how the firm manage their internal talent and assets, (4) process innovation is how the firm produce their superior methods for their products/services, (5) product performance innovation relates to how the firm can distinguishing features and functionality of their products/services, (6) product system is about how the firm can create more value by adding complementary products and services, (7) service innovation involves how to make firm's products/service better value, more enjoyable, or easier to use, (8) channel innovation relates to how the firm's offerings are connected or delivered to their customers, (9) brand innovation is about how the organizational brand can represent of their offerings and business, (10) customer engagement relates to how the firm comprehend and leverage their customers' desires and needs.

To sum up, various studies have been identified the different types of innovation (Hall, 2009; Hjalager, 2002, 2010; OECD & EUROSTAT, 2005; Schumpeter, 1934; Smith, 2010; Tid et al., 2010; Weiermain, 2004). This research will follow service innovation category as identified by Keeley et al. (2013). The review attempts to

characterize the ten innovation types which are beneficial for analytical purposes. These ten categories of innovations are extended from the fundamental innovation types in the tourism industry of Hjalager (2010). Besides, these defined categories also reflect all aspects of innovation dimensions which was defined by OECD & EUROSTAT (2005) as “the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.” Consequently, this appears to be the most adequate to study innovation behavior and performance in the context of tourism industry today.

#### **2.6.4 Degree of Innovation**

Innovations emerge in different degrees of novelty. The degree or intensity of innovation can be classified with two broad categories of radical and incremental innovations (Dewar & Dutton, 1986; Ettlie, Bridges, & O'keefe, 1984).

Schumpeter (1934, 1942) defined radical innovation as “the key to economic development through a process of creative destruction, a revolutionary change – a breakthrough.” That is, a radical innovation breaks with the organization's previous structures, procedures, activities and products (Martínez-Ros & Orfila-Sintes, 2009). A radical innovation is an innovation with a high degree of novelty that cause fundamental or major changes and represent a clear break with existing practices, which generally result from a technological breakthrough or a new technology (Damanpour, 1996; Martínez-Ros & Orfila-Sintes, 2009). A radical innovation is critical to the market leadership of the business. It can also create marketing value and provide business survival rather than an incremental innovation. However, a radical innovation is also perceived to be riskier and costlier and more contribute to greater changes of the organization. Thus, it usually involves an evaluated cost and a potential for impact on company profitability (Sundbo, 1997). O'Sullivan and Dooley (2008) added similarly that a radical innovation also considers to the intensity of change in the efficiency or



revenue of the product or service, which can visualize as a 'step change' in the performance measurement such as efficiency or revenue as shown in Figure 2.3.

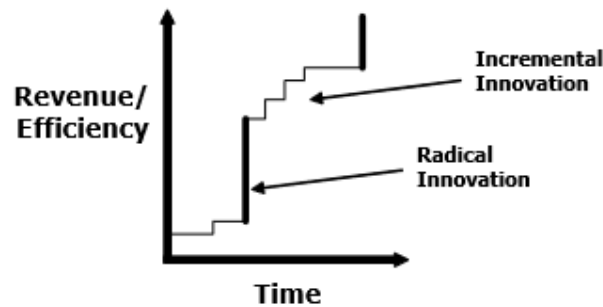


Figure 2.3 Radical and Incremental Innovations

Source: O'Sullivan and Dooley (2008)

On the contrary, incremental innovation is an innovation with low degree of novelty. It involves less risky and less cost than radical changes and less impact on organization's performance and growth. Incremental innovation is regarded gradual changes based on continuous processes, and it is about improving of existing products or services, processes as well as firm's methods. It also includes adjustments, improvements, or expansions to prior innovations of organizations. Hence, it does not break with existing products or service, process, and firm's methods. However, the gradual of incremental innovation can lead to the great impact on a radical innovation (Martínez-Ros & Orfila-Sintes, 2009). Fagerberg (2005) added that the advantage of radical innovation frequently relies on those incremental improvements. Some organizations including service firms often depend on incremental innovation (Martínez-Ros & Orfila-Sintes, 2009; Palomares Cano, 2008). In tourism sector, samples of incremental innovation technique deployments are quality enhancement such as total quality management or continuous improvement, the reduction of energy usage, the environmentally sustainable improvement, or the collaboration with other stakeholders, organizations or business parties. Such examples reflect the organization's engagement in various incremental innovations during their planning period. Furthermore, the

degree of incremental innovation may depend on experiences and proficiencies of organizations and their information of customer demand (Tidd et al., 2013). In overall, the innovative firms regularly have numerous incremental innovations and fewer radical innovations emerging in their same period of development plans (O'Sullivan & Dooley, 2008).

## **2.7 Innovative Value Creation in Hotel Industry**

### **2.7.1 Innovative value creation practices in hotel industry**

In an era of globalization, technological advancement and stagnation of tourism demand, competition in hotel industry has become more intense. Competition in the hotel industry is based on the capability of an organization offering 'value' of their service products to the customers. The term 'customer value' is defined by Stahl, Barnes, Gardial, Parr, and Woodruff (1999) as "the customer's perception of what they want to have happen in a specific-use situation, with the help of a product and service offering in order to accomplish a desired purpose or goal". Innovation is tremendously significant for creating and increasing hotel value and also regarded as one of the key competitiveness (Tseng, Kuo, & Chou, 2008). Victorino et al. (2005) described three main reasons of why hotels industry is a good example of a market that may benefit from performing innovative services.

Firstly, from the lenses of the customer, the hotel market provides the most similar products and services. This is difficult for hotel managers to differentiate their products and service from the competitors. Thus, offering customers with something new and innovative seems to be a proper solution. The hospitality industry, secondly, is changing quickly because of the urgency of information technology. Hotel managers need to conduct proactive changes which focus on the customers' needs, preferences, quality and interfaces of technology to maintain their competitiveness in a dynamic and challenge situation. In addition, nowadays, customers do not behave as a truly brand loyalty. Instead, they consider to patronize lodging accommodations that can offer them

the best value proposition within their budget limitations. Hence, to create value to the customer's experience, managers need to determine service innovations that meet the customers' needs and preferences.

Hotel industry has plenty choices for creating value to their customer. Apart from offering traditional value drivers, innovative value drivers could be introduced to the customer in order to accomplish customer desires and differentiate their products and services from other competitors. However, because of a fierce competition in the hotel industry, a single type of innovative implementation may no longer sustain organization's competitiveness (Bharwani & Mathews, 2016). Today, the hospitality industry is continuously find out how to make innovation become part of daily business (Marée, 2011). It is necessary for a competing service organization not only focus on products/services innovation but also on the supporting innovative activities as process and operational innovative dimensions also should be taken into consideration as a holistic approach to achieve the organization's goals (Victorino et al., 2005).

From the studies related to hospitality innovations, several types of innovation have been found in the area of hotel industry. This section investigates the implementation of value creation through innovation approach in hospitality establishments and illustrate in broader perspective of overall hotel industry including small and medium-sized and large-sized hotels.

#### **2.7.1.1 Product/service innovation**

##### ***Technological innovation in hotel products and services***

Various significant technological innovations have been implemented in the hospitality industry. For example, hassle-free check-in by hotel staff with a special iPad, access to information and hotel services via iConcierge app on Android and iOS or iKnow Concierge software with six differently languages. Hyatt Hotels and Resorts has introduced the guests' use of iPads which are now one of most requested amenity (Jayawardena, Lawlor, et al., 2013) or mobile phone via a mobile app to access to hotel service functions for ordering dining, housekeeping, butler services, self-service

kiosks, checking email or weather forecast, looking for special local event and tourist attractions. Hotspot rooms with heat-detecting body sensors for occupying detectors are introduced by Hotel 1000 in Seattle. Currently, Starwood Hotels and Resorts employ service innovations by utilizing smartphones and mobile devices to replace manual check-in process and a traditional hotel key card (Sanjeev & Bandyopadhyay, 2016). Innovative technological innovations enable the hotel establishments to ensure the guests' stays are comfortable and convenient (Social Hospitality, 2014). "Botlr" is another interesting example of technological innovation in hotel industry. "Botlr", a robot has been included as a part of team member of The Aloft Cupertino Hotel.

Utilizing of information technologies are also found in hotel services to improve service quality, examples comprise of: personal computers, multiple phone lines, voice mail and computer modem connection, in-room hi-speed internet access, software library, voice mail, wake up system, video players, in-room pay-per-view, interactive TV, and video check out (Reid & Sandler, 1992a). Due to the increasing concerns about terrorists, safety and security issues, the new technologies are brought to the hotel industry for enhancing guests' safety and security during their stay. This includes security equipment, doorframe metal detectors, CCTV, electronic door locks, electronic in-room safety-box (at small and medium-sized, as well as large properties). Explosive scanners and luggage scanners (at large hotels) are implemented to ensure safety, assurance, and quality experiences of hotel guests (Sharma, 2016).

Technological innovations are regarded to be value added to hotels' amenities to enhance customer satisfaction and loyalty, and enable hotels to differentiate themselves from those competitors (Beldona & Cobanoglu, 2007). However, technological innovations may not practical for all hotels to adopt all available technological facilities due to their operational capabilities or resources constraints. Thus, they must consider the technological innovations which provide most beneficial to their service firms. Significantly, because not all customers prefer the same things, it must be cautioned that improper utilize of technological initiatives may lead to dissatisfaction among certain customers (Cobanoglu, 2009).

### *Non-technological innovation in hotel products and services*

Other aspect of product/ service innovations focuses on distinguish characteristics of service industry and adopt a service-oriented aspect that emphasizing on non-technological innovation (Sundbo, Orfila-Sintes, & Sørensen, 2007). Hotel industry has introduced various product and service innovations varied by the different hotels. In large international chain hotels, for example, Westin Hotels' introduces a famous award-winning, signature innovation called 'The Heavenly Bed' which provide guests comfort and a quality restful sleep (Orcutt, 2011). Oberoi Hotels propose the 'Pillow Menu' to provide guests various options for choosing their preference pillows, namely, feather, memory foam, or hypoallergenic pillows. Similarly, Four Season Hotels provide guests with beds that have three layered mattresses that can be switched on and off. This initiative is offered to enhance guests' supreme comfort and their sleeping experience. Starwood Hotels, the 'Sleep Well Menu' offer to guests as choices of superfoods related to enable sleep-enhancement (Sharma, 2016). Creative turndown or turndown service, black out curtains in rooms with remote curtains, comforters/duvets, and aromatises are widely implemented in hotels (Singh, 2015a). These innovative implementations aim at to deliver the value of sleep quality as well as heighten customer experience.

In terms of service concept, the Best Western brand in Canada, for example, has developed service culture on an adage of 'home-away-from-home' is adopted to attract, satisfy and retain guests. This service concept is about building informal relationship between guests and service employees where hotel team is called on a first name basis with hotel guests, room attendants and guests may enjoy chats together (Jayawardena, Jarvis, et al., 2013). Specialist expert services offering is another category of product/service innovation in hotels in order to enhance customer experience and create competitive advantage to the innovators. The specialist experts provide suggestion to guests in their expert areas. The specialist experts include tea sommeliers, wine sommeliers, art concierges, cyber butlers, Yoga and fitness trainers, Ayurveda doctors.

Such innovations are rapidly and widely deployed over numerous hotels, however, these innovations are easy for competitors to imitate. Therefore, the newness gains from these innovations is possibly short-lived (Bharwani & Mathews, 2016).

Customizing the hospitality experience for customers is another way to innovate on services. Customization of hotel products, for instance, room and room amenities, and hotel services are adapted to customer's preferences or characteristics. Examples of service innovative customization in hotels are offering diversified products such as different rooms with different attributes, flexible check in and check out policies, flexible breakfast time, value-added amenities and services, specific waiters for particular room or butler services, and personalization of room decoration (Enz & Siguaw, 2003; Victorino et al., 2005). Other popular in-room innovations also include the high-end coffee maker in guestrooms, open-concept bathrooms and bedrooms (Jayawardena, Lawlor, et al., 2013). Nevertheless, such innovative is unlikely easy to practice because of the limitations in firm's operational potentials, for example, labor force and especially financial aspect. Therefore, services-oriented innovations need to be designed to balance with the process and operational activities in the organization (Victorino et al., 2005).

In this regard, Victorino et al. (2005) and Hall and Williams (2008) mentioned that small and medium-sized hotels especially boutique hotels are viewed as a noticeable example of customization and specialization for specific customers. Most small-sized hotel chains or independent hotels are distinguished in product and service innovation. Many of them attempt to develop and propose of new products and services by implementing creative design to target specific niche markets, for example, eco-hotels, design-hotels, theme-hotels, art-hotels and so forth to satisfy the specific needs of particular groups. Design-led innovation also found in the boutique hotels where quality uniqueness and personalized service are designed. The aesthetic appearance of the hotel structure and decoration which standing out from the basic standard hotels are the main features of the hotel product offering. Many customers perceive these hotels

as a stylish lodging which are attractive and willing to pay for (Chittium, 2004). As independent hotels or small scale hotels are not restricted by the standardized services as those in large scale hotels, hence, they are more flexible and tend to be more creativity and risk-taking to invest in their innovative design (Marée, 2011). This design-led innovation in trendy small and medium-sized accommodations particularly in boutique hotels is an innovation to the conventional hotel experience and considered as retortion to the standardized large hotel establishments (Bailey, Shaw, & Williams, 2012).

### **2.7.1.2 Process innovation**

Process innovations is likely to increase the existing operational performance by using new or improved technology, or modifying the entire production line. Process innovations are also associated with product/service innovations (Hjalager, 2002).

In the present, E-innovation via the use of ICT (information communication technology) application is crucial innovative strategy, it helps organizations to increase their competitiveness by facilitating the management of relationships with customers through better and easier information exchange. Adopting new technology as the back-office innovation enables organizations to improve the productivity and service delivery (Orfila-Sintes & Mattsson, 2009). Examples of innovations in ICT in the hotel industry includes computers, Internet connection, connection to the Net, , Internet offers to clients, renewal of general software, videoconference Intranet, Web page, e-commerce (Pérez, Borrás, Rupérez, & Belda, 2003). 'Go Concierge' is one example of software system utilizing in front office sectors to handovers, follow-ups, and sending text message to the hotel guests.

Another current examples of important technological process innovations in hotels are self-service devices such as automatic or electronic check-in and check-out, robots for cleaning and maintenance, UV backlights for detecting biological substances for guestroom cleaning, computerized management and monitoring systems such as CRS system (Hjalager, 2010) and online reservation or internet booking (Victorino et al., 2005). Property management system (PMS) is also implemented to assist hotels

operators and properties to do business more efficiently and effectively. Technological software such as 'Opera' enables hotel operators to better provide service for hotel guests. The property management is employed in several areas, namely, rate management, reservations, check-in and check-out, cashiering, guest folios, maintaining guest profiles and history, night audits, profit management, inventory control, and generating of reports. 'Triton' software is deployed for guest and back-office request and complaints to facilitate and quick respond to the guests' comments. For small and medium scale or lower category of hotels, they utilized localized software which is unsophisticated because their target customers do not require a more complex system and cost is another reason to be mentioned (Sharma, 2016).

In addition, the revenue management process is also taken by hotel industry include InterContinental Hilton, Marriot, Sheraton and Starwood, to assist organizations to manage revenue and provide the possibilities or alternatives for revenue improvements (Jiang, 2014). The TRITON HK application is an easy-to-use software to facilitate housekeeping tasks such as setting the sequence of room-cleaning, provide housekeeping staff with information about guest preference, and update room status in PSM system. Besides, outsourcing in housekeeping enable hotels to reduce manpower and cost of operation as housekeeping is considered as a labor intensive. Most of hotel chains consider outsourcing as an effective strategy (Singh, 2015a).

Furthermore, the implementation of food service technologies or 'culinary innovations' (Sanjeev & Bandyopadhyay, 2016) in the hotel kitchens result in faster and better methods of preparation, better sanitation, saving cost of energy and labor, waste reduction, and faster service (Rodgers, 2007). Examples of culinary innovations such as yield management systems enable chefs to make use of ingredients in an effective way. Energy cost can be saved by switching to piped natural gas. And contracts with local suppliers and sellers contribute in the cost management. To analyze process innovation activities in hotel establishments found that various types of technological innovations are adopted according to the technological areas where innovation emerges, for instance, guestrooms, reservation (Victorino et al., 2005), reception area, security,



dining-rooms and bars, laundry, kitchens, health and nutrition, gardening and other technological locations (Jacob & Groizard, 2007).

Process innovation can be used as a method for improved services and add value to the products. Climate challenges encourage hotel owners/managers to practice in more environmental sustainability by implementing environmental innovations such as energy and water conservation, recycling products (Bailey et al., 2012; Hjalager, 1997). A special firm on windows are screened out solar radiation and decrease the need for air conditioning which help the hotel to reduce the energy cost. In addition, 'Green Key' eco-rating program is one of new environmental initiatives in Canada which aimed at more sustainable operation of hotels and restaurants. The purpose of this initiative is to commit the hospitality business to improve their environmental performance as well as their financial performance. The Green Key rating starts from one to five Green Key rating. A five Green Keys rating is awarded for business operators who reach to the top standard of environmental and social responsibility of operations (Jayawardena, Lawlor, et al., 2013). This environmental innovation delivers benefits to hotels in both monetary and non-monetary aspects, that is, it helps an organization to reduce vulnerability, save costs and gain better image and reputation by integrating utilize of processes and promotional measurements (Hjalager, 1997).

In term of non- technological innovations, the quality-based innovation or 'service quality' is one of most popular process innovations which has been widely introduced and adopted among the hotel chains. The service quality initiative focuses on customer needs monitoring as well as improving customers' service quality during their stay by tracing customer satisfaction, inspecting service, and maintain continuous improvement processes (Enz, 2012).

At this stage, previous studies illustrate that product/service innovations and process innovation are the most frequent type of innovation found in hotel industry. Whereas technological innovations are more common than non- technological innovations. Sometimes, product/service innovations and process innovations cannot be

definitely separate, as mentioned by Grönroos (2007) that “in most cases, it must be generated in the momentum of consumption”.

### **2.7.1.3 Managing/organizational innovation**

The implementation of innovations is not only enhancing customer satisfaction and experience, but also improve employees' performance and functionality. Managing/organizational innovations includes operation processes and organizational culture (Tseng et al., 2008), that is, innovations involve with new approaches of organizing internal resources as human assets, new job profiles, authority systems, participatory organizational environment, internal collaborative structures, and creation of new ideas.

To develop methods of employee retention, workforce flexibility and cost control are the key challenges for hospitality industry. Managing/organizational innovations aim at achieving employee and workplace satisfaction, enhancing internal knowledge and employee competencies (Shaw & Williams, 2009). Such innovative practices such as internal training of employees and knowledge sharing, incentive mechanism to encourage the development of new competencies, staff empowerment through job enrichment and decentralization, behavior-based evaluation etc., can enhance speed of service, service quality, better organizational performance, and increase productivity (Hjalager, 2002; Tseng et al., 2008). In addition, team spirit building is regarded as a contemporary managing innovation and is essential for improving services in an organization (Hu, Horng, & Sun, 2009).

In relation to cost control, cost-based innovation is organizational initiative that has been largely accepted within both hotel chains and individual hotels. The cost-based innovation focuses on cost control while delivering the best value to customers. This initiative involves the reorganizational design for work groups, employee scheduling, managerial redundancy, and enhancing responsibilities of employees (Enz, 2012).

Further, technological innovation is also adopted in the operation of human resources departments. By way of illustration, ‘PeopleSoft’ and ‘Prism’ are examples of

software utilized at the property of The Leela and Courtyard to facilitate personal management and payroll (Sharma, 2016).

#### **2.7.1.4 Marketing innovation**

The introduction of loyalty programs is a noticeable example of marketing innovation in hospitality industry. In the present, the loyalty programs or membership become popular and largely adopted especially in hotel chains, and it also present in various versions. This initiative generally changes the relationships between service providers and customers from a single purchase to transform into a long-term bound (Morais, Dorsch, & Backman, 2004). Furthermore, it allows for the knowledge transfer, the information flow, the utilizing of intangible assets, for example, hotel prestige and hotel brand image (López-Fernández et al., 2011; Pikkemaat, 2008). Now, loyalty program has risen opportunities for cross-marketing incentives, that is, the loyalty member of hotels can gain benefits from hotel's partners. The Best Western Hotels program, for example, provides privileges to members to discount or redeem points with Home Depot, Walmart, and other hotel's partners (Jayawardena, Lawlor, et al., 2013)

Besides, over the past few decades, the World Wide Web development has resulted in the competition of marketing innovations, which has a radical impact on the tourism industry especially the traditional sales and marketing intermediaries such as conventional travel agencies. As customers are increasing their abilities to service themselves together with the accessibility of broader offerings. This enables customers and service providers to save cost. Furthermore, the revolution of search engines provides more equal opportunity for small and medium scale business to display their products and services to the market similar to large scale enterprises. Importantly, enhancement of social media in engaging consumer to participate and modify searches is perceived as a changing of methods of traditional marketing by shifting the key communication power to the customers (Xiang, Woeber, & Fesenmaier, 2008). Hospitality establishments utilize social media to be their advantage. For example, Hyatt's Twitter Concierge Service is used as social media to provide services to guests

who require assistance from any location. LateRoom.com, UK-based hotel booking website, allow customers to post their enquiries via Facebook or Twitter and provide real-time responses.

Innovative technology has transformed the way hotels market themselves. Online distribution channels and websites, for instance, Expedia, Agoda, Booking.com, are largely accepted by hotels. Hotels adopted several online distribution channels for the reason that most of potential customers generally utilize these channels. Significantly, the rate of hotels' adoption is dramatically increasing during the past several years. To illustrate, Courtyard by Marriott spends only 30 per cent of its traditional marketing budget, while 70 per cent is used on internet-based distribution channels. Websites are generally utilized in both lower category hotels and higher category hotels as communication channel to reach the potential customers. At this point, this technological innovation has changed the processes of sales and marketing conducted in the hotels.

#### **2.7.1.5 Institutional innovation**

Bailey et al. (2012) indicated small and medium sized hotels can leverage benefits from innovative implementations by encouraging collaboration with stakeholders. Establishing networks and alliances are crucial for promoting innovations in hospitality business (Lynch & Morrison, 2006). Such innovative activities include knowledge networks and learning environments, value co-creation, integration, shared services and value chain innovation, engaging communication with stakeholders by utilizing social networking and internet interaction. Establishment of marketing partnerships allows an organization to access new segment of customers (Hjalager, 2002).

Furthermore, another trend and coming up innovation is place for the customer demand of local products provided in hotel services. Many hotels especially high-end boutique hotels are place these local products in in-room minibar and restaurant outlets for the well-travelled guests (Jayawardena, Lawlor, et al., 2013). This initiative requires

the collaboration between service providers and the local stakeholders. Hjalager (2010) added that new institutional innovations also found in a form of relationships between credit card banks and lodging establishments. The establishment of Computerized Reservation System (CRS) is another example of imperative institutional innovations with a huge effect on access to a wide range of products or services and prices.

To conclude, in order to deliver the creation of customer value, hospitality establishments implement various range of innovations. The new service developments vary degree from breakthrough innovations which are completely new-to-the industry, to continuously little improvement of existing products or services (As shown in Table 2.7). In line with Tidd et al. (2013) mentioned that innovation may proceed from minor modifications in a daily process of gradually improvement which completed by all levers of the organizational practitioners. From previous studies found that radical and incremental innovations related to technology are mostly found in the international large chain hotels. While minor improvements or incremental innovations are commonly found in most of small and medium-sized hotels due to their limitations to innovate, hence, they are more tend to focus on little adjustment and human touch rather than invest in radical innovation.

Table 2.8 Examples of Innovations in Hotel Industry

Innovation Type	Degree/level of Innovation	
	Incremental Innovation (Existing attributes)	Radical Innovation (The adoption of new attributes)
Product/service Innovation	<ul style="list-style-type: none"> <li>• Introducing of the Heavenly Bed to provide guest comfort sleep</li> <li>• Proposing the guest's preference options for Pillow Menu</li> <li>• Providing three layered mattresses that can switched on and off</li> <li>• Offering guests, the Sleep Well Menu as a choice of superfoods for sleep-enhancement</li> <li>• Introducing a service concept 'home-away-from-home'</li> <li>• Specialist expert services offering</li> <li>• Service innovative customization and in-room innovations</li> <li>• Creative design or design-led innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Use of iPad, mobile application to facilitate check-in, access to hotel information and services</li> <li>• Utilization of smartphone and mobile devices to replace check-in process and a traditional key card</li> <li>• Hotspot rooms with heat-detecting body sensors for occupying detectors</li> <li>• Introduce a robot as a part of hotel team member</li> <li>• Utilizing of information technologies in hotel services, safety and security</li> </ul>
Process Innovation	<ul style="list-style-type: none"> <li>• Culinary innovations such as yield management systems, and cost management</li> <li>• Environmental innovations such as energy and water conservation, recycling products, 'Green Key' eco-rating program</li> <li>• Quality-based innovation or service quality</li> </ul>	<ul style="list-style-type: none"> <li>• E-innovation via the use of ICT</li> <li>• Automatic check-in and check-out</li> <li>• Robot for cleaning and maintenance</li> <li>• UV blacklights for detecting biological substances</li> <li>• Computerized management and monitoring systems</li> <li>• Online reservation or internet booking</li> <li>• Property management system</li> </ul>
Managing/organizational Innovation	<ul style="list-style-type: none"> <li>• Internal training of employees and knowledge sharing</li> <li>• Incentive mechanism to encourage the development of new competencies</li> </ul>	<ul style="list-style-type: none"> <li>• Utilizing software to manage personal management and payroll</li> </ul>

Innovation Type	Degree/level of Innovation	
	Incremental Innovation (Existing attributes)	Radical Innovation (The adoption of new attributes)
	<ul style="list-style-type: none"> <li>• Staff empowerment through job enrichment and decentralization</li> <li>• Behavior-based evaluation</li> <li>• Team spirit building</li> <li>• Cost-based innovation such as reorganizational design for work groups, employee scheduling, managerial redundancy, and enhancing responsibilities of employees</li> </ul>	
Marketing Innovation	<ul style="list-style-type: none"> <li>• Loyalty programs or membership</li> </ul>	<ul style="list-style-type: none"> <li>• Search engines</li> <li>• Social media</li> <li>• Online distribution channels and websites</li> </ul>
Institutional Innovation	<ul style="list-style-type: none"> <li>• Collaboration with stakeholders</li> <li>• Establishing networks and alliances</li> <li>• Integration, shared services and value chain innovation</li> <li>• Relationships between credit card banks and lodging establishments</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of Computerized Reservation System (CRS)</li> </ul>

Source: Combined by Author



### 2.7.2 Innovative value creation capability

This section focuses on the evaluation of innovative capability of small and medium-sized hotel business in the creation of customer value. Innovative capability is the main contributing determinant to innovative behavior in organizations (Cohen and Leventhal, 1990), and this capacity is also considered as a critical factor for attaining success in the marketplace (Martinez-Roman, Gamero, & Tamayo, 2011).

The definition of innovative capability is defined in various terms. Innovative capability is defined by Guan and Ma (2003) as an ability to integrate various kinds of special assets owned by the firm. Matsuo (2006) mentioned the capability to innovate as the trend of an organization to support innovation. While, Calantone, Cavusgil, and Zhao (2002) refers innovative capability as the level of an organization's innovativeness. Specifically, Nassimbeni (2001) mentioned innovative capability as the potential to generate innovations in products and processes. Moreover, Wonglimpiyarat (2010) mentioned that innovation ability is the capability to conduct major improvements to existing technologies, and to create new technologies. In the holistic perspective, Hogan, Soutar, McColl-Kennedy, and Sweeney (2011) defined innovation capability as an organizational competency, relative to its competitors, to utilize the resources, aggregate knowledge, and skills to innovation activities relating to new products/services, processes, or management, marketing or work organization systems, to create added value for the firm or its stakeholders. In addition, Forsman (2011) identify three variables contributing to innovative capability includes internal resources, capabilities and external input obtained through networking.

From previous definitions, it can conclude that innovative capability means the firm's ability to generate innovation that refine or strengthen existing products/ services and process as well as create new products/services and process by leveraging internal resources and external opportunities in order to respond to the market and create firm's competitive advantage. In this study, the researcher borrows the definition of innovative capability by Hogan et al. (2011) as it encompasses a holistic concept of the innovation capability construct, besides, this definition does not consider only a wide range of innovation activities, but also focuses on their performance implications.

To measure firms' capability to innovative, many researches have been generally carried out on the innovative measurement. However, only few studies have



been focused particularly on the tourism industry (Pikkemaat, 2008; Pikkemaat & Peters, 2012; Volo, 2004; Weiermair, 2004). The studies of innovative measurement in the manufacturing and the service industry are quite different, since the nature of tourism product is distinguishing for those of manufacturing. Examples of characteristics of tourism product can be described as follows: product as a combination of tangible or intangible element; emphasize on unique experience which personalization plays a significant; services cannot be stored; tourism product is inseparability in production and consumption, hence, it cannot test before consuming (Zeithaml, 1991). In addition, the specialties of tourism product also relate to the highly complex of tourists' demands which influencing their personal quality judgements about particular tourism product in certain destinations. Hence, the insight of characteristics of tourism product is essential when analyzing and developing the measure of innovation (Pikkemaat & Peters, 2012).

Unger (2005) added that theoretical concepts, for instance, concept of innovation and what should be measured, should be taken into consideration in defining and measuring service innovation. For the perception of what should be measured, the Oslo Manual (OECD & EUROSTAT, 2005) stated that the interaction with the environments is a driver of innovation, thus, measurement of innovation should also combine all types of innovation activities contributing in services such as product/service, process, marketing, organizational, and institutional innovations in order to encompass innovation measurement in a holistic way. In addition, the acquirement of innovations should be included as it facilitates the identification of innovation types in an organization. Focusing on types of innovation activities, the 'ten types of innovation' by Keeley et al. (2013) is well defined the extend type of innovation activities, namely, profit model innovation, network innovation, structure innovation, process innovation, product performance innovation, product system innovation, service innovation, channel innovation, brand innovation, and customer engagement innovation. This framework encompasses the entire innovation environment from organizational structures, processes, and to significant dimensions of products/services being introduced. Additionally, it is also suggested that the evaluation of innovation capability should be on the basis of innovation activities rather than traditional statistic of inputs and outputs. Because focusing exclusively on

innovation statistically results can measure only successful of innovations but not on totally innovative performances (OECD & EUROSTAT, 2005).

From previous studies, it can be concluded that the measurement of innovative capability should consider various aspects. Although the different aspects of innovative measurement are proposed by many researchers, it is agreed that research methodology and instruments have to be developed on the criteria of the particular research question (Pikkemaat & Peters, 2012). Therefore, the researcher used 'type of innovation activities' by adopting ten types of innovation ((Keeley et al., 2013) as the innovation capability measurement to evaluate the innovative value creation capability of small and medium-sized hotels (according to the research question 3) as its framework capture the whole innovation environment implemented in the organization and mostly equivalent to the context of study.

#### ***Innovative value creation capability of small and medium-sized hotel business***

Several studies have mentioned that tourism industry has the lower degree of innovation than in other industries (Pikkemaat & Peters, 2012; Volo, 2004) and most cases of tourism businesses are reported only moderately innovative (Hjalager, 2002). This aspect possibly occurs from the structure of the tourism industry. As tourism industry is dominated by small and medium sized businesses where the degree of innovation is more concentrated on the large enterprises (Hjalager, 2002). Besides, some studies also documented that smaller tourism firms are considered less innovative in comparison with international hotel chains or other small enterprises in other industry (Mattsson, Sundbo, & Fussing-Jensen, 2005; Pikkemaat & Weiermair, 2007). Smaller enterprises are lack of time, information, financial support required for strategic innovation (Pikkemaat & Weiermair, 2007). Moreover, most research mainly focuses on large-scale enterprises, as a result, smaller firms have limited knowledge about innovation (Salavou, Baltas, & Lioukas, 2004). For these reasons, the degree of innovation among small and medium-sized hotel business is relatively low. Nevertheless, some studies have revealed highly innovative in smaller tourism enterprises (Ateljevic & Doorne, 2000; Binder et al., 2016) as they are more flexible to response to demand changes and ease to adjust to external environment. Hence, the validity of this notion is still questioned (Sundbo et al., 2007).

Nature of innovation activities in tourism industry are more incremental rather than radical innovation (Hjalager, 2002; Pikkemaat, 2008). Incremental innovation which involving minor or gradual improvements are generally common activities and often interpreted as innovations (Weiermair, 2004). Innovation in services often found in small adjustment of product/service, and process. The studies of Peters and Foss (2016) and Pikkemaat and Peters (2012) similarly found that the majority of innovation activities in small and medium-sized hotels obviously more focus on hardware innovations. Most of innovation activities are found in the area of architectural redesign, which are mostly take part in renovation, modification and redecoration, or in new facilities or buildings, rather than major innovations. (Pikkemaat & Peters, 2012).

In addition, Bailey et al. (2012) distinguished different distinctive types of innovation implemented in small and medium-sized hotels: creative design and format changes in new organizational forms and hotel types, design-led innovation especially in the luxury boutique hotels where the value of location, uniqueness, and personalize service are emphasized, innovative networks in terms of integration and shared knowledge and learning environments, and value chain innovation. Such innovation implementations seem to be in line with independent, small hotel chains, or small and medium-sized hotel businesses, and become their competitive advantage over large enterprises. Since smaller firms generally allow abilities as creativity, flexibility, and risk-oriented (Conrady & Buch, 2011). The author also stated the strength capability of smaller hotels business that they are best in response to customer needs and offering personalized services.

Furthermore, information technology is also regarded as one of the most activities of innovation (Grissemann et al., 2013; Pikkemaat, 2008; Pikkemaat & Peters, 2012; Verma et al., 2008). The IT activities in innovative hotels including incorporation with CRS (Computerize Reservation System), or databanks, hotel homepage, online booking systems, mobile guides, and websites are often mentioned as innovative activity which is utmost significant to customers. In addition, information technology is as a vital determinant for hotels to maintain competitiveness as tourism sectors is more dominated by information and upcoming information technology.

However, Peters and Foss (2016) revealed that innovation in human resources management and personal development in small and medium-sized hotels are consider

relatively low. Since the firms' processes are mostly often directed by managers. Consequently, the innovative activities from the bottom-up approach are not seen to motivate their employees and they are disinterested to participate in learning and knowledge production processes. Moreover, small and medium-sized hotels often face the high rate of staff turnover because of low wages and salaries, and high seasonality. This characteristic is common in small and medium-sized enterprises. Thus, firms are unable to provide career perspectives to retain high quality employees which results in the lower rate of professionalization in small and medium-sized hotel business. This disadvantage restricts firm's innovative performance (Cano, 2008) . Competitiveness of this sector relies on investing in the qualified employees and managers (OECD & EUROSTAT, 2005).

Similarly, Grissemann et al. (2013) found that employee engagement encourages firm's innovation activities and performance. It is mentioned that employees are sources of innovative ideas (McAdam, McConvery, & Armstrong, 2004), thus, professional and high skilled employees are necessary to create an appropriate innovative culture within organizations to encourage creativity or to generate novel ideas contributing to innovation. In the same way, employee training programs are emphasized to enhance employees' knowledge, creativity, and problem-solving skills (De Jong, Bruins, Dolfsma, & Meijaard, 2003; Ottenbacher, 2007).

Focusing on the concept of newness, most of small and medium-sized business are operated by entrepreneurs who play a significant role in managing and decision-making. Most of them have limited resources to invest in innovation. Therefore, the development of innovation is often generated from the interaction with customers and suppliers rather than formal process of innovation (Buhalis & Peters, 2006; Cano, 2008; Hjalager, 2010). Service innovations in small and medium-sized hotel business are most often new to customers or to organizations rather than new to the market or to the hotel industry (Cano, 2008; Pikkemaat & Peters, 2012). In summary, the capability of small and medium-sized hotels is viewed from their ability to provide quality products and services according to customers' needs.

In terms of innovativeness of hotel business in Thailand context, small and medium-sized hotel business has faced problems challenging the capability of innovation. The challenges that hinder innovation are not different from those in many

countries. For examples, lack of potential to develop innovation, lack of supporting technologies, inadequate information about the market, insufficient financial fund, lack of skilled and qualified personnel, and so forth (OECD & EUROSTAT, 2005). However, innovation is still considered as an essential tool for business to survive and create competitiveness.

From the review found that the most studies related to innovative capability in Thailand are illustrated in broad concept, and do not specifically focus on a business or industry level. Therefore, the study of innovative capability in hotel business is limited. Nevertheless, the perspective view from a few studies found that small and medium-sized hotel business in Thailand has the distinctive strengths which enabling innovation, namely, the ability to create a unique design and atmosphere to attract and respond to customers' needs, the specific characteristic of Thainess including quality of service and friendliness. These factors foster innovative capability of hospitality business in Thailand. (Thai Farmers Research Centre, 2016).

Leekpai, Jaroenwisan, Trichan, and Jirakiattikul (2014) conducted a research on "Innovativeness of Hotel Business in Southern Thailand", and the findings reported that product/service innovation is mostly found in hotel business, follows by market innovation, process innovation, and organizational innovation respectively. Most of innovation activities often found more in a form of incremental innovation. That is, small or minor improvements are in area of guestroom renovation and addition of hotel facilities. The authors further explained that product/service innovation mostly occurs because it is easier to innovate and concrete, as a result, product/service innovation is not resisted by employees which allow firms to develop innovation effectively. Such findings also similar to other previous studies (Gunday, Ulusoy, Kilic, & Alpkan, 2011; Khazanchi, Lewis, & Boyer, 2007; Walker, 2007). It is concluded that the competency level of innovation in Southern hotel business in Thailand is very high level. Since the intensity of competitive environment forces firms to innovate for business survival and maintain their competitive advantage.

In summary, the previous studies evidenced small and medium-sized hotel business operate their business among the challenges affecting their innovative capability, however, business operators are able to innovate under existing constraints by leveraging their advantages of size and opportunity from the external environment.

Since innovation is fundamental to small and medium-sized business enterprises to find the way to survive and sustain their competitiveness in the marketplace. By the way, the firm's capability to innovative also determines by other factors which will be discussed in next following section.

The findings of this section will be used to identify service innovation and examine the firm's capability to create innovation value in small and medium-sized hotels in response to mature travelers' differentiation value drivers according to the research objective 3.

## **2.8 Key Factors Determining the Firm's Service Innovation Capability**

According to the literature review on this topic, there are variables influencing on the firm's service innovation capability as follows:

### **2.8.1 Firm Factor**

Firm factor relating to service innovation capability of small and medium-sized hotels is introduced in three main areas: firm size, firm age, and ownership structure.

#### **2.8.1.1 Firm size**

Firm size is considered as a key variable influencing a firm's capability to create innovations (Pikkemaat, 2008). Schumpeter (1942) pointed out that large companies more associated with innovation than small companies due to their monopoly power. Further, several literatures provided evidence to support that there is a positive association between size of firm and innovative capability due to the fact that larger companies have an advantage in terms of more resources, economies of scales, and capacity in implementing innovation activities (Becheikh, Landry, & Amara, 2006; Jiménez-Jiménez & Sanz-Valle, 2011).

On the contrary, many researches argued that smaller firms tend to be more innovative. Studies have mentioned high levels of innovation activities in smaller companies due to their advantage of being more flexible in management structure which enable them to adapt to change environment than larger companies (Eggers, Hansen, & Davis, 2012; Peters & Buhalis, 2004; Zortea-Johnston, Darroch, & Matear,

2012). At this stage, the effect of firm size is likely to be ambiguous. However, according to Becheikh et al. (2006) revealed that the cumulative results from most previous researches have confirmed a positive relationship between firm size and innovativeness of organization. In addition, the size or number of hotel rooms is seen as one of the most significant factors which influence on firms' innovation decisions as its size affects the innovative implementation and profitability of these decisions (Damanpour, 1996).

### **2.8.1.2 Firm age**

The Schumpeterian claimed for a significant association between entrepreneurship and innovation, that is, younger firms are tend to be more innovative than older firms. Schumpeter (1934) mentioned that market entry was likely to be easy for new organizations with new products/services, new ideas, and new processes. While most of older firms embedded in their procedures that caused a refusal to accept changes or innovation which reflect an obstacle to innovativeness (Freel, 2003). On the other hand, some studies found the opposite findings that the older small and medium-sized firms have the cumulative innovative knowledge and involve in more innovation activities than the younger firms (Sørensen & Stuart, 2000). Older firms may obtain advantage from their brand and reputation to access to a new market and gain funding for their innovative projects. Furthermore, several innovations are the result of continuous improvement and learning curve. This emphasizes that firm's age is positively associated with increases in organizational innovation performance (Kalleberg & Leicht, 1991; Sørensen & Stuart, 2000). Additionally, the age of hotel establishment also indicates organizational resources, for instance, reputation and experience which positively influence on innovation decision and capability (Baum & Mezias, 1992).

### **2.8.1.3 Ownership structure**

The small and medium-sized hotels may be directed by its owners or by another forms of management such as a management contract or chain structure. The form of management could be an important factor determining the level and potential of

innovation in an organization (Getz & Carlsen, 2005). Some studies mentioned that the owner-manager form of management could possibly seem to be less professional managers, less resources, and less specialization in management which negatively affect the innovative capability since a poor comprehension of the enabling factors of competitiveness (Getz & Carlsen, 2005).

Conversely, some studies argued that the structure of owner-manager can be positive to innovation. When consider to the risks associating to the another form of management, for example, a management contract, the owner-manager needs to consider the contract with both aspects; the exploitation of business and the potential risk may incur in case of breach of agreement and cost related to renewing the contract, consequently, this may affect the decisions for innovation. The decisions are considered to innovations with lower risk level which providing short-term economic profit or innovations that necessary to maintain in the current market (Damanpour, 1996). This reflects the attitude of managers toward the innovation change which has influence on innovation decisions and degree of innovation adopting. It can be said that the owner-manager form of business structure is operated by owners with entrepreneurial attitudes as they are likely to monitor and control at all process of decision making. In line with 'Schumpeterian' entrepreneurs, tourism entrepreneurs invest in innovation when the expected outcomes are feasible. Therefore, the ownership structure and the degree of dependence on firm structures are related to firms' ability to innovate (Martínez-Ros & Orfila-Sintes, 2009; Orfila-Sintes, Crespí-Cladera, & Martínez-Ros, 2005).

## **2.8.2 Employee factor**

The significance of employee factor toward organizational capability to innovate is described in matters of organizational culture, employee engagement, and creativity.

### **2.8.2.1 Organizational culture**

There is a consensus that culture is a key determinant of innovation in an organization which influences the success of organizational innovativeness (Dombrowski et al., 2007). Numerous studies have explored the association between



culture and performance. The findings concluded that culture has influence on all aspects of organizational performance (Lee and Yu, 2004). Rashid, Sambasivan, and Rahman (2004) claimed that the acceptance levels of attitude toward organizational change are varied by the different types of organizational culture. Innovation is the engine of change and the positive organizational culture could enhance the potential of innovation.

The four types of culture proposed by Cameron (1988). The market culture is described as a result-oriented workplace, focusing on external long-term concern, stability, predictability, and control. The clan culture is characterized as a friendly workplace focusing on short-term-oriented and flexibility. The hierarchy culture is typified as a structured and formal workplace which focusing on internal short-term oriented, stability, predictability, and control. The adhocracy culture is seen as an entrepreneurial, dynamic, and creative place to work, emphasis on external long-term orientation and flexibility.

The study of Ergün and Tasgıt (2013) suggested that hotels with the market culture and the adhocracy culture have more positive relationship with the innovation performance of hotels than those with the clan adhocracy culture and the clan culture. In particular hotels with specific characteristics of adhocracy culture, for example, entrepreneurship, risk taking, and innovation tend to have higher innovation performance than other culture type. Similar to hotels with market culture are likely to have positive innovation performance because of their certain features as goal-oriented and competitiveness.

In relation to innovation types and organizational performance, Pullen, De Weerd-Nederhof, Groen, Song, and Fisscher (2009) pointed out that firms with the hierarchy culture are more likely to employ incremental innovations since such innovation is short-term and concentrate on stability, predictability and control. While, radical innovation tends to be found among firms with the adhocracy culture which focusing on more long-term oriented and flexibility. The study also believed that young

enterprises are likely to perform radical innovations, consequently, they possibly to focus on the adhocracy culture. In contrast, older enterprises are likely to implement incremental innovations, they tend to adopt the hierarchy culture.

### **2.8.2.2 Employee engagement**

Several researches have indicated that the successful innovations are derived from the enthusiasm and commitment of employees. This merit holds for employees who involve in the process of innovation as well as frontline employees (Ottenbacher, 2007)(De Jong et al., 2003). Education and/or employee training is found as a crucial driver to facilitate innovation in an organization (Orfila-Sintes & Mattsson, 2009). Since well-trained employees have a good insight of organizational products and customers which important when targeting for successful innovation in services (De Brentani, 2001). Employees' knowledge and skills are viewed as a prerequisite for innovative performance (Freel, 2000). Besides, Orfila-Sintes and Mattsson (2009) added that employees with higher education are important as key a determinant of innovations. Ottenbacher (2007) asserted that employee empowerment is also viewed as a significant attribute of successful service innovation. Empowerment means the employees' authority or autonomy given by managers which enable them to control over their job-related decisions and work more independently (De Jong et al., 2003; Ottenbacher & Gnoth, 2005). The innovation capability can be completed by engaging employees in the process of innovation, emphasizing on human resource management and strategy as well as stimulating employees' enthusiasm by utilizing reward systems (De Jong et al., 2003). The finding of Grissemann et al. (2013) confirmed that employee engagement is high relevance to organizational innovation performance.

### **2.8.2.3 Creativity**

Increasing competition in the tourism industry has led traditional small and medium-sized enterprises to a need for raising creativity and innovation. Since an incorporation of creativity and innovation can generate firms' competitiveness (McAdam & Keogh, 2004). Creativity has been largely accepted as a major component

of innovation (Shalley, Zhou, & Oldham, 2004). The term of creativity is defined as the ability of employees or a small group of employees to develop novel ideas of product, service, and process to be implemented within an organization aiming to develop innovation (Amabile, 1997). Creativity, especially at the individual level, is an essential factor encouraging the potential of innovation at the firm level (Gumusluoglu & Ilsev, 2009).

Even creativity and innovation are different constructed, but they are closely interrelated as creativity encouraging work atmosphere that is assumed to be favorable for innovation (Puccio & Cabra, 2010). Hence, innovation is seen as an outcome of creativity. Several studies proposed various models to investigate the interaction or relationship between creativity and innovation. A creativity-innovation cycle was developed by Lee, Rho, Kim & Jun (2007). They mentioned that firms can stimulate employees' creativity by recruiting creative people, encouraging employees, and creating a working condition that fosters creativity. Teamwork environment is evaluated as an indicator of working condition stimulating innovation for work groups (Mathisen, Einarsen, Jørstad, & Brønnick, 2004). Furthermore, the Centre for Research in Innovation Management proposed the CENTRIM innovation model. Four of six sections in this model are emphasized on creativity dimensions, namely, conducting a creative business, creating a culture of creativity, developing creative capability, and organizing for creativity (Murat Ar & Baki, 2011). Encouraging internal creative idea is considered as a critical strategy enhancing the management of service innovation within an organization. In short, it can be determined that creativity directly associates to firm's innovation (Gumusluoglu & Ilsev, 2009; Murat Ar & Baki, 2011).

### **2.8.3 Innovation Management**

Innovation management as one of key determinants influencing firms' capability to innovate is discussed in relation to management support and management style as follows:

### **2.8.3.1 Management support**

Many researches focus on the role of management support in innovation efforts (De Jong et al., 2003; Van der Panne, Van Beers, & Kleinknecht, 2003). Owing the fact that innovation involve a long and complicated process, hence, top management plays a crucial role in determining successful innovation. In other words, top management is significant in terms of firms' innovative direction as a role of innovator or no innovator (Hastie, 1992). Leaders' positive attitude toward innovation is a vital component for fostering firms' innovative implementation and development through management support (Murat Ar & Baki, 2011).

Management support is agreement that those who are in charge or senior management will consistently encourage innovation efforts (Van der Panne et al., 2003). Leaders stimulate employees' innovative behaviors by setting example by their actions to encourage the creation of new ideas (De Jong & Den Hartog, 2007). This support of management can be an effective tool to manage internal resistance against innovation within an organization (Rothwell, 1992). In addition, since the results of innovation are often uncertain, a culture that supports and rewards innovation must be established to motivate employees to be innovative (De Jong et al., 2003; Wan, Ong, & Lee, 2005).

Several studies have found the positive relationship between management support and innovation performance (Murat Ar & Baki, 2011). Characteristics of the supportive management, for instance, risk acceptance and encouraging new thinking (Carayannis & Gonzalez, 2003), continuously providing supportive opportunities for innovation (De Jong & Den Hartog, 2007) are drivers to innovations. In addition to leaders' attitudes toward innovation, four kinds of attitudes, namely, "the participation of all members of the firm is requested", " there is a shared responsibility", "corporate management is willing to take risks", and "creativity is stimulated", are identified as requirements for the innovative success (Claver Cortés, Llopis, García Bravo, & Molina Manchón, 1998). In the same way, Montes, Moreno, and Morales (2005) ascertained that a significant association between supportive management and innovation was

exited. Team members can be encouraged to strengthen the degree of innovation through the providing of sufficient resources and support from their supportive leaders.

### **2.8.3.2 Management style**

In addition, management style or style of leadership has been emphasized as a significant factor affecting on organizational innovation performance (Harborne & Johne, 2003; McDonough 2000). Leaders play a major role in shaping organizations' capability to create innovations by fostering a proper environment to promote successful innovations.

Transformational leadership, which opposites to traditional or transaction leadership, embraces a strategic vision related to advantages of change and adaptation, focusing on people development, and tolerance of mistakes (Snell, 2001). Characteristics of transformational leadership relate to an organization's innovation. Since this type of leader has a wide vision, emphasizes on effective communication and shared values and stimulates a working atmosphere to facilitate innovative teams. The collective processes of organization learning are also taken into the consideration as well as mutual trust between colleagues and leaders. Besides, attitudes toward proactivity and risk-taking are also mentioned. Significantly, they play more role as a coordinator rather than a controller or commander (Aragón-Correa, García-Morales, & Cordón-Pozo, 2007). It can be said that these characteristics present strong relationships between innovative transformation leadership and potential of firms' innovativeness (Farr & Ford, 1990). Moreover, This leadership style is often related to the successful of innovation than the transactional style of leadership (Dess & Picken, 2000).

### **2.8.4 Market orientation**

Many studies have mentioned that market orientation has a significant association with a business performance (Kahn, 2001; Narver & Slater, 1990). Market orientation was characterized by Narver and Slater (1990) as a business culture that "most efficiently and effectively creates superior value for customers". It encourages openness to innovations and create new ideas and facilitates an appropriate condition

to firms' innovativeness to enable innovative capability (Hurley & Hult, 1998). Three behavioral components of market orientation are identified, namely, customer orientation, competitor orientation, and interfunctional co-ordination. Further explanation is illustrated as follows.

#### **2.8.4.1 Customer orientation**

Customer orientation refers to an endeavor of firms to understand their target customers sufficiently to create superior value to customers (Narver & Slater, 1990). It is recognized as a firm's ability to identify, analyze, and understand their customers' wants and needs and respond to them. The failure of new products/services is occurred due to firms's inability to completely and correctly understand the customers' needs, and their new products/services are not being differentiated or superior than competitors (Frambach & Schillewaert, 2002). Therefore, firms need to understand the current and potential customers' needs and spontaneously respond to the particular and long-term need of customers as well as to make innovation decisions which appropriate to those needs (Akman & Yilmaz, 2008) in order to create superior value for them (Narver & Slater, 1990). The efforts of firms to innovation extend customer-oriented activities and positively affect innovative potential of firms (Akman & Yilmaz, 2008).

Additionally, the participation of customer in the innovation process is another priority studied topic in current innovation research (Verhoef, Reinartz, & Krafft, 2010). With respect to service innovation, many researchers emphasize the significance role of customers in development of new services (De Jong et al., 2003; Vargo, Maglio, & Akaka, 2008). Interexchange information between service operators and costumers are vital for firms to adapt and respond to a more experienced demand. The individualization of mass tourism has highlighted the interaction of learning between these two parties. Thus, experienced customers value hospitality firms that more emphasize on individualization than standardization (Cano, 2008). Therefore, the notion of customer participation in the innovation development process is critical to success. Integrating customer into the innovation process and employing knowledge relating to the customer foster to strengthen the firm's capability to achieve innovation

outcomes (Füller, Faullant, & Matzler, 2010; Hu et al., 2009; Tseng et al., 2008). This customer factor has been found positively influence the innovation capability of hospitality firms (Grissmann et al., 2013; Zehrer, Muskat, & Muskat, 2016).

#### **2.8.4.2 Competitor orientation**

It has been mentioned that the competition in tourism industry is very intense, consequently, it forces establishments in tourism sector to constantly innovate to gain competitive advantage or remain competitive in the market (Hall & Williams, 2008).

The term of competitor orientation means to identify and analyze activities and strategies of competitors, and find out the appropriate ways to react in order to be better and differentiate from competitors (Gatignon & Xuereb, 1997; Liu, 1995). This could be achieved from innovations. The competitor orientation encourages the implementation of innovations. Since comparing firms own potentials with their competitors leads to the development of their own abilities. Furthermore, competitor orientation can also use to determine competitive opportunities to allow firms to prepare or develop a new product/service to the marketplace and stimulate themselves as a market leader (Božić, 2007). Accordingly, it can be stated the competitor orientation enhance firms' innovation (Akman & Yilmaz, 2008; Cano, 2008).

#### **2.8.4.3 Interfunctional co-ordination**

Interfunctional co-ordination is a factor to coordinate working department, to inform all departments with regard to customers' needs and respond to them. It is the way that firms integrate and utilize their internal resources to create superior value to their customers (Narver & Slater, 1990). In general, employees are often faced with uncertainties about innovations due to lacking of rules and procedures. Interfunctional co-ordination serves as a mechanism to connect between different functional units and provide an open environment for employees to initiate their ideas. Such environment encourages innovation opportunities, and lead to successful innovations (Olson, Walker Jr, & Ruekert, 1995). Interfunctional co-ordination also provides communication and exchange regarding competitors, customers, treats, as well as opportunities amongst

organizational departments. It can be mentioned that this mechanism combines all functional department to work coordinately (Gatignon & Xuereb, 1997). Hence, such mechanism positively contributes to the innovative capability of an organization by providing a proper environment to support innovations (Akman & Yilmaz, 2008; Gatignon & Xuereb, 1997; Kahn, 2001).

### **2.8.5 Innovation networks**

Lacking of economies of scale is one of disadvantages in innovative development of small and medium-sized business, therefore, they are unable to raise profit margins or funding to allow firms to invest in R&D, product development, enhancement of creativity and skills (Pikkemaat et al., 2016). Moreover, in service industry, innovation is likely to easy to be imitated due to lack of protection for patents. Consequently, several small and medium- sized hotels keep their knowledge as confidential and reluctant to co-operate in networks or with other competitors (Buhalis & Peters, 2006; Callon, Laredo, Rabeharisoa, Gonard, & Leray, 1992; Pikkemaat & Peters, 2012).

However, in academic literature, value of associationism (Martínez-Ros & Orfila-Sintes, 2009) in other business firms and institutions, is mentioned as one of factors enhancing firms' ability to drive innovation in small and medium-size business. Since the innovative networks often play a significant role in transference of experience and knowledge in the business networks (Romero & Martínez-Román, 2012). Besides, the collaboration with universities and research centers also benefits in the acquisition and adaptation of knowledge (Cano, 2008). The formation of networks has increased, especially in the tourism industry. Because establishments require co-operation with external partners, knowledge exchange, knowledge necessary to innovate, resource allocation to facilitate their innovation process (De Jong et al., 2003; Pikkemaat, 2008), economies of scale which would allow them to increase product and service variations and customer service experiences (Buhalis & Peters, 2006) as well as a better competitive position (Noke & Hughes, 2010).



Furthermore, due to the complex of tourist product, service firms in a tourist destination need to rely on each other. They have to work together in creating value and delivering the quality products and services to tourists along the entire value chain (Morrison, Lynch, & Johns, 2004; Zehrer, Muskat, Muskat, & Peters, 2014). In other words, sharing resources, skills, knowledge and capabilities are benefits gained from joining together which enabling them to create value through the flow of products and service along the value-added chain (Noke & Hughes, 2010).

This innovative business co-operation among small and medium-sized businesses become more essential. Many studies present the innovation networks in various forms such as strategic alliances (Hooley, Broderick, & Moller, 1998), value-adding partnerships (Edwards, Battisti, & Neely, 2004), collaboration (Sawers, Pretorius, & Oerlemans, 2008), and licensing relationship (Tsai and Wang, 2008). Such particular forms of these agreements can be both informal and formal. Besides, competitors and collaborators are recognized as a crucial information source for innovation (Sundbo et al., 2007). Rigby and Zook (2002) added that even the large innovative establishments hardly just depend on its internal resources, they still need external knowledge beyond the firms to encourage innovation process. Several studies found empirical evidences to confirm a positive relationship between collaborative networks and innovation capability of small and medium-sized enterprises (Guzmán-Cuevas, Cáceres-Carrasco, & Soriano, 2009; Romero & Martínez-Román, 2012; Tejada & Moreno, 2013).

In conclusion, this section is to identify the key factors determining the service innovation capability of small and medium-sized hotel business. The finding factors are summarized in Table 2.11 bellows. These constructs are used to develop as interview questions with the owners/manager of small and medium-sized hotels to explore the related topic.

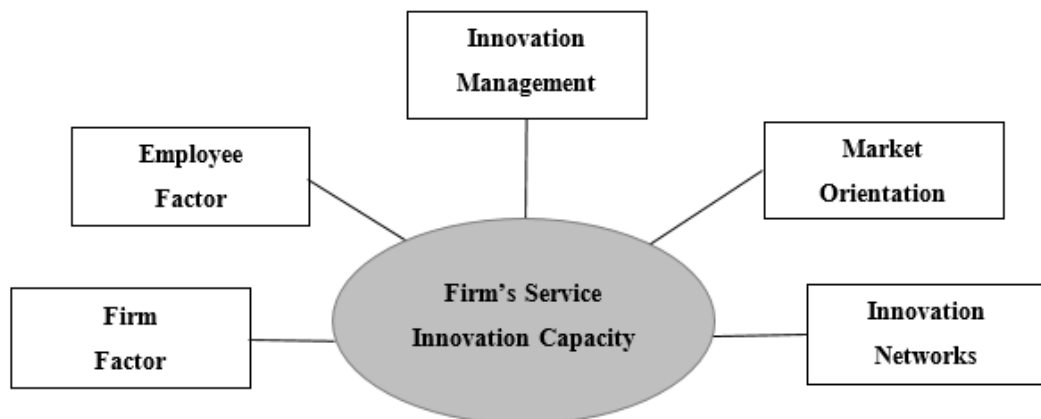


Figure 2.4 Key Factors Determining the Firm's Service Innovation Capability  
Source: Researcher

Table 2.8 Key Factors Determining the Firm's Service Innovation Capability

<b>Factor Determinants</b>	<b>Author (s)</b>
<b><i>Firm factor</i></b>	
- Firm size	Becheike et al. (2006); Damanpour (1996); Eggers et al. (2012); Jimenez-Jimenez & Sanz-Valle (2011); Peter & Buhalis (2004); Pikkemaat (2008); Schumpeter (1942); Zortea-Johnston et al. (2012)
- Firm age	Freel (2003); Kalleberg & Leicht (1991); Martinez-Roman et al. (2011); Schumpeter (1934); Sorensen & Stuart (2000)
- Ownership structure	Getz & Carlsen (2005); Damanpour (1996); Martinez-Ros & Orfila-Sintes (2009); Orfila-Sintes et al. (2005)
<b><i>Employee factor</i></b>	
- Organizational structure	Cameron (1988); Dombrowski et al. (2007); Ergin & Tasgit (2013); Lee & You (2004); Pullen et al. (2009)
- Employee engagement	De Jong et al. (2003); De Brentani (2001); Freel (2000); Grissemenn et al. (2013); Orfila-Sintes & Mattsson (2009); Ottenbacher (2007)
- Creativity	Gumusluoglu & Ilsev (2009); Lee et al. (2007); McAdam & Keogh (2004); Murat Ar & Baki (2011); Puccio & Cabra (2010); Shalley et al. (2004)
<b><i>Innovation Management</i></b>	
- Management support	De Jong et al. (2003); Montes et al. (2005); Murat Ar & Baki (2011); Van der Panne et al. (2003); Wang et al. (2005)
- Management style	Aragon-Correa et al. (2007); Dess & Picken (2000); Farr & Ford (1990); Harborne & Johnne (2003); Snell (2011)
<b><i>Market Orientation</i></b>	
- Customer orientation	Kahn (2001); Narver & Slater (1990); Hurley & Hult (1998); Yilmaz & Akman (2008); Wonglimpiyarat (2010)
- Competitive orientation	

<b>Factor Determinants</b>	<b>Author (s)</b>
- Interfunctional co-ordination <i>Innovation networks</i>	Buhalis & Peter (2006); Cano (2008); Morrison et al. (2004); Noke & Hughes (2010); Pikkemaat (2008); Romeo & Martinez-Roman (2012); Zehrer et al. (2014)

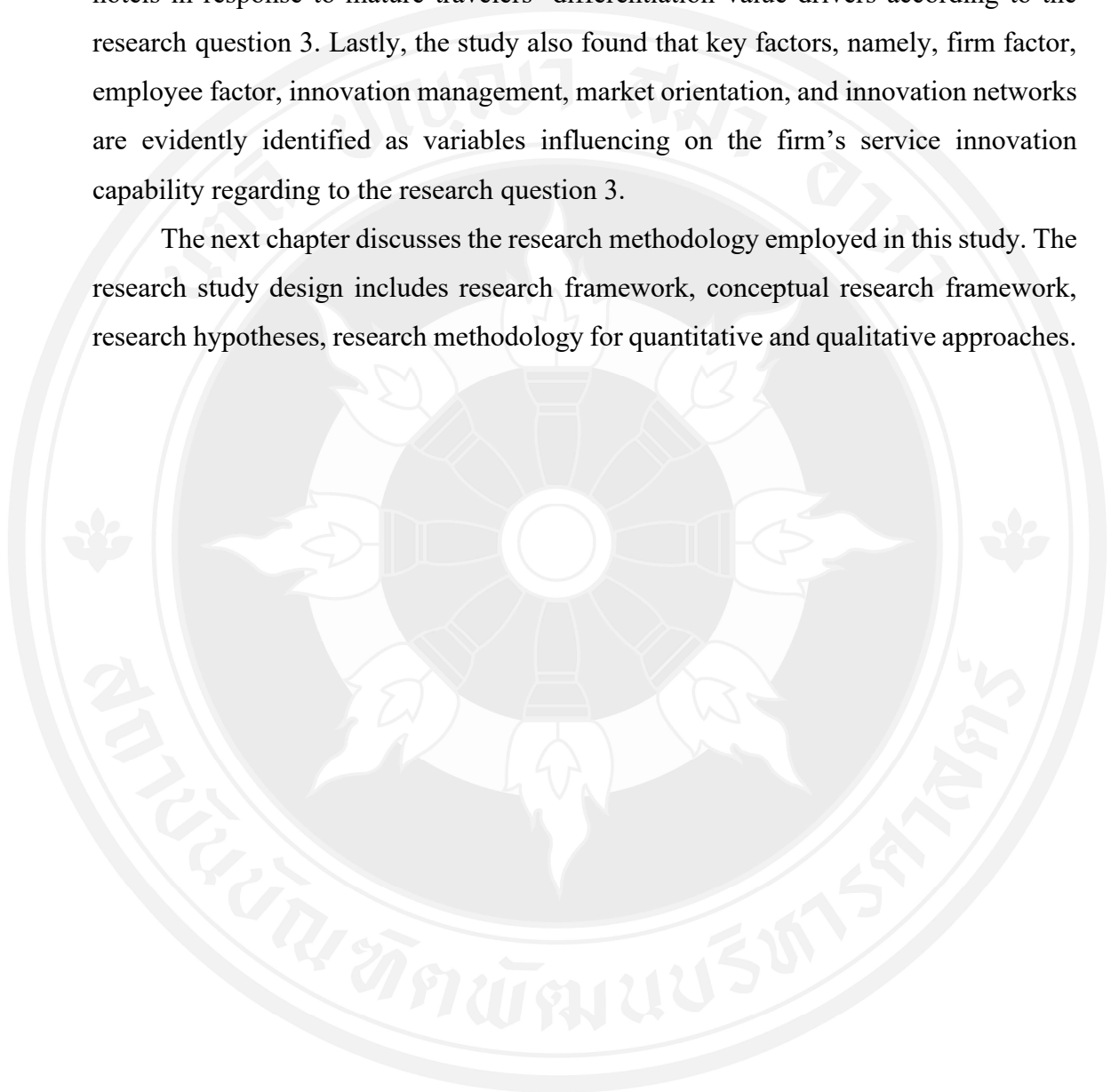
## 2.9 Summary of Chapter Two

This chapter has presented a review of two major parts of literature to set the theoretical foundations for quantitative and qualitative studies presented in chapter 3. The first part of literature relates to the demand side of the study, that is, the mature travelers. The study first draws an overview picture of current mature travelers by identifying the definition, its important toward tourism and hospitality services, mature travelers' market segmentation and their behaviors. Then, the literature relates to the factors influencing mature travelers' differentiation value drivers are studied to investigate its influences on their differentiation value drivers according to the research question 2. The three factors include demographic factors; motivations of using small and medium-sized hotels which are divided into push and pull factors; and personality seeking differences. Next, the review of mature travelers' differentiation value drivers in accommodation services are explored and grouped into 10 items of differentiation value drivers (faster check-in and check-out processes, more convenient to reach the service provider, more hi-tech, more competitive pricing and better value for money, more comfortable safe and better security, cleaner, better mature-friendly facilities, better ambience, more personalization, and more enriching personal experience) in order to establish the groundwork for the research question 1.

The second part of literature review is about the supply side which is small and medium-sized hotel business. This part defines a hotel with less than 149 rooms as criteria to classify a small and medium-sized hotel in the context of this study. Advantages and disadvantages of being small and medium-sized hotels particularly on innovation aspect are also emphasized to discuss about their innovative value creation potential. In this chapter, theory of innovation is fundamentally discussed in area of definition, concept of service innovation, types and degree of innovation. The study also explores examples of current innovative value creation practices in hotel industry

in terms of incremental and radical dimensions. Furthermore, a review of innovation capability measurement is aimed to extract the key measurement to evaluate innovation capability. The findings of this section will be used to identify service innovation and examine the firm's capability to create innovation value in small and medium-sized hotels in response to mature travelers' differentiation value drivers according to the research question 3. Lastly, the study also found that key factors, namely, firm factor, employee factor, innovation management, market orientation, and innovation networks are evidently identified as variables influencing on the firm's service innovation capability regarding to the research question 3.

The next chapter discusses the research methodology employed in this study. The research study design includes research framework, conceptual research framework, research hypotheses, research methodology for quantitative and qualitative approaches.



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research methodology that is employed in this study. The purpose of this chapter is to identify the methodological framework for this research and to detail and explain how the collected data will be employed to achieve the research objectives and answer the research questions. To attain the research goal, the chapter comprises of four sections. Firstly, Section 3.1 shows the research framework to briefly outline the step of study as the guideline to achieve the ultimate goal of the research. Then, the conceptual research framework is illustrated in Section 3.2 to present theories and methodology employed for a research project. The research hypotheses for the research question 2 are identified in Section 3.3.

The research methodology is discussed in Section 3.4 which design in the mixed method research to empirically achieve the research objectives in this study. The chapter explain research methodology in the views of quantitative approach to achieve the research objective 1 and 2 as well as qualitative approach to attain the research objective 3 and 4 respectively. Lastly, an overall summary of chapter three is provided in Section 3.5.

### 3.2 Research Framework

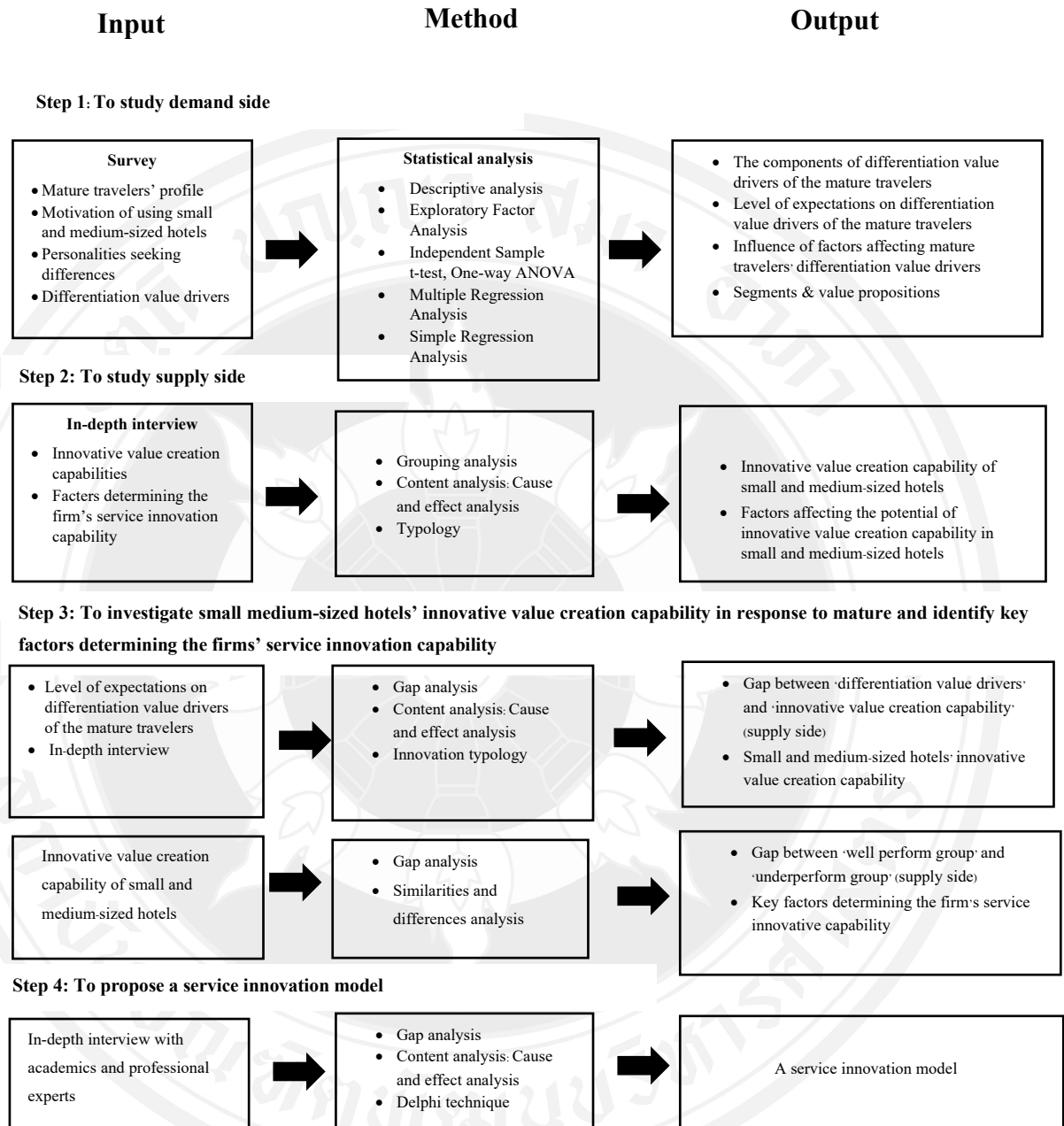


Figure 3.1 Research Framework

### 3.3 Conceptual Research Framework

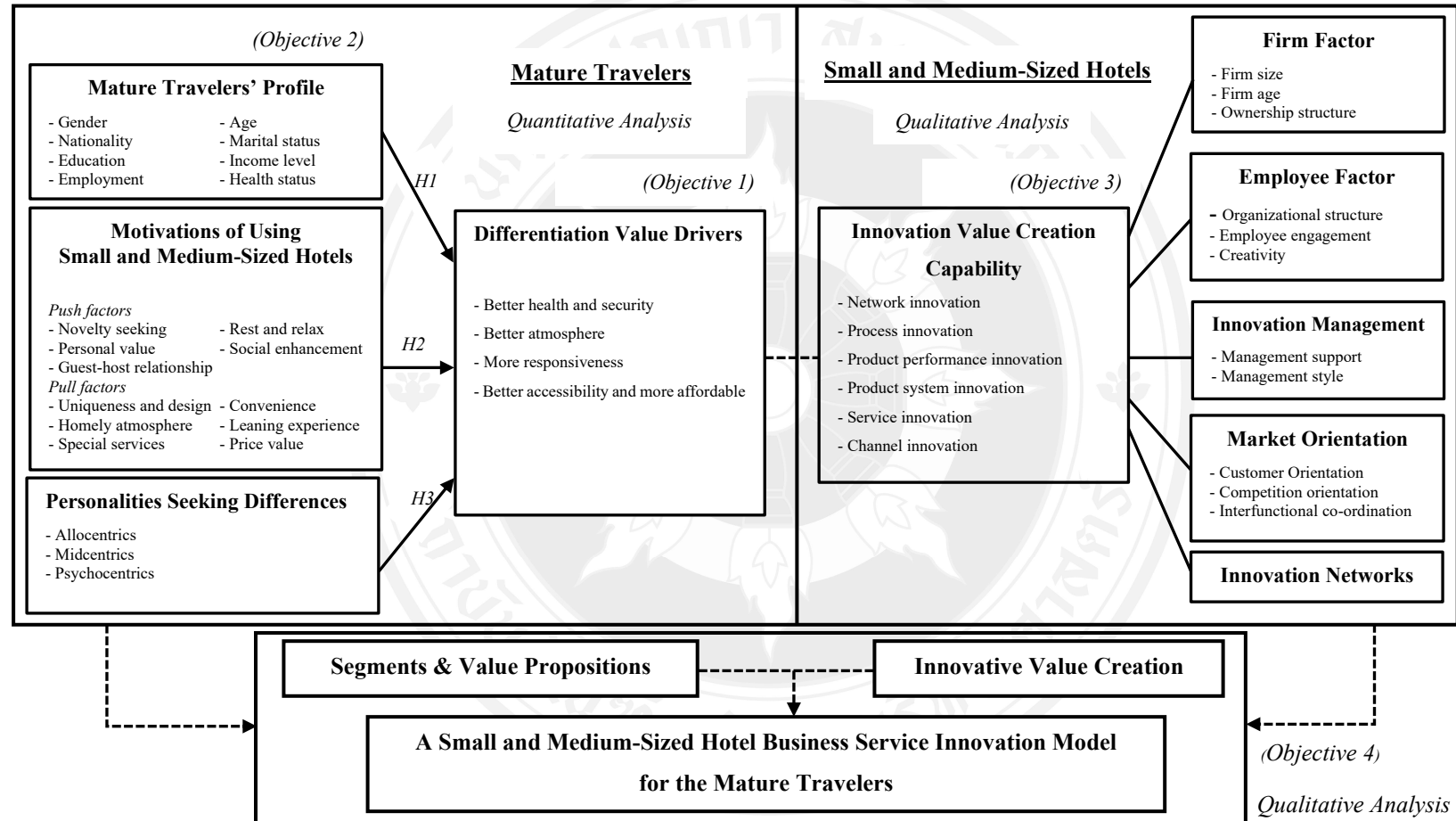


Figure 3.2 Conceptual Research Framework

### 3.4 Research Hypotheses

In order to study the relationship among variables, the following hypotheses will be tested:

Hypothesis 1: Travelers with different profiles have different expectations on differentiation value drivers.

Hypothesis 2: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expected differentiation value drivers.

Hypothesis 3: Personalities seeking differences positively effect to the mature travelers' expected differentiation value drivers.

### 3.5 Research Methodology

This research design used a mixed- method approach, which consisted of combining qualitative and quantitative research. It comprised the gathering of both qualitative and quantitative data in regard to research questions or hypotheses (Johnson, Onwuegbuzie, & Turner, 2007). This research aimed to study on “A service innovation model for small and medium-sized business focusing on mature travelers”, and the results of study would be applied to small and medium-sized hotels in Thailand. The researcher designed the research methodology according to the research objectives as follows:

#### 3.5.1 Research Methodology for Quantitative Approach (Research objective 1 and 2)

The quantitative approach was conducted for collecting and analyzing quantitative data to answer the research questions and achieve the research objective 1 and 2.

*The research objective 1:* To study the components of differentiation value drivers of the mature travelers.

*The research objective 2:* To analyze the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers.



### 3.5.1.1 Population and Sample

Population (N) refers to the total category of subjects which are relevant to a particular research study (Veal, 2006). The population is drawn upon the all possible subjects which could be encompassed in the study (Curtis & Curtis, 2011). The target population of this study referred to the international mature travelers at the beginning age of 55 years old and over, who traveling into Thailand for their leisure time. Referring to the data of the Department of Tourism, there were 3,628,758 international mature tourists aged 60 years and over visiting Thailand in the year 2015 (Department of Tourism, 2015a). However, this study particularly focused on the mature travelers at the age of 55 years old and older who have had experienced staying in small and medium sized hotels, and travel to Thailand for leisure as Free Individual Traveler (FIT) since they can make their own decisions to choose their preferable accommodations when traveling. Therefore, this target population was defined as an infinite population since there was no evidence possible to count the unit contained in this population.

A sample is a subgroup or a part of people selected from the population who engages in the study (Vanderstoep & Johnston, 2009). In most circumstances, it is not practical to study or sample all units of a population in their entirety, rarely exception is small population (Curtis & Curtis, 2011). Consequently, the main purpose of sampling individuals in quantitative studies is to select individuals that closely represent the population in order that the finding from the individuals can be applied or generalized to the entire population (Creswell & Clark, 2007; Vanderstoep & Johnston, 2009).

Refer to the infinite population of international mature travelers traveling to Thailand, the formula of Cochran (1977) is popularly used for calculating a sample size when the population is infinite. The confidence level is defined at 95% or margin error is 5%, and estimated sampling at 50% (Silpjaru, 2014) which is determined using the following formula:

The Cochran's formula is

$$n = \frac{P(1-P)(Z)^2}{e^2}$$

Where

- n = Size of samples
- P = The estimated proportion of an attribute that is present in the population (50%)
- e = Sampling error or the level of precision (.05)
- Z = The selected critical value of desired confidence (confident level 95%) Z = 1.96

The formula is as follows:

$$\begin{aligned} n &= \frac{(.50)(1-.50)(1.96)^2}{0.5^2} \\ &= \frac{(.50)(.50)(3.8416)}{.0025} \\ &= \frac{.9604}{.0025} \\ &= 384.16 \text{ or } 384 \end{aligned}$$

Regarding to Cochran's formula, the required sample size of this study is 384 samples with 95% confidence level and margin error at 5%.

### 3.5.1.2 Sampling Techniques

To achieve the research objective 1 and 2, the researcher collected data from a sampling group who were the international mature travelers traveling to Thailand with the required size of 384 samples. To achieve the targeted sample size, multi-stage sampling techniques were adopted as following steps:

### Step 1 Purposive Sampling

Purposive sampling is a non-probability sampling method that the personal judgment is used to choose the selecting cases that help answer the research questions (Neuman & Robson, 2014). To conduct the quantitative research, the researcher determined to collect data from Bangkok destination where was considered as a potential area of study due to its reputation and popularity among the international mature travelers (Department of Tourism, 2015a). Furthermore, Bangkok was a good representative of Central tourism region where offering distinctive characteristics of city and cultural tourism. In this study, the researcher purposively selected five popular potential areas in Bangkok, namely, Khaosan, Sukhumvit, Silom, Sathorn, and Rajthevi (as shown in Table 3.1) where located among the high concentration of various hotels in terms of hotel size, hotel type, and price. Thereby, the results of findings would be more efficient and vary. The data were collected from the major tourist attractions where located nearby the selective areas.

Table 3.1 Targeted Sampling Areas in Bangkok, Determined by Purposive Sampling

Area	Number of Hotel
Khaosan	213
Sukhumvit	502
Silom	132
Sathorn	108
Rajthevi	161
<b>Total</b>	<b>1,116</b>

Source: Agoda.com (2018)

### Step 2 Stratified Sampling

Stratified random sampling is a probability sampling which the researcher first divides population into subsection or strata by the categories, later, uses random selection to select cases from each strata in proportion to the balance in the population (Neuman, 2006). The proportion of sampling group was designed according to the

percentage of the hotel number in the focused sampling areas (Table 3.1). The desired sampling groups of mature travelers gained the appropriate number of samples as shown in Table 3.2.

Table 3.2 Sample Sized of Mature Travelers Calculated by Stratified Sampling

Area	Number of Hotel	Sample (n)
Khaosan	213	75
Sukhumvit	502	172
Silom	132	45
Sathorn	108	37
Rajthevi	161	55
<b>Total</b>	<b>1,116</b>	<b>384</b>

In this study, the data collected from the sampling group who stayed at small sized hotels and medium-sized hotels in focus sampling areas in Bangkok. During the data collection process, the data were comprehensively collected to encompass both groups of small sized hotels and medium sized hotels.

### Step 3 Accidental Sampling

Accidental sampling is a non-probability sampling method in which population chosen is easily accessible to the researcher (Neuman, 2006). In this study, the researcher collected the data by distributing questionnaires to the international mature travelers who were willing and convenience to participate in the survey.

#### 3.5.1.3 Data Collection

To collect the data in order to complete the research objective 1 and 2, the data can be classified into 2 categories;

1) Primary data was collected from the 384 copies of self-administered structured questionnaires which directly distributed to the international mature travelers at the major tourist attractions located nearby focused areas of study (Khaosan, Sukhumvit, Silom, Sathorn, and Rajthevi).

To collect the data from the respondents, the questionnaires were distributed to the international mature travelers who aged 55 years old and above with a good health condition. The respondents were approached and asked to seek for their willingness to participate in the survey. Once they agree, three pre-screening questions are asked: first, identifying the respondents who were mature travelers at the age of 55 years or over, and second, ascertaining whether they have stayed in small and medium-sized hotels during their visit to Bangkok by asking them to identify the name of their hotels, then the researcher would be verified. Third, asking if they were traveling to Thailand as Free Individual Traveler (FIT). When the voluntary respondents met the three criteria, the questionnaires were distributed to the participants to complete questionnaires. Questionnaires were collected on site and checked for completeness in order to ensure a high usable rate. A total number of 384 responses are completely obtained. Finally, the data from the questionnaire survey were used for analyzing the quantitative data according to the objective 1 and 2.

2) Secondary data was obtained from academic articles, research journals, textbooks, statistical information, reliable sources on the internet, and previous related researches, dissertations, and documents. These collected secondary data were used in the study of related concepts, theories and design for research instruments. When the primary and secondary data were finally collected, these data were employed for data analyzing and synthesizing to attain the research objective 1 and 2.

#### 3.5.1.4 Data Collection Tools

The quantitative research questionnaire was the tool employed to gather data from samples. According to Department of Tourism (2015b), the mature travelers from East Asia were among the largest proportion (68%) of international mature tourist arrivals to Thailand. When designing the questionnaires, therefore, the researcher additionally translated the questionnaires into Chinese and Japanese languages apart from English (see Appendix A) to ensure that those majority or the East Asian mature travelers, especially Chinese and Japanese respondents could clearly understand the questions and to avoid the language barrier may occurred. The questionnaires were distributed to target samples who were international mature travelers traveling to

Bangkok within the focused areas of study. The questionnaire began with the three pre-screening questions on whether each respondent (1) was at the age of 55 years old or over, (2) had experience staying in small and medium-sized hotels, (3) travelled to Thailand for leisure as a Free Individual Traveler (FIT). Respondents who did not meet these three criteria would be screened out from the survey. The questionnaire consisted of 4 parts as follows:

Part 1: Mature travelers' profiles – this section was designed to measure respondents' profiles which comprised eight questions including gender, age, marital status, nationality, educational level, employment status, total receivable revenue, and health status. Respondents were asked to mark  and fill in the blank where indicated.

Part 2: Mature travelers' hotel selection factors or differentiation value drivers toward small and medium-sized hotels – the questions encompassed variables to access levels of expectation in differentiation value drivers. Each question, respondents were asked to indicate the importance of differentiation value drivers when choosing small and medium sized-hotels in Thailand by using rating scale. Each question employed a seven-point Likert scale to assess.

Part 3: Motivations of using small and medium-sized hotels – in this section, the questions covered variables related to the motivations of push and pull factors. Respondents were required to indicate their level of agreement toward the motivation of using small and medium-sized hotels by using a seven-point-Likert scale to evaluate.

Part 4: Personalities seeking differences – in this part, the questions encompassed variables regarding personalities seeking differences. Respondents were requested to rate their level of agreement toward their travel personality. The questionnaire employed a five-point Likert scale to assess their self-opinions.

### **3.5.1.5 Quality Assessment of Research Tools**

#### **1) Content validity**

Before conducting the survey, the questionnaire was required for a quality assessment to examine the content validity. Content validity assess the match between the content and the measurement items (Altinay & Paraskevas, 2009). To attain content validity, the questionnaire was firstly verified by the advisor, after that,

it was evaluated by three experts related to the tourism and hospitality through Index of Item-Objective Congruence (IOC). The experts were listed in Table 3.3.

Table 3.3 List of Experts for IOC Evaluation

Name	Job Position	Department / Institute
Asst. Prof. Dr. Kom Campiranon	Lecturer	Service Innovation and Service Design Programs, College of Innovation, Thammasat University
Asst. Prof. Dr. Montakarn Chubchoowong	Dean	Faculty of Tourism and Hospitality Studies, Dhurakij Pundit University
Dr. Yulada Supsomboon	Head of Tourism Program	Faculty of Management Science, Thepsatri Rajabhat University

After the IOC assessment was completed, the questionnaire was adjusted according to the experts' suggestions. The IOC score of the questionnaire was 0.80 which were greater than the minimum score at 0.75, implied that the questionnaire was valid.

## 2) Reliability test

Reliability test is an ability to obtain the stable of measurement or similar score across time and across context. The highly reliable questionnaire can be implemented in a wider range of time and context as it will generate a consistency of measure (Brotherton, 2015). The 30 set of questionnaires were distributed to the non-target samples in order to testify the reliability. The tryout helps to define the mistake of the questionnaire before gathering data from the target population. Cronbach's Alpha Coefficient was implemented to testify the reliability. The result of the Cronbach's Alpha coefficient was 0.955 which higher than the minimum level of 0.7 (Nunnally, 1994).

### 3.5.1.6 Analytical Methodology (Research Objective 1 and 2)

Descriptive Statistics was used to present and explain the basic feature of the data. The descriptive statistics are as follows;

- 1) Frequency and percentage were used to describe the profiles of mature travelers.
- 2) Mean and standard deviation was employed to analyzed the data from the motivations of using small and medium- sized hotels, personalities seeking differentiation, and mature travelers' differentiation value drivers for analyze the level of mature travelers' expectations on differentiation value drivers toward small and medium-sized hotels (expected outputs of the study 1.4.3).

In addition, to complete the research question 1 and 2, including the research hypothesis 1, 2, and 3, the survey data were collected from samples who were the international mature travelers visiting the focused destinations. In this study, the inferential statistical analysis was employed to analyze the quantitative data by utilizing a package program. The inferential statistics and technique employ in the quantitative data analysis are as follows:

#### *The research Objective 1:*

Exploratory Factor Analysis: EFA was applied to reduce data to a smaller set of summary variables and to explore the underlining theoretical structure of the phenomena. It was used to identify the structure of the relationship between the variable and the respondent. In this study, Exploratory Factor Analysis was employed to group the variables of differentiation value drivers. Then, these grouping variables were used for analysis of the components of differentiation value drivers of the mature travelers (expected outputs of the study 1.4.1) and for further analysis.

#### *The research objective 2:*

- 1) Independent Sample t-test was conducted to compare the means of two independent gender groups to define whether there was an evidence that the related population were significantly different. One-Way ANOVA was used to compare the means of three or more independent (unrelated) groups. One-Way ANOVA was applied to compare the difference between the variables of travelers' demographic (gender, age,



marital status, nationality, educational level, employment status, total receivable revenue, and health status) and the expected differentiation value drivers of mature travelers to examine the research hypothesis 1 (expected outputs of the study 1.4.2).

2) Multiple Regression was utilized for investigating the effect of motivations of using small and medium-sized hotels (push factors and pull factors) on the expected differentiation value drivers of mature travelers to answer the research hypothesis 2 (expected outputs of the study 1.4.2).

3) Simple Regression was employed to investigate the effect of personalities seeking differences (psychocentric, midcentric, and allocentric personalities) on the expected differentiation value drivers of mature travelers in order to respond the research hypothesis 3 (expected outputs of the study 1.4.2).

When the quantitative data were analyzed, the expected outputs from this data analysis were as follows:

(1) The components of differentiation and value drivers of the mature travelers (expected outputs of the study 1.4.1)

(2) The levels of expectations on differentiation value drivers of mature travelers toward small and medium-sized hotels (expected outputs of the study 1.4.3). Next, this finding data also applied to develop the interview questions for the research objective 3.

(3) The influences of factors, including profiles, motivations of using small and medium-sized hotels and personalities seeking differences, affecting their expected innovative value drivers (expected outputs of the study 1.4.2). These findings were used to segment to mature travelers into groups according the different factors (expected outputs of the study 1.4.4).

These finding results completed the research question 1 and 2, the research hypotheses testing (research hypothesis 1-3) according to the research objective 2, and the expected outputs of the study 1.4.1-1.4.3. Moreover, the findings were further used for analyzing the innovative value creation capability of small and medium-sized hotels in the research objective 3 as well as developing the mature travelers' segmentation (expected outputs of the study 1.4.4) and value proposition to fulfill to the research objective 4.

### **3.5.2 Research Methodology for Qualitative Approach (Research objective 3 and 4)**

The qualitative approach was conducted for collecting and analyzing qualitative data to answer the research question and achieve the research objective 3 and 4.

*The research objective 3:* To analyze the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and identify the key factors determining the firms' service innovation capability.

*The research objective 4:* To create a service innovation model for small and medium-sized hotel business focusing on the mature travelers.

#### **3.5.2.1 Population and Sample**

The population or key informant and sample of this qualitative study consisted of 2 groups:

1) Owners/Managers of small and medium-sized hotels in Thailand were the key informants to collect and analyze information to achieve the research objective 3.

Finding the specific sites, cases and key informants that can enhance what the researcher learn about in a specific context or to understand the research problem and question is the elemental purpose of sampling in the qualitative approach (Creswell, 2009; Neuman, 2006). The site of study was purposefully selected in Bangkok where was considered as the potential area of study with the 3 main reasons: (1) Bangkok was considered as one of the most popular destination for the international mature travelers in Thailand. (2) Such destination was a good representative of distinctive tourist destination region in Thailand as the city and cultural tourism destination. (3) Refer to National Statistical Office (2015) revealed that this destination had a great number of small and medium-sized hotel business as well as various types of accommodation business which reflected the tourism competitive environment. Consequently, the target key informants were selected from Bangkok destination to participate in the study.

The sample size in the qualitative research did not involve statistic calculation demanding designated level of accuracy, but the research objectives and the criterion-

based on characteristics of the study defined which and how many population members to select (Mack, Woodsong, MacQueen, Guest, & Namey, 2005; Vanderstoep & Johnston, 2009). Regarding to the research objective 3, firstly, the sampling size design in this study was 10 owners/managers of small and medium-sized hotels to participate in the face-to-face in-depth interviews. However, the optimum number of interviews should be conducted when the themes or data were saturated, when responses were no longer expose new insights (Charmaz, 2006), finally, the study found the data were saturated with a total number of 17 respondents to gain insights encompassing all aspects of interview questions. In this study, the type of small and medium-sized hotels was based on the criteria of National Statistical Office segmented by number of room, that was a hotel with less than 149 rooms (National Statistical Office, 2015).

The total of 17 key informants of small and medium-sized hotels' owners/managers are purposively selected from 6 small-sized hotels and 11 medium-sized hotels in Bangkok. This optimum number of key informants was often decided on the basis of theoretical saturation when new data no longer bring further insights to the research questions.

To obtain the appropriate key informants, the researcher outlined the criteria for the sample selection which comprised of three main requirements; the study focused on, firstly, the hotel business with the management style of either independent or chain hotels (due to the management style affects the innovation decision and behavior), secondly, the hotels that received the award recognition from the recognized organizations, for instance, Thailand Boutique Award, The World Luxury Hotel Awards, or Certificate of Excellence from TripAdvisor, or the hotels with the best practices of innovation, differentiation, or service excellence since the highest benefit for practitioners is expected from their analysis. Thirdly, the hotels with experience of the mature traveler market.

Apart from the purposive sampling, besides, the snowball sampling (also called network or chain referral) was another technique implemented in this study to select the key informants. The researcher began with one case and expanded the sample by asking

to identify other potential participants who had specific knowledge or characteristics but may be difficult to contact (Cavana, Delahaye, & Sekaran, 2001; Vanderstoep & Johnston, 2009). Snowball sampling helped the researcher reach to the specific small and medium-sized hotels focused mature traveler market and innovative practices which could be difficult to locate and also helped the researcher concentrated on the samples who had specific characteristic of interest to the study.

2) The academics and occupational experts are the key informants to collect and analyze data in order to attain the research objective 4.

The target key informant consisted of the 3 respondents of academics or university lecturers who are the specialists in (1) innovation management, (2) service management and (3) consumer behavior focused mature consumer. And the 2 key informants of occupational experts from Thai Hotel Association (THA) as the representatives from hotel industry in Thailand. The researcher purposively directed to the 5 target key informant and recruited the 5 appropriate key informants who have the qualification accordance with the research objectives. These key informants were selected to participate in the in-depth interviews to verify the proposed service innovation model from the research findings. The interviews were terminated when the information is saturated or completed.

### **3.5.2.2 Data Collection**

To collect the data in order to complete the research objectives 3 and 4, the data can be classified into 2 categories;

1) Primary data was collected from the in-depth interviews with the two groups of key informants; the owners/managers of small and medium-sized hotels, and key informants who were academics and professional experts.

(1) To collect data for the research objective 3, the 17 owners/managers of small and medium-sized hotels were approached to participate in the study by considering to the criteria of sample selection, their willingness to cooperate in the in-depth interviews and their permission to audiotape the interview with confidentiality.

The interview questions include semi-structured and open-ended formats and use to direct the conversation. Each in-depth interview took approximately 1 hour to complete. However, the optimum number of key informants and the duration of interview would be determined when the data were saturated. When the interviews were accomplished, the tap-records were transcribed verbatim, then, a process of content analysis was further employed to the data.

(2) To collect data for the research objective 4, the key informants consisted of the 3 academics and the 2 professional experts. The key informants are invited to participate the in-depth interviews to verify the proposed model derived from the finding results until a consensus was achieved. The quantitative data are collected and then analyzed by implementing the content analysis.

2) Secondary data was obtained from academic articles, research journals, textbooks, statistical information, reliable sources on the internet, and previous related researches, dissertations, and documents. These collected secondary data were used in the study of related concepts, theories and design for research instruments. Once the primary and secondary data were gathered, the data were further employed for data analyze and synthesis to attain the research objective 3 and 4.

#### **3.5.2.4 Data Collection Tools**

The interview form was a tool used in this research in conducting in-depth interview to collect data from key informants (see Appendix A). The key informants who provide data were owners/managers of small and medium-sized business hotels (for the research objective 3), and scholars and professional experts related to tourism and hospitality (for the research objective 4). Apart from interview form, voice recording was also used during the interview.

Regarding interview questions for owners/managers of small and medium-sized business hotels, the interview form contained two parts as illustrated below.

Part 1: Participant and business profiles – this part comprised 6 questions, namely, job position, firm size, firm age, level of service, ownership structure, and business strength or award recognition.

Part 2: The innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and key factors determining the firms' service innovation capability – in this section, key informants were asked to illustrate their innovative activities and defined the key factors according to the four dimensions of differentiation value drivers.

For the in-depth interviews with the academics and experts, the five key informants were invited to verify the proposed service innovation model and asked for recommendations for improving.

#### **3.5.2.5 Quality Assessment of Research Tools**

In qualitative research, according to Creswell (2014), qualitative validity means to examine for the accuracy of the findings by using specific processes, while qualitative reliability refers to the consistency over different researchers and different projects. To attain the validity and reliability of a qualitative research, it was important for the researchers to eradicate bias and to be honest toward the social phenomenon. For content validity, the interview questions were proved by the advisor before conducting in-depth interviews. In terms of reliability, the data triangulation was applied through the gathering of data from various sources for analysis for the similar study.

#### **3.5.2.6 Analytical Methodology (Research Objective 3 and 4)**

To fulfill the research objective 3 and 4, the qualitative data were gathered from in-depth interviews with the two sampling groups including the owners/manager of small and medium-sized hotels (for objective 3), and the academics and professional experts (for objective 4). The methods of qualitative data analysis employed various tools and techniques according to research objective as follows:

*The research objective 3:*

- 1) To attain the research objective 3, the qualitative data for content analysis were derived from two sources including the findings from the research objective 1 and 2.
2. The outputs from data analyze were expected to obtain the innovative value creation

capability and key factors of determining the firm's service innovation capability. The findings from analyzing mature travelers' differentiation value drivers (from the researcher objective 1 and 2) were further transformed and categorized into innovation typology.

2) To investigate the innovative value creation capability of small and medium-sized hotels a gap analysis will be employed as a technique to analyze the gaps by comparing the required needs or differentiation value drivers of mature travelers and the actual performance of innovative value creation which were self-evaluated by small and medium-sized hotels. After gaps are identified, the findings were assessed by mean scores and categorized in two groups; (1) 'well-performed group' referred to a group of hotels with the higher capability of providing innovative value creation to meet the needs of mature travelers. On the other hand, (2) 'less-performed group' can be defined as the group with the incapability or underachievement of innovative value creation which reveals areas that should be improved. The outcomes from this gap analysis were the innovative value creation capabilities of small and medium-sized hotels in response to mature travelers' needs and the gaps which needed to be filled. Next, cause and effect analysis were conducted to analyze the possible reasons and outcomes related to a particular situation (expected outputs of the study 1.4.5).

3) To identify the key factors determining the firm's innovative value creation capability, the qualitative data from in-depth interview was analyzed by using typology technique to categorize into themes based on the factors influencing the firm's capability and the actual performance of innovative implantation. Then, the outcomes from this analysis were (1) the identified factors and (2) the actual performance to innovate which will sub-categorize into two themes: 'a group with well perform' in the innovative practices and 'a group with underperform' or perform less in the innovation practices.

Next, the cause and effect analysis were employed to analyze why events occur and how situations work conveyed in terms of causes and effects. Then, the data from these two groups were classified base on the performance and identify common similarities in each group as well as the differences between the groups in order to

pinpoint enabling factors contributing to the success of innovative value creation capability. Besides, cause and effect analysis were also implemented to analyze why and how factors including firm factor, employee factor, innovation management, market orientation, innovation networks, and other related factors effected on the service innovation capability of small and medium-sized hotels. Finally, the findings were presented in a form of causal explanation (expected outputs of the study 1.4.6).

*The research objective 4:*

To achieve the research objective 4, the qualitative data for content analysis were obtained from the research objective 3 and from the in-depth interview with academics and occupational experts. The methods of qualitative data analysis employed various tools and techniques as follows:

1) The data of innovative value creation capability from the research objective 3 will be used in the qualitative data analysis to identify the value proposition by employing a technique of need analysis. The analysis results were presented in (1) a form of matrix which consists of the listing of mature travelers' expected differentiation value drivers and the listing of service innovation needed to achieve the mature travelers' expectations (Table 5.16), and (2) a form of the desirable service innovation (Figure 5.1) to further described the relationships between the expected differentiation value drivers and the required innovations and its dimensions of innovative practices. Then emphasizing the gaps that exist and need to be filled. Furthermore, cause and effect analysis will be also employed and incorporated to develop a proposed service innovation model (expected outputs of the study 1.4.7).

2) Next, a proposed model was verified by employing Delphi technique. The individual interviews were conducted with academics and occupational experts until the consensus is established. After gathering data, the qualitative data were analyzed by using content analysis which including processes of transcribing data into text, coding the data, transforming code into categories or themes, identify similarities and differences of data, conducting content analysis and finally summarizing outputs report to answer the research questions (expected outputs of the study 1.4.8).



### 3.6 Research Ethics

Research ethics is a crucial component of the research methodology since the research process needs the researchers to frequent themselves intimately with the objects of their study. The social research often involves with ‘human being’ or people who are required by the researchers to collect data from, the researchers need to prepare themselves and concern about ethical issues, conflicts or dilemmas that may arise when conducting the research. Therefore, a study should be designed with the appropriate ethical standards (Neuman, 2006). Research ethics refer to the principles for appropriate behavior complied by researchers to follow in order to conduct research based on appropriate ethics and academic principles (National Research Council of Thailand, 1998).

The Guidance for Ethical Conduct for Research Involving Humans in Thailand 2007 is proposed by Forum for Ethical Review Committee in Thailand to provides principles that should be followed in order to avoid ethical issues. The ethical principles including, firstly, the participants should be treated as autonomous and with dignity that participants can make their own decisions about whether to participate in research. Secondly, they should be fully provided with fully complete information about a study and voluntary consent to enroll without being intimidated. Importantly, they also have the right to withdraw from answering questionnaire at any time without explaining the reason. Thirdly, privacy and confidentiality of participants must be guaranteed. Name of participants must be concealed to ensure their privacy as well as the data must be handled and kept confidential to maintain their privacy and confidentiality. Fourthly, the research must not cause any physical and psychology harm to participants. Finally, the results of the research should be beneficial to society. (Sueblinwong, Mahasaviriya, & Panichakul, 2008).

In short, in research conducting, the researchers must be aware of ethical issues by adhering to ethical principles to respect and protect the rights, dignity, and well-being of participants. In this study, the research participants refer to international mature travelers who are staying at small and medium-sized hotel in Bangkok, and owners/manager of small and medium-sized hotel business in Bangkok.

### 3.7 Summary of Chapter Three

This chapter illustrates an overview of the research methodological framework implemented in this study to attain the ultimate goal of the research. The research framework was presented with step by step of guideline to reach the research aims as well as the overall theories and methods employed the study were also outlined in the conceptual research framework for comprehensively perception of the research project.

Relating to research design, this study employed a mix method research by adopting quantitative approach to address the research objective and question 1 and 2, while qualitative approach was applied to attain the research objective and question 3 and 4.

In respect to quantitative approach (for the research objective 1 and 2, and the research question 1 and 2), the target population was international mature travelers traveling to Thailand for leisure. This study specifically focused on the mature travelers at the age of 55 years old or over who had experienced staying in small and medium sized hotels, and travel to Thailand as Free Individual Traveler (FIT). The 384 samples were selected to participate the survey by adopting multi-stage sampling technique, beginning with purposive sampling to the selective potential areas, follows by stratified sampling to design the proportion of sampling group, and finally, accidental sampling to collect 384 questionnaires from respondents. The survey took place at the major tourist attractions nearby the five potential areas in Bangkok, namely, Khaosan, Sukhumvit, Silom, Sathorn, and Rajthevi. These chosen areas located among the high concentration of various hotels in terms of hotel size, hotel type, and price where demonstrated strong potential areas for this study.

A self-administered questionnaire was applied to this study. The questionnaire was designed into four sections; mature travelers' profiles; differentiation value drivers; motivations of using small and medium-sized hotels; and personalities to differentiation. As for the assessment of research tools, content validity was tested by three experts related to the tourism and hospitality through Index of Item-Objective Congruence (IOC). For reliability test, 30 set of questionnaires were distributed to tryout. Cronbach's Alpha Coefficient was used to testify the reliability.

As for quantitative data analysis, descriptive statistics includes frequency and percentage, means and standard deviation was employed to explain the basic feature of the data. Exploratory Factor Analysis (EFA) was applied to answer the research objective 1. Then, One-way ANOVA was employed to answer the research objective 2 and the research hypothesis 1, meanwhile Multiple Regression was utilized for answer the research objective 2 and the research hypothesis 2 and 3.

Regarding to qualitative approach (for the research objective 3 and 4, and the research question 3 and 4), the key informants consisted of two groups; owners/managers of small and medium-sized hotels in Thailand; and the academics and occupational experts. Owners/managers were the key informants to collect the data to answer the research objective 3. The site of study was purposefully selected in Bangkok destination where was the potential area because Bangkok was a popular destination for international mature travelers traveling to Thailand where had a large number of small and medium-sized hotel business as well as various types of accommodation business which reflect the tourism competitive environment. A total of 17 owners/manager of small and medium-sized hotel were finalized as the sampling size in this study to participate in in-depth interviews by considering to the optimum number of interviews conducted when the themes or data are saturated, when responses were no longer expose new insights. Purposive sampling and snowball sampling were adopted in this study. Moreover, the criteria also were also set for sample selection to obtain the appropriate key informant. The criteria included the hotel business with either management style of independent or chain hotels, the hotel with award recognition, and the hotel with experience of the mature traveler market.

The academics and occupational experts were another group of target key informant to collect data to attain the research objective 4. The 5 groups of key informants included the 3 groups from academics who specialized in innovation management, service management, and consumer behavior focusing on mature consumer. Besides, another 2 groups of occupational experts are selected from Thai Hotel Association (THA). The 5 groups of key informants were purposively approached to participate in in-depth interviews to verify the proposed service innovation model from the research findings. As for quality assessment of research

tools, the content validity was proved by the advisor and experts related to the tourism and hospitality, while the data triangulation was adopted to verify the reliability.

Finally, in terms of qualitative data analysis, the content analysis, including gap analysis, cause and effect, typology, similarities and differences was employed to analyze the data and presented in a form of casual explanation to achieve the research objective 3. Furthermore, to attain the research objective 4, the content analysis such as gap analysis, and cause and effect analysis was utilized to analyze the qualitative data to attain the research objective 4.



Table 3.2 Summary of Research Methodology

Research Objectives	Research Method	Population	Sample Size	Sampling Techniques	Data Collection Tools	Analytical Methodology
1) To study the components of differentiation value drivers of the mature travelers.	Quantitative	International mature travelers	384	Multi-Stage Sampling 1.1) Purposive Sampling 1.2) Stratified Sampling 1.3) Accidental Sampling	Questionnaire	Exploratory Factor Analysis
2) To analyze the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers.	Quantitative	International mature travelers	384	Multi-Stage Sampling 2.1) Purposive Sampling 2.2) Stratified Sampling 2.3) Accidental Sampling	Questionnaire	Descriptive and Inferential statistics
3) To analyze the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and identify the key factors determining the firms' service innovation capability	Qualitative	Owner/managers in small and medium-sized hotels	17	3.1) Purposive Sampling 3.2) Snowball Sampling	Semi-structured Interview	Content analysis: Gap analysis Cause and effect Typology Similarities and differences Causal explanation
4) To create a service innovation model for small and medium-sized hotel business focusing on the mature travelers.	Qualitative	Scholars/ Experts	5	4.1) Purposive Sampling	Semi-structured Interview Delphi Technique	Content analysis

## CHAPTER 4

### RESEARCH RESULTS FROM MATURE TRAVELERS SURVEY AND DISCUSSION

#### 4.1 Introduction

The aim of this chapter is to present the findings of the study related to the research questions 1 and 2 as mentioned in chapter 1. The data analysis was employed to study the components of differentiation value drivers (research objective 1), and the factors affecting mature travelers' differentiation value drivers were also analyzed (research objective 2).

The chapter particularly presents the findings of quantitative data analyses which employed various statistical analysis methods included exploratory factor analysis descriptive statistics, and inferential statistics, and. The qualitative results were shown were presented into six sections in 4.2 as the topics listed below.

4.2.1. Descriptive results relating to characteristics of sample data

4.2.2. Exploratory analysis for mature travelers' differentiation value drivers towards small and medium-sized hotels

4.2.3 Descriptive results relating to mature travelers' differentiation value drivers, motivations of using small and medium-sized hotels, and personalities seeking differences

4.2.4 Statistical analysis results of differences between mature travelers' profiles and differentiation value drivers (to test the research hypothesis 1)

4.2.5 Statistical analysis results of motivations of using small and medium-sized hotels affecting mature travelers' differentiation value drivers (to test the research hypothesis 2)

4.2.6 Statistical analysis results of personalities seeking differences affecting mature travelers' differentiation value drivers (to test the research hypothesis 3)

Further, discussion of data and research results in responding to research question 1 and 2 was also presented in this chapter in the 4.9 section .

## 4.2 Data Analysis and Research Results from Mature Travelers Survey

### 4.2.1 Descriptive Results of Characteristics of Sample Data

A total of 384 samples of international mature travelers was randomly chosen for self-administered questionnaire survey. In this section, characteristics of sample data were analyzed into two parts: demographic factors of the sample and travel behaviors of the sample.

#### 4.2.1.1 Demographic Factors of the Sample

The demographic factors consisted of gender, age, marital status, nationality, education level, employment status, level of total receivable revenue, and health status. Table 4.1 summarizes the demographic data of the respondents.

Table 4.1 Frequency and Percentage of Mature Travelers by Demographic Factors

Demographic Factors	Frequency	Percentage
<b>Gender</b>		
Male	201	52.34
Female	183	47.66
Total	384	100.00
<b>Age</b>		
55-60 years old	209	54.43
61-65 years old	135	35.15
Over 65 years old	40	10.42
Total	384	100.00
<b>Marital status</b>		
Single	88	22.92
Married	265	69.01
Widowed/ Divorced	31	8.07
Total	384	100.00
<b>Nationality</b>		
Africa	14	3.65
The Americas	99	25.78
Europe	127	33.07
Middle East	8	2.08
South Asia	71	18.49
East Asia	37	9.64

<b>Demographic Factors</b>	<b>Frequency</b>	<b>Percentage</b>
Southeast Asia	18	4.69
Oceania	10	2.60
Total	384	100.00
<b>Highest educational level</b>		
Under bachelor degree	49	12.76
Bachelor degree	210	54.69
Master degree	111	28.90
Doctoral degree	14	3.65
Total	384	100.00
<b>Employment status</b>		
Employed full-time	211	54.95
Employed part-time	43	11.20
Retired	116	30.20
Unemployed	14	3.65
Total	384	100.00
<b>The level of total receivable revenue</b>		
Less than \$30,000 yearly/per household	37	9.64
\$30,000 - \$44,999 yearly/per household	114	29.69
\$45,000 - \$59,999 yearly/per household	114	29.69
\$60,000 - \$74,999 yearly/per household	47	12.24
\$75,000 - \$99,999 yearly/per household	51	13.28
\$100,000 yearly/per household or more	21	5.46
Total	384	100.00
<b>Health status</b>		
Excellent	189	49.22
Good	171	44.53
Fair	24	6.25
Total	384	100.00

The results in Table 4.1 outlines the demographic of the respondents. Males (52.34%) represented a higher proportion of the respondents than female (47.66%). The ages ranged from 55 to over 65 years old. The majority age group of the respondents was 55-60 which represented mostly half of respondents (54.43%), followed by 61-65 years old (35.15%), while the oldest group (over 65 years) representing the least number of respondents. Most of respondents were married (69.01%), and the rests were single (22.92%) and widowed/ divorced (8.07%) respectively.

127 respondents (33.07%) were from Europe which accounted for one third of the total respondents, followed by 99 respondents (25.78%) from the Americas and 71 respondents (18.49%) from South Asia, consecutively.



More than half of respondents (54.69%) had earned a bachelor's degree, and 28.90% of them held a master's degree while the respondents with under bachelor's degree (12.76%) and doctoral degree (3.65%) were less presented. As for employment status, respondents (54.95%) were found to be mostly employed full-time, and almost one-third of respondents (30.20%) were retired whereas the respondents with part-time employment (11.20%) and unemployment (3.65%) were represented as the minority.

Moreover, the two majority groups of respondents marked that their total receivable revenue were between \$30,000 - \$44,999 yearly/per household by 114 respondents (29.69%) and another 114 respondents (29.69%) rated \$45,000 - \$59,999 yearly/per household, this accounted for a highest proportion of the total respondents. 51 respondents (13.28%) earned \$75,000 - \$99,999 yearly/per household, 47 respondents (12.24%) earned \$60,000 - \$74,999 yearly/per household, and 37 respondents (9.64%) earned less than \$30,000 yearly/per household, respectively. While the smallest group of 21 respondents (5.46%) held the highest level of total receivable revenue at \$100,000 yearly/per household or more.

As for health status, most of respondents evaluated their health status as excellent (49.22%) and good (44.53%) whereas only 6.25% of respondents rated themselves as a fair health status.

#### **4.2.2 Exploratory Factor Analysis of Mature travelers' Differentiation Value Drivers toward Small and Medium-Sized Hotels**

Exploratory Factor Analysis (EFA) was conducted as a 'data reduction' technique to determine the number and nature of the variables by decreasing a large set of unrelated variables and refining the data into a smaller set of appropriated components or factors (Pallant, 2016). At this step, an exploratory factor analysis was employed in this study to explore the interrelationship among a set of variables relating to mature travelers' differentiation value drivers toward small and medium-sized hotels. The results of the analysis are presented below.

Prior to conduct an exploratory factor analysis, the assessment of the respondent data should be analyzed to determine whether a particular data set was appropriate for factor analysis. Two main issues to concern included sample size and the strength of

the intercorrelations among the items or variables (Pallant, 2016). As for sample size, Hair, Black, Babin, and Anderson (2010) suggested that minimum five or hopefully ten cases per item or variable were adequate in most cases. For the strength of relationship among the variables, the tests to measure the factorability of the data included the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity, which are generally recommended methods to assess the appropriateness of overall respondent data set. The KMO index ranks from zero to one; the value 0.60 or above is considered to be appropriated for factor analysis. The Bartlett's test of sphericity that is suitable for factor analysis should be the statically significant value of  $p > 0.05$  (Tabachnick & Fidell, 2013).

The results of the KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) and Bartlett's tests are exhibited in Table 4.2 below. The Kaiser-Meyer-Olkin test for this study was 0.960, which indicated an acceptable sample adequacy. For the Bartlett's Test of Sphericity, it appeared that the statistical test had an approximate distribution of Chi-square value of 5946.640 with significance at 0.000 (Sig value = 0.000 <.05), indicating that various variables were related to each other, which was suitable for using factor analysis techniques. Therefore, the results revealed that a data set in this study met the requirements for data factorization.

Table 4.2 Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity

Tests		Results
Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		0.960
Bartlett's Test of Sphericity	Approx. Chi-square	5946.640
	df	528
	Sig.	0.000

Principle Component Analysis (PCA) is the most generally used techniques to approach the factor extraction in order to determine the number of underlying factors that best describe the relationship among the variables. Kaiser's criterion is one of the most commonly technique approaches used to determine the number of factors to retain.

Applying this rule, factors with an eigenvalue of 1.0 or greater are retained for further analysis (Pallant, 2016).

Varimax factor rotation with orthogonal rotation methods is an approach to create a solution that factors or components are uncorrelated with one another, and decreases the number of factors that have high factor loading, resulting in clearer separation of the factors or easier interpret the nature of factors (Tabachnick & Fidell, 2013). As for a criterion for assessing factor loading, the guideline based on practical significance suggested that the factor loadings can assess from loading 0.30-0.40 (normally acceptable), loading 0.50 or over (necessary for practically significant), and loading exceeding 0.70 (well-defined structure) (Hair et al., 2010). Considering the aforementioned values, in this study, the factor loading of 0.50 or greater was used for variable inclusion and retained for further analysis.

Factor analysis was conducted on 33 questionnaire's items (see Table 4.4) to categorize the differentiation value drivers toward small and medium-sized hotels from mature travelers' point of view. Principal Component Analysis and Varimax rotation were conducted on variables to define the number of appropriate factors.

Table 4.3 Exploratory Factor analysis of Mature travelers' Differentiation Value Drivers toward Small and Medium-Sized Hotels

Items	Component			
	1	2	3	4
Ease of contacting service provider	0.156	0.169	0.211	0.740
Convenient online reservations	0.233	0.171	0.240	0.676
Easy to access hotel information online	0.340	0.129	0.282	0.558
Reasonable room rate/ value of money	0.476	0.143	0.129	0.517
Availability of price discounting	0.370	0.337	0.372	0.323
Availability of privileges offering through loyalty programs or access to partner discounts/rewards	0.090	0.304	0.613	0.267
Speed of check-in process	0.360	0.135	0.484	0.366
Speed of check-out process	0.390	0.181	0.507	0.339
Fast payment and billing process	0.328	0.120	0.591	0.276
Availability of innovative in-room	0.422	0.194	0.292	0.362

Items	Component			
	1	2	3	4
comfort technologies				
Availability of in-room entertainment technology amenities	0.189	0.273	0.619	0.165
Availability of modern technologies in room service and hotel facilities	0.168	0.253	0.705	0.161
Safety design of room and facilities	0.490	0.182	0.255	0.300
Provision of new technologies related to safety and security	0.472	0.271	0.183	0.369
Availability of security system in hotel's public areas	0.551	0.076	0.347	0.174
Providing of clean and hygienic rooms	0.674	0.141	0.239	0.137
Providing of clean and hygienic environment	0.635	0.290	0.135	0.196
Providing of clean and hygienic food	0.593	0.343	0.092	0.187
Comfortable bed, mattress and pillow	0.641	0.260	0.147	0.164
Good soundproofing between bedrooms	0.477	0.332	0.401	0.064
Availability of high quality in-room temperature-control mechanism	0.375	0.435	0.266	0.139
Availability of ergonomic designed mature-friendly facilities in guestrooms	0.265	0.444	0.216	0.307
Availability of mature-friendly visible facilities in public areas	0.395	0.293	0.192	0.392
Availability of mature-friendly walkway facilities in public areas	0.261	0.458	0.338	0.106
Homely atmosphere	0.402	0.547	0.240	-0.037
Attractiveness and uniqueness of exterior design/appearance	0.281	0.403	0.325	0.226
Stylish interior décor, furnishing of room/lobby	0.211	0.338	0.350	0.299
Individual attention for customer	0.308	0.569	0.241	0.024
Personal warm care given by staff	0.464	0.509	0.185	0.163
Understand the specific needs of customers	0.437	0.488	0.155	0.288
Creation of leisure activities for	-0.030	0.591	0.253	0.515

Items	Component			
	1	2	3	4
enriching learning experience				
Availability of products/services aimed at mature travelers	0.038	0.624	0.218	0.474
Flexible check-in and check-out policies	0.267	0.654	0.121	0.289
<b>Eigen Value</b>	5.106	4.300	3.801	3.753
<b>Cumulative Percentage of Variance</b>				51.390

Table 4.3 illustrates the results of exploratory factor analysis. Refer to factor-retained criteria, variables with eigenvalues more than 1.00 were applied for factor extraction or kept as a suitable number of factors. The analysis revealed measured 33 variables were yielded to 4 factors.

According to Hair et al. (2010) suggested that factor loading 0.50 or above are considered practically significant. In this study, only variables with loading of 0.50 and greater were chosen for interpretation, consequently, the 13 items were eliminated at this stage. Finally, the 20 items were remained and extracted to four factors for further analysis as shown in Table 4.4.

Table 4.4 Results of Exploratory Factor Analysis for Mature Travelers' Differentiation Value Drivers Towards Small and Medium-Sized Hotels

Factor/Items	Factor Loading	Eigen Value	% of Variance	Cronbach Alpha
<b>Factor 1: Better Health and Security</b>		<b>5.106</b>	<b>15.472</b>	<b>0.803</b>
Providing of clean and hygienic rooms	0.674			
Comfortable bed, mattress and pillow	0.641			
Providing of clean and hygienic environment	0.635			
Providing of clean and hygienic food	0.593			
Availability of security system in hotel's public areas	0.551			
<b>Factor 2: Better Atmosphere</b>		<b>4.300</b>	<b>13.029</b>	<b>0.824</b>
Flexible check-in and check-out policies	0.654			
Availability of products/services aimed at mature travelers	0.624			
Creation of leisure activities for enriching learning experience	0.591			
Individual attention for customer	0.569			

Factor/Items	Factor Loading	Eigen Value	% of Variance	Cronbach Alpha
Homely atmosphere	0.547			
Personal warm care given by staff	0.509			
<b>Factor 3: More Responsiveness</b>		<b>3.801</b>	<b>11.517</b>	<b>0.806</b>
Availability of modern technologies in room service and hotel facilities	0.705			
Availability of in-room entertainment technology amenities	0.619			
Availability of privileges offering through loyalty programs or access to partner discounts/rewards	0.613			
Fast payment and billing process	0.591			
Speed of check-out process	0.507			
<b>Factor 4: Better Accessibility and More Affordable</b>		<b>3.753</b>	<b>11.372</b>	<b>0.788</b>
Ease of contacting service provider	0.740			
Convenient online reservations	0.676			
Easy to access hotel information online	0.558			
Reasonable room rate/ value of money	0.517			
<b>Total</b>		<b>16.959</b>	<b>51.390</b>	<b>0.926</b>

Table 4.4 demonstrates the results of factor analysis for mature travelers' differentiation value drivers toward small and medium-sized hotels. The results showed that all constructs had factor loading ranged between 0.507 – 0.740 which are considered practically significant. The eigenvalues for these factors ranked from 3.753 to 5.106 which were extracted to 4 constructs or factors, and collectively explained 51.390% of the total variance. The four factors were labeled as Better health and security (Factor 1), Better atmosphere (Factor 2), More responsiveness (Factor 3), and Better accessibility and more affordable (Factor 4).

In regard to factor 1, the items were categorized as “Better health and security” (Factor 1), consisted of five items, including 1) providing of clean and hygienic rooms, 2) comfortable bed, mattress and pillow, 3) providing of clean and hygienic environment, 4) providing of clean and hygienic food, and 5) availability of security system in hotel's public areas. The results showed this construct had factor loadings ranged between 0.551-0.674, and explained 15.472% of the variance.

The second factor consisted of 6 items. The construct included 1) flexible check-in and check-out policies, 2) availability of products/services aimed at mature travelers, 3) creation of leisure activities for enriching learning experience, 4. individual attention

for customer, 5) homely atmosphere, and 6) personal warm care given by staff. These 6 items were labelled as “Better atmosphere” (Factor 2). Factor loadings for items were recorded between 0.509-0.654, and this construct accounted for 13.029% of variance explained.

The 3<sup>rd</sup> factor was labelled as “More responsiveness” (Factor 3). It composed of 5 items, namely 1) availability of modern technologies in room service and hotel facilities, 2) availability of in-room entertainment technology amenities, 3) availability of privileges offering through loyalty programs or access to partner discounts/rewards, 4) fast payment and billing process, and 5) speed of check-out process. Factor loadings for this construct were listed between 0.507-0.705, and explained 11.517% of the variance.

The last construct was categorized as “Better accessibility and more affordable” (Factor 4). The factor constituted of 4 items which included 1) ease of contacting service provider, 2) convenient online reservations, 3) easy to access hotel information online, and 4) reasonable room rate/ value of money. This construct contained factor loadings between 0.517-0.740, with 11.372% of total variance explained.

As regards for Cronbach’s coefficients, the tests were conducted to assess the reliability of the analyzed data and to measure the internal consistency for each factor. The resulting values ranged from 0.788 to 0.824, reflected a high level of reliability in each construct. Reliability coefficients with a value close to 0.70 or greater is recommended (Nunnally, 1994).

To conclude, according to the exploratory factor analysis for mature travelers’ differentiation value drivers, four factors were extracted and labeled as Better health and security, Better atmosphere, More responsiveness, Better accessibility and more affordable. These four factors collectively explained 51.390% of the total variance, and were retained for further analysis. According to Hair et al. (2010) in the humanities, the explained variance is generally as low as 50-60%.

### 4.2.3 Descriptive Results Relating to Mature Travelers' Differentiation Value Drivers, Motivations of Using Small and Medium-Sized Hotels, and Personalities Seeking Differences

This section displayed descriptive statistics results of the key variables that were used in this study aimed to answer the research objective 2. The key variables included differentiation value drivers toward small and medium-sized hotels, motivations of using small and medium-sized hotels, and personalities seeking differences.

#### 4.2.3.1 Mature Travelers' Differentiation Value Drivers Toward Small and Medium-Sized Hotels

This part of questionnaire was designed to allow mature travelers to assess the important level of differentiation value drivers toward small and medium-sized hotels, which measured by 7-point rating scales (mean score of 7 = Extremely important, and mean score of 1 = Not at all important).

The criteria to interpret mean scores of variables in the variables of differentiation value drivers was defined by determining class interval at 0.85 to interpret the findings obtained from the seven-level evaluation. The interpretation criteria for the mean scores is displayed as seen in Table 4.5.

Table 4.5 The Criteria to Interpret Mean Scores for Mature Travelers' Differentiation Value Drivers Toward Small and Medium-Sized Hotels

Mean Scores	Level of Importance
6.15 - 7.00	Extremely important
5.29 - 6.14	Very important
4.43 - 5.28	Moderately important
3.57 - 4.42	Neutral
2.71 - 3.56	Slightly important
1.85 - 2.70	Low important
1.00 - 1.84	Not at all important



Table 4.6 Means, Standard Deviations, and Interpretation of Mature Travelers' Differentiation Value Drivers Toward Small and Medium-Sized Hotels

Differentiation Value Drivers Toward Small and Medium-Sized Hotels	$\bar{X}$			S.D.	Level of Importance
	Small-Sized Hotel	Medium- Sized Hotel	Total		
<b>Better health and security</b>	<b>5.64</b>	<b>5.57</b>	<b>5.60</b>	<b>0.87</b>	<b>Very important</b>
1. Providing of clean and hygienic rooms	5.71	5.56	5.63	1.17	Very important
2. Comfortable bed, mattress and pillow	5.70	5.61	5.65	1.09	Very important
3. Providing of clean and hygienic environment	5.62	5.51	5.56	1.16	Very important
4. Providing of clean and hygienic food	5.63	5.56	5.59	1.16	Very important
5. Availability of security system in hotel's public areas	5.55	5.60	5.58	1.09	Very important
<b>Better atmosphere</b>	<b>5.57</b>	<b>5.48</b>	<b>5.52</b>	<b>0.73</b>	<b>Very important</b>
6. Flexible check-in and check-out Policies	5.57	5.40	5.47	1.03	Very important
7. Availability of products/services aimed at mature travelers	5.44	5.40	5.42	1.00	Very important
8. Creation of leisure activities for enriching learning experience	5.64	5.50	5.56	0.99	Very important
9. Individual attention for customer	5.69	5.60	5.64	0.98	Very important
10. Homely atmosphere	5.52	5.50	5.51	1.02	Very important
11. Personal warm care given by staff	5.59	5.50	5.54	1.01	Very important
<b>More responsiveness</b>	<b>5.50</b>	<b>5.40</b>	<b>5.44</b>	<b>0.81</b>	<b>Very important</b>
12. Availability of modern technologies in room service and hotel facilities	5.54	5.41	5.47	1.08	Very important

Differentiation Value Drivers Toward Small and Medium-Sized Hotels	$\bar{X}$			S.D.	Level of Importance
	Small-Sized Hotel	Medium- Sized Hotel	Total		
13. Availability of in-room entertainment technology amenities	5.51	5.40	5.45	1.07	Very important
14. Availability of privileges offering through loyalty programs or access to partner discounts/rewards	5.51	5.39	5.44	1.05	Very important
15. Fast payment and billing process	5.47	5.38	5.42	1.08	Very important
16. Speed of check-out process	5.49	5.42	5.45	1.10	Very important
<b>Better accessibility and more affordable</b>	<b>5.61</b>	<b>5.52</b>	<b>5.56</b>	<b>0.82</b>	<b>Very important</b>
17. Ease of contacting service provider	5.65	5.56	5.60	1.05	Very important
18. Convenient online reservations	5.57	5.41	5.48	1.06	Very important
19. Easy to access hotel information online	5.63	5.55	5.59	1.09	Very important
20. Reasonable room rate/ value of money	5.58	5.55	5.57	1.02	Very important
<b>Total</b>	<b>5.58</b>	<b>5.49</b>	<b>5.53</b>	<b>0.68</b>	<b>Very important</b>
<b>Level of Importance (by hotel size)</b>	<b>Very important</b>	<b>Very important</b>	<b>Very important</b>	-	-

The variable of differentiation value drivers was examined by assessing their levels of importance. The results were analyzed by an exploratory factor analysis, finally, the four factors were extracted, namely, Better health and security, Better atmosphere, More responsiveness, and Better accessibility and more affordable. The results of the data analysis are shown and interpreted in Table 4.6.

As exhibited in Table 4.6, the results found that the average of total score was 5.53, indicating that the perceived importance of mature travelers' differentiation value drivers toward small and medium-sized hotels was at a very important level, and all items of differentiation value drivers in each factor were scored as a very important level. Focusing on hotel size, the respondents of small-sized hotels ( $\bar{x} = 5.58$ ) and medium-sized hotels ( $\bar{x} = 5.49$ ) were both rated at a very important level.

Considering to each factor, 'Better health and security' delivered the highest mean-value ( $\bar{x} = 5.60$ ), which was the highest level among the four factors. This implied that 'Better health and security' were the most important differentiation value drivers that mature travelers expected or perceived importance when selecting small and medium-sized hotels. These were followed by those at a very important level, namely, 'Better accessibility and more affordable' ( $\bar{x} = 5.56$ ), "Better atmosphere" ( $\bar{x} = 5.52$ ), and 'More responsiveness' ( $\bar{x} = 5.44$ ), respectively.

In addition, considering to the standard deviation (S.D.) of variables, the findings found that the resulting value was between 0.73 to 0.87, which was considered to be appropriate. That was a value approaching zero, indicating that there was a proper distribution of data.

#### 4.2.2.3 Motivations of Using Small and Medium-Sized Hotels

The questionnaire was designed to allow the respondents to rate their self-assessment on motivations of using small and medium-sized hotels by 7-point rating scale (mean score of 7 = Strongly agree, and mean score of 1 = Strongly disagree). The variables consisted 2 dimensions: push factors and pull factors. Push factors included Novelty seeking, Rest and relaxation, Personal value, Guest-host relationship, and Social enhancement. While the pull factors included Uniqueness, Convenience, Homely atmosphere, Special services, Learning experiences, and Price value.

The criteria to interpret mean scores of motivational variables was defined by using class interval at 0.85 to interpret the findings gained from the seven-level

evaluation. The interpretation criteria for the mean scores is displayed as shown in Table 4.7.

Table 4.7 The Criteria to Interpret Mean Scores for Mature Travelers' Differentiation Value Drivers Toward Small and Medium-Sized Hotels

Mean Scores	Level of Importance
6.15 - 7.00	Strongly agree
5.29 - 6.14	Moderately agree
4.43 - 5.28	Slightly agree
3.57 - 4.42	Neutral
2.71 - 3.56	Slightly disagree
1.85 - 2.70	Moderately disagree
1.00 - 1.84	Strongly disagree

According to Table 4.8, the overall result of mature travelers' motivations of using small and medium-sized hotels was rated at a level of moderately agree ( $\bar{x} = 5.45$ ).

Considering to aspects of push and pull factors, the results revealed that the respondents scored their motivations of using small and medium-sized hotels at a moderately agree level, with an average of 5.43 (push factors) and 5.46 (pull factor), respectively.

For individual level, both of respondents from small-sized hotels ( $\bar{x} = 5.49$ ) and medium-sized hotels ( $\bar{x} = 5.39$ ) were scored similarly at a level of moderately agree.

As for push factors, 'Rest and relaxation', 'Social enhancement', 'Novelty seeking', 'Guest-host relationship', and 'Personal values' were all scored at a moderately agree level, showing an average of 5.50, 5.45, 5.43, 5.39, and 5.37, respectively. Similar to pull factors, 'Price value' ( $\bar{x} = 5.2$ ), 'Special services' ( $\bar{x} = 5.49$ ), 'Convenience' ( $\bar{x} = 5.47$ ), 'Leaning experiences' ( $\bar{x} = 5.45$ ), and 'Uniqueness' ( $\bar{x} = 5.35$ ) were also ranged at a moderately level as well.

As regard to the standard deviation (S.D.), it was found that the resulting value was ranged between 0.74 to 1.15, indicating the appropriate distribution of data.

Table 4.8 Means, Standard Deviations, and Interpretation of Mature Travelers' Motivations of Using Small and Medium-Sized Hotels

Motivations of Using Small and Medium-Sized Hotels	$\bar{X}$			S.D.	Level of Agreement
	Small-Sized Hotel	Medium-Sized Hotel	Total		
<b><i>Push factor</i></b>	<b>5.48</b>	<b>5.37</b>	<b>5.43</b>	<b>0.79</b>	<b>Moderately agree</b>
<b>Novelty seeking</b>	<b>5.53</b>	<b>5.35</b>	<b>5.43</b>	<b>0.95</b>	<b>Moderately agree</b>
1. Escape the larger traditional hotel	5.54	5.38	5.45	1.10	Moderately agree
2. Experience something new and different	5.52	5.33	5.41	1.05	Moderately agree
<b>Rest and relaxation</b>	<b>5.55</b>	<b>5.43</b>	<b>5.50</b>	<b>0.90</b>	<b>Moderately agree</b>
3. Break away from routine of everyday life.	5.59	5.39	5.47	1.09	Moderately agree
4. Get rest and relaxation.	5.52	5.52	5.52	1.03	Moderately agree
<b>Personal values</b>	<b>5.39</b>	<b>5.35</b>	<b>5.37</b>	<b>1.00</b>	<b>Moderately agree</b>
5. Prefer privacy.	5.41	5.40	5.40	1.13	Moderately agree
6. To have experience that could tell other people about.	5.38	5.31	5.34	1.15	Moderately agree
<b>Guest-host relationship</b>	<b>5.42</b>	<b>5.36</b>	<b>5.39</b>	<b>1.00</b>	<b>Moderately agree</b>
7. To have a warm relationship with host.	5.36	5.33	5.34	1.15	Moderately agree
8. To have more personalized interaction with host.	5.48	5.39	5.43	1.13	Moderately agree
<b>Social enhancement</b>	<b>5.52</b>	<b>5.39</b>	<b>5.45</b>	<b>0.92</b>	<b>Moderately agree</b>
9. Spend more time with couple/family or friends.	5.55	5.45	5.49	1.04	Moderately agree
10. Meet new people with the same interests	5.49	5.34	5.40	1.10	Moderately agree
<b><i>Pull factor</i></b>	<b>5.50</b>	<b>5.41</b>	<b>5.46</b>	<b>0.75</b>	<b>Moderately agree</b>
<b>Uniqueness</b>	<b>5.34</b>	<b>5.35</b>	<b>5.35</b>	<b>0.96</b>	<b>Moderately agree</b>
11. The hotel has unique appearance of architecture.	5.37	5.34	5.35	1.15	Moderately agree
12. The hotel has uniquely designed appearance of interior decoration.	5.32	5.37	5.35	1.10	Moderately agree

Motivations of Using Small and Medium-Sized Hotels	$\bar{X}$			S.D.	Level of Agreement
	Small-Sized Hotel	Medium-Sized Hotel	Total		
<b>Convenience</b>	<b>5.56</b>	<b>5.41</b>	<b>5.47</b>	<b>0.93</b>	<b>Moderately agree</b>
13. The hotel is conveniently reached by various mode of transport.	5.55	5.44	5.49	1.06	Moderately agree
14. The hotel is in a good location to travel to tourist attractions.	5.57	5.38	5.46	1.08	Moderately agree
<b>Homely atmosphere</b>	<b>5.49</b>	<b>5.43</b>	<b>5.45</b>	<b>0.91</b>	<b>Moderately agree</b>
15. The hotel offers home style hospitality	5.48	5.45	5.46	1.10	Moderately agree
16. The hotel provides a 'homely' feeling during stay	5.50	5.41	5.45	1.04	Moderately agree
<b>Special services</b>	<b>5.54</b>	<b>5.45</b>	<b>5.49</b>	<b>0.86</b>	<b>Moderately agree</b>
17. The hotel provides good services and high-quality accommodation.	5.48	5.44	5.46	1.07	Moderately agree
18. Hotel staff provide enthusiastic and caring services.	5.55	5.51	5.53	1.05	Moderately agree
19. Hotel staff treat me as an individual with personalized services.	5.60	5.40	5.49	1.07	Moderately agree
<b>Learning experiences</b>	<b>5.54</b>	<b>5.34</b>	<b>5.43</b>	<b>0.89</b>	<b>Moderately agree</b>
20. The hotel offers an accommodation that integrates local cultures.	5.55	5.35	5.43	1.12	Moderately agree
21. The hotel provides an authentic local experience	5.54	5.37	5.45	1.05	Moderately agree
22. Useful local knowledge, culture or custom are provided by the host.	5.55	5.32	5.42	1.07	Moderately agree
<b>Price value</b>	<b>5.56</b>	<b>5.48</b>	<b>5.52</b>	<b>0.90</b>	<b>Moderately agree</b>
23. The hotel offers plentiful experience with reasonable cost.	5.57	5.46	5.51	1.07	Moderately agree
24. Accommodations are reasonably priced.	5.60	5.56	5.58	1.07	Moderately agree
25. The hotel offers a good value for money.	5.51	5.46	5.48	1.04	Moderately agree
<b>Total</b>	<b>5.49</b>	<b>5.39</b>	<b>5.45</b>	<b>0.74</b>	<b>Moderately agree</b>
<b>Level of Agreement (by hotel size)</b>	<b>Moderately agree</b>	<b>Moderately agree</b>	<b>Moderately agree</b>	-	-

#### 4.2.3.1 Mature Travelers' Personalities Seeking Differences

The variables to evaluate personalities seeking differences composed of 14 measuring items as shown in Table 4.9. The questionnaire was designed to allow the respondents to evaluate their personalities in seeking differences, by 5-point rating scale (mean score of 5 = Strongly agree, and mean score of 1 = Strongly disagree). The criteria to interpret mean scores of variables was defined by using class interval at 0.80 to interpret the findings gained from the five-level evaluation. The interpretation criteria for the mean scores is displayed as seen in Table 4.9.

Table 4.9 The Criteria to Interpret Mean Scores for Mature Travelers' Personalities Seeking Differences

Mean Scores	Level of Importance
4.21 - 5.00	Strongly agree
3.41 - 4.20	Agree
2.61 - 3.40	Neutral
1.81 - 2.60	Disagree
1.00 - 1.80	Strongly disagree

As exhibited in Table 4.10, the overall result of mature travelers' self-evaluation on their personalities seeking differences was rated at an agree level ( $\bar{x} = 3.61$ ). The aspect of 'Like to explore and learn about things, places, and people' was scored highest ( $\bar{x} = 3.80$ ), followed by 'Being a highly active person' ( $\bar{x} = 3.79$ ), and 'Seek for novel and different things on my vacation' ( $\bar{x} = 3.73$ ), while "Prefer tourist package vacations' was scored at lowest ( $\bar{x} = 3.08$ ). However, all items were interpreted as a level of agreement exclude 'Prefer tourist package vacations', indicating as a neutral level.

As for individual level, the respondents of small-sized hotels and medium-sized hotel were similarly rated their personalities in seeking differences as a agree level in almost items, except 'Prefer tourist package vacations'.

In relation to the standard deviation (S.D.) of variables found the resulting values were between 0.54 - 1.15, indicating the appropriate distribution of data.

Table 4.10 Means, Standard Deviations, and Interpretation of Mature Travelers' Personalities Seeking Differences

Items	$\bar{X}$			S.D.	Level of Agreement
	Small-Sized Hotel	Medium-Sized Hotel	Total		
1. Prefer tourist package vacations	2.94	3.18	3.08	1.15	Neutral
2. Enjoy sense of discovery	3.65	3.57	3.60	0.91	Agree
3. Like to travel alone	3.56	3.62	3.59	0.96	Agree
4. Prefer only rest and relaxation	3.68	3.66	3.67	0.94	Agree
5. Prefer to drive rather than fly	3.62	3.58	3.60	1.05	Agree
6. Seek for novel and different things on my vacation	3.74	3.72	3.73	0.97	Agree
7. Like to explore and learn about things, places, and people	3.85	3.76	3.80	0.93	Agree
8. Prefer familiar tourist destinations	3.66	3.68	3.67	0.91	Agree
9. Being a highly active person	3.85	3.74	3.79	0.89	Agree
10. Prefer similar amenities to those at home	3.65	3.58	3.61	0.98	Agree
11. Prefer non-touristy areas	3.60	3.69	3.65	0.92	Agree
12. Prefer non-foreign atmosphere and socialize with people with the same culture	3.57	3.59	3.58	0.99	Agree
13. Like to meet and deal with people from different countries or cultures	3.59	3.53	3.55	0.94	Agree
14. Prefer a vacation trip that all arrangements are made for	3.52	3.6	3.57	0.97	Agree
<b>Total</b>	<b>3.60</b>	<b>3.61</b>	<b>3.61</b>	<b>0.54</b>	<b>Agree</b>
<b>Level of Agreement (by hotel size)</b>	<b>Agree</b>	<b>Agree</b>	<b>Agree</b>	<b>-</b>	<b>-</b>



#### **4.2.4 Statistical Analysis Results of Differences between Mature Travelers' Profiles and Differentiation Value Drivers**

The results of the data analysis in response to research objective 2 and hypothesis 1 were performed by using an Independent Sample t-test, One-way ANOVA to analyze the effect of personal factors on dependent variable of differentiation value drivers.

Hypothesis H1 and its sub-hypotheses were tested to investigate the effects of mature travelers' profiles (independent variables) on their expected differentiation value drivers (dependent variables). The travelers' profiles included gender, age, marital status, nationality, education level, employment, income level and health. Whereas differentiation value drivers consisted 4 dimensions: Better health and security, Better atmosphere, More responsiveness, and Better accessibility and more affordable.

For gender, Independent Sample t-test was employed in this study to compare the mean scores, on the variable of differentiation value drivers, for two different groups of genders. To check the assumption, Levene's test was conducted for equality of variances. If the variances for the two groups were the same, in other words, the significant value of Levene's test was greater than 0.5, 'Equal variances assumed' would be employed. On the other hand, 'Equal variances not assumed' was conducted when the Sig.value for Levene's test found equal to or less than 0.5, indicating the variances for the two groups were different (Pallant, 2016).

As for age, marital status, nationality, education level, employment, income level and health, one-way analysis of variance: One-way ANOVA (at the significance level of 0.05) was employed to compare the mean scores of more than two groups by using between-groups ANOVA as there were different cases in each group. As for checking the assumption, Levene's test was conducted to test the homogeneity of variances. In a case of the significance value was larger than 0.05, indicating the assumption of homogeneity of variance was not violated, F-test would be performed. If it was found violating the assumption of the homogeneity of variance or the Sig.value was less than or equal to 0.05, Brown-Forsythe test would be preferred. Furthermore, Multiple Comparison was conducted to provide the significance of the differences

between each pair of groups (at the statistical significance level of 0.05) by using the Least Significant Difference (LSD) test when the variances were found similar. While Dunnett's T3 test was employed if the variances were not the same (Pallant, 2016).

Due to some demographic categories of the samples in this study (e.g. nationality, education level, employment, and income level) were too few samples fall into a particular category, Pallant (2016) mentioned that collapsing the number of categories of a categorical variable might be necessary. The collapse of categories was practical as a variable with a small number of samples in a particular category could not appropriate to be employed in the statistical analyses. Consequently, some categories with too small number of samples were combined with other similar categories or exclude for the analysis.

***Hypothesis H1: Travelers with different profiles have different expectations on differentiation value drivers.***

The results of statistical analysis are illustrated in detail below.

#### 4.2.4.1 Gender

***H1.1: Travelers with different genders have different expectations on differentiation value drivers.***

Table 4.11 shows the results of Levene's test for equality of variances that the significance value was 0.814, indicating the data was not violated the assumption of equal variance, therefore, Equal variances assumed was employed in the statistical analysis as shown in Table 4.12.

Table 4.11 Results of Levene's Test for Equality of Variances Classified by Gender

Differentiation Value Drivers	Levene's Test for Equality of Variances	
	F	Sig.
Better health and security	0.185	0.668
Better atmosphere	0.557	0.456
More responsiveness	1.552	0.214
Better accessibility and more affordable	1.802	0.180
<b>Total</b>	<b>0.056</b>	<b>0.814</b>

Note: \*p < 0.05, \*\* p < 0.01

Table 4.12 Independent Samples t-test Results of Differentiation Value Drivers  
Classified by Gender

Differentiation Value Drivers	Male (n = 201)		Female (n = 183)		t	Sig.
	$\bar{X}$	S.D.	$\bar{X}$	S.D.		
Better health and security	5.56	0.83	5.64	0.81	-0.949	0.343
Better atmosphere	5.48	0.71	5.57	0.75	-1.130	0.259
More responsiveness	5.39	0.78	5.51	0.83	-1.473	0.142
Better accessibility and more affordable	5.53	0.87	5.59	0.77	-0.715	0.475
<b>Total</b>	<b>5.49</b>	<b>0.68</b>	<b>5.58</b>	<b>0.68</b>	<b>-1.262</b>	<b>0.208</b>

Note: \*p < 0.05, \*\* p < 0.01

Table 4.12 shows the results of the difference comparison of differentiation value drivers between different genders. The Sig. value was 0.208, indicating that there were no significant differences found between males and females on the overall importance of differentiation value drivers.

#### 4.2.4.2 Age

*H1.2: Travelers with different ages have different expectations on differentiation value drivers.*

Table 4.13 Results of Levene's Test for Equality of Variances Classified by Age

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	0.704	0.495
Better atmosphere	2.237	0.108
More responsiveness	2.387	0.093
Better accessibility and more affordable	5.957**	0.003
<b>Total</b>	<b>4.330*</b>	<b>0.014</b>

Note: \*p < 0.05, \*\* p < 0.01

As exhibited in Table 4.13, the Levene's test indicated that the variances of 'Better health and security', 'Better atmosphere' and 'More responsiveness' were the same. Therefore, the hypothesis was tested by using the F-test (One Way of Analysis of Variance) as shown in Table 4.14. As for 'Better accessibility and more affordable' and overall were different, thus, Brown-Forsythe test was employed as shown in Table 4.15.

Table 4.14 F-test Results of Differentiation Value Drivers Classified by Age

Differentiation Value Drivers			Age	n	$\bar{X}$	S.D.	F	Sig.
Better health and security	and	55-60 years old	209	5.62	0.80	0.420	0.657	
		61-65 years old	135	5.61	0.85			
		Over 65 years old	40	5.49	0.83			
Better atmosphere		55-60 years old	209	5.54	0.69	0.197	0.821	
		61-65 years old	135	5.49	0.77			
		Over 65 years old	40	5.54	0.85			
More responsiveness		55-60 years old	209	5.51	0.75	2.094	0.125	
		61-65 years old	135	5.40	0.87			
		Over 65 years old	40	5.25	0.84			

Note: \* $p < 0.05$ , \*\*  $p < 0.01$

The findings shown in Table 4.14 indicated that there was no significant difference amongst different age groups when considering the dimensions of 'Better health and security', 'Better atmosphere', and 'More responsiveness', at the significance level of 0.05.

Table 4.15 Results of Brown-Forsythe Test for Differentiation Value Drivers  
Classified by Age

Differentiation Value Drivers	Age	n	$\bar{X}$	S.D.	Brown-Forsythe	Sig.
Better accessibility and more affordable	55-60 years old	209	5.56	0.76	0.321	0.726
	61-65 years old	135	5.59	0.86		
	Over 65 years old	40	5.46	1.00		
<b>Total</b>	<b>55-60 years old</b>	<b>209</b>	<b>5.56</b>	<b>0.63</b>	<b>0.479</b>	<b>0.621</b>
	<b>61-65 years old</b>	<b>135</b>	<b>5.52</b>	<b>0.73</b>		
	<b>Over 65 years old</b>	<b>40</b>	<b>5.44</b>	<b>0.77</b>		

Note: \*p < 0.05, \*\* p < 0.01

The results from Table 4.15 reveal that the significant differences among groups of mature travelers of different ages were not found.

#### 4.2.4.3 Marital Status

*H1.3: Travelers with different marital status have different expectations on differentiation value drivers.*

The significance value of Levene's test (Table 4.16) found that the variance in scores of the dimensions of 'Better health and security' and 'More responsiveness' were the same, therefore, F-test (One Way of Analysis of Variance) was used to test the hypothesis (see Table 4.17). Whereas the variance scores of 'Better atmospheres' and 'Better accessibility and more affordable' were different, Brown-Forsyth test was implemented as shown in Table 4.18.

Table 4.16 Results of Levene's Test for Equality of Variances Classified by Marital Status

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	0.882	0.415
Better atmosphere	5.926**	0.003
More responsiveness	1.591	0.205
Better accessibility and more affordable	3.316*	0.037
<b>Total</b>	<b>3.933*</b>	<b>0.020</b>

Note: \*p < 0.05, \*\* p < 0.01

As displayed in Table 4.17, the findings found that the respondents with different marital status expected the importance of differentiation value driver equally, at the statistical significance level of .05.

Table 4.17 F-test Results for Differentiation Value Drivers Classified by Marital Status

Differentiation Value Drivers	Marital status	n	$\bar{X}$	S.D.	F	Sig.
Better health and security	Single	88	5.62	0.77	0.198	0.820
	Married	265	5.60	0.83		
	Widowed/ Divorced	31	5.52	0.85		
More responsiveness	Single	88	5.57	0.74	1.436	0.239
	Married	265	5.42	0.83		
	Widowed/ Divorced	31	5.35	0.81		

Note: \*p < 0.05, \*\* p < 0.01

Table 4.18 Results of Brown-Forsythe Test for Differentiation Value Drivers  
Classified by Marital Status

Differentiation Value Drivers	Marital status	n	$\bar{X}$	S.D.	Brown-Forsythe	Sig.
Better atmosphere	Single	88	5.73	0.58	4.702*	0.012
	Married	265	5.46	0.76		
	Widowed/ Divorced	31	5.45	0.80		
Better accessibility and more affordable	Single	88	5.68	0.73	1.386	0.255
	Married	265	5.54	0.84		
	Widowed/ Divorced	31	5.42	0.92		
<b>Total</b>	<b>Single</b>	<b>88</b>	<b>5.65</b>	<b>0.58</b>	<b>2.003</b>	<b>0.141</b>
	<b>Married</b>	<b>265</b>	<b>5.50</b>	<b>0.70</b>		
	<b>Widowed/ Divorced</b>	<b>31</b>	<b>5.43</b>	<b>0.73</b>		

Note: \*p < 0.05, \*\* p < 0.01

Table 4.18 illustrates that there was a statistically significant difference among respondents with different marital status differences in the expected importance of differentiation value drivers with respect to the dimension of 'Better atmosphere', at the significant level of 0.05 (Sig. value = 0.012). Then, a statistical analysis of Dunnett's T3 test was carried out to test a paired difference as shown in Table 4.19. As for dimensions of 'Better accessibility and more affordable' and the overall, the findings found that there were no significant differences among the respondents at the significant level of 0.05.

Table 4.19 Results of Dennett's T3 Test for Differentiation Value Drivers with Paired Difference Classified by Marital Status

Marital status	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers		
		(1)	(2)	(3)
Better atmosphere				
(1) Single	5.73	-	0.27**	0.28
(2) Married	5.46		-	0.01
(3) Widowed/Divorced	5.45			-

Note: \*p < 0.05, \*\* p < 0.01

As shown in Table 4.19, the post-hoc test indicates a pair of different marital status of travelers with significantly different expectation of differentiation value driver on a dimension of 'Better atmosphere' in the travelers who were single ( $\bar{x} = 5.73$ ) show a greater expectation on a dimension of 'Better atmosphere' than the travelers with a married status ( $\bar{x} = 5.46$ ), at the significance level of 0.01.

#### 4.2.4.4 Nationality

*H1.4: Travelers with different nationalities have different expectations on differentiation value drivers.*

Table 4.20 Results of Levene's Test for Equality of Variances Classified by Nationality

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	2.762*	0.042
Better atmosphere	0.748	0.524
More responsiveness	0.524	0.666
Better accessibility and more affordable	1.934	0.124
<b>Total</b>	<b>3.030*</b>	<b>0.029</b>

Note: \* $p < 0.05$ , \*\*  $p < 0.01$

The findings of Levene's test for equality of variances (Table 4.20) found that the variances of different nationalities in areas of 'Better health and security' and the total were different, therefore, Brown-Forsyth test was conducted to test the hypothesis (Table 4.21). Regarding to 'Better atmosphere', 'More responsiveness', and 'Better accessibility and more affordable', the variance in scores were the same for each of them, as a result, F-test (One Way of Analysis of Variance) was employed as shown in Table 4.23.



Table 4.21 Results of Brown-Forsythe Test for Differentiation Value Drivers  
Classified by Nationality

Differentiation Value Drivers	Nationality	n	$\bar{X}$	S.D.	Brown-Forsythe	Sig.
Better health and security	The Americas	99	5.52	0.82	1.860	0.137
	Europe	127	5.52	0.90		
	South Asia	71	5.68	0.68		
	East Asia	55	5.78	0.86		
<b>Total</b>	<b>The Americas</b>	<b>99</b>	<b>5.47</b>	<b>0.73</b>	<b>2.816*</b>	<b>0.039</b>
	<b>Europe</b>	<b>127</b>	<b>5.43</b>	<b>0.72</b>		
	<b>South Asia</b>	<b>71</b>	<b>5.65</b>	<b>0.61</b>		
	<b>East Asia</b>	<b>55</b>	<b>5.68</b>	<b>0.59</b>		

Note: \*p < 0.05, \*\* p < 0.01

The results in Table 4.21 show that there were no significant differences found among the different nationalities toward the expected importance of 'Better health and security'. However, it was found significantly different in the overall at the significance level of 0.05 (Sig.value = 0.039). Therefore, Dunnett's T3 test was employed to conduct multiple comparisons as presented in Table 4.22.

Table 4.22 Results of Dennett's T3 Test for Differentiation Value Drivers with Paired Difference Classified by Nationality

Nationality	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers			
		(1)	(2)	(3)	(4)
Total					
(1) The Americas	5.47	-	0.04	-0.18	-0.21
(2) Europe	5.43		-	-0.22*	-0.25*
(3) South Asia	5.65			-	-0.03
(4) East Asia	5.68				-

Note: \*p < 0.05, \*\* p < 0.01

The post-hoc test as displayed in Table 4.22 indicated two pairs of different nationalities of travelers with significantly different on the overall expectation of differentiation value drivers in a dimension of ‘Better health and security’, at the significance level of 0.05 as follows: travelers from Europe ( $\bar{x} = 5.43$ ) and South Asia ( $\bar{x} = 5.65$ ), travelers from Europe ( $\bar{x} = 5.43$ ) and East Asia ( $\bar{x} = 5.68$ ). In other words, the travelers from South Asia and East Asia showed a greater importance on the differentiation value drivers than the travelers from Europe.

Table 4.23 F-test Results for Differentiation Value Drivers Classified by Nationality

Differentiation Value Drivers	Nationality	n	$\bar{X}$	S.D.	F	Sig.
Better atmosphere	The Americas	99	5.47	0.76	1.589	0.192
	Europe	127	5.45	0.76		
	South Asia	71	5.64	0.68		
	East Asia	55	5.62	0.71		
More responsiveness	The Americas	99	5.45	0.82	3.488*	0.016
	Europe	127	5.29	0.80		
	South Asia	71	5.59	0.77		
	East Asia	55	5.63	0.77		
Better accessibility and more affordable	The Americas	99	5.45	0.90	1.795	0.148
	Europe	127	5.47	0.84		
	South Asia	71	5.67	0.76		
	East Asia	55	5.68	0.77		

Note: \*p < 0.05, \*\* p < 0.01

As exhibited in Table 4.23, the findings indicated that there was no significant difference between travelers in different nationalities with respect to the dimensions of ‘Better atmosphere’ and ‘Better accessibility and more affordable’. However, the dimension of ‘More responsiveness’ was found a statistically significant value of 0.016. Thus, a post-hoc test was required to examine the difference in travelers’ expectation toward ‘More Responsiveness’ dimension by using Least Significant Difference (LSD). The findings are presented in Table 4.24.

Table 4.24 Results of Least Significant Difference Test for Differentiation Value Drivers with Paired Difference Classified by Nationality

Nationality	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers			
		(1)	(2)	(3)	(4)
More responsiveness					
(1) The Americas	5.45	-	0.16	-0.14	-0.18
(2) Europe	5.29		-	-0.30*	-0.34**
(3) South Asia	5.59		-	-	-0.04
(4) East Asia	5.63				-

Note: \*p < 0.05, \*\* p < 0.01

The post-hoc test as shown in Table 4.24 indicated two pairs of different nationalities of travelers with significantly different expectation of differentiation value drivers on a dimension of 'More responsiveness' as follows: travelers from Europe and South Asia ( $\bar{x} = 5.29, 5.59$ ), and travelers from Europe and East Asia ( $\bar{x} = 5.29, 5.63$ ), at the significance level at 0.01 and 0.05, respectively. This means both travelers from South Asia and East Asia showed a greater important to a dimension of 'More responsiveness' than travelers from Europe.

#### 4.2.4.5 Education Level

*H1.5: Travelers with different education levels have different expectations on differentiation value drivers.*

The significance value of the Levene's test (Table 4.25) was greater than the significance level of .005, indicating that the variance between groups was equal and the assumption of homogeneity of variances was not violated. Thus, F-test (One Way of Analysis of Variance) was conducted as shown in Table 4.26.

Table 4.25 Results of Levene's Test for Equality of Variances Classified by Education

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	1.979	0.140
Better atmosphere	2.108	0.123
More responsiveness	1.557	0.212
Better accessibility and more affordable	0.240	0.787
<b>Total</b>	<b>1.139</b>	<b>0.321</b>

Note: \* $p < 0.05$ , \*\*  $p < 0.01$

Table 4.26 F-test Results for Differentiation Value Drivers Classified by Education

Differentiation Value Drivers	Education Level	n	$\bar{X}$	S.D.	F	Sig.
Better health and security	Under bachelor degree	49	5.65	0.66	0.144	0.866
	Bachelor degree	210	5.60	0.85		
	Above bachelor degree	125	5.58	0.84		
Better atmosphere	Under bachelor degree	49	5.43	0.66	3.804*	0.023
	Bachelor degree	210	5.46	0.75		
	Above bachelor degree	125	5.67	0.71		
More responsiveness	Under bachelor degree	49	5.29	0.92	2.911	0.056
	Bachelor degree	210	5.40	0.78		
	Above bachelor degree	125	5.58	0.79		
Better accessibility and more affordable	Under bachelor degree	49	5.43	0.74	2.924	0.055
	Bachelor degree	210	5.50	0.82		
	Above bachelor degree	125	5.70	0.86		
<b>Total</b>	<b>Under bachelor degree</b>	<b>49</b>	<b>5.45</b>	<b>0.59</b>	<b>2.046</b>	<b>0.131</b>
	<b>Bachelor degree</b>	<b>210</b>	<b>5.49</b>	<b>0.69</b>		
	<b>Above bachelor degree</b>	<b>125</b>	<b>5.63</b>	<b>0.68</b>		

Note: \* $p < 0.05$ , \*\*  $p < 0.01$

The findings in Table 4.26 displayed the overall results at a value of 0.131, which was above the significance level ( $p > 0.05$ ), implying that education level had no

effect on the respondents' expectation on the overall importance of differentiation value drivers. However, the results also found that 'Better Atmosphere' had a significant difference at 0.023. Thus, a post-hoc test of Least Significant Difference (LSD) was performed to examine a paired difference. The results are presented in Table 4.27.

Table 4.27 Results of Least Significant Difference Test for Differentiation Value Drivers with Paired Difference Classified by Education Level

Education Level	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers		
		(1)	(2)	(3)
Better atmosphere				
(1) Under bachelor degree	5.43	-	-0.03	-0.24
(2) Bachelor degree	5.46		-	-0.21*
(3) Above bachelor degree	5.67			-

Note: \* $p < 0.05$ , \*\*  $p < 0.01$

The post-hoc test as illustrated in Table 4.27 shows a pair of different education level of travelers with a different expectation of 'Better atmosphere', which was travelers who had completed a bachelor's degree ( $\bar{x} = 5.46$ ) and those with above bachelor's degree ( $\bar{x} = 5.67$ ), at the significance level of 0.05. This indicated that travelers with above bachelor's degree had a higher expectation on a dimension of 'Better atmosphere' than travelers with a bachelor's degree.

#### 4.2.4.6 Employment Status

*H1.6: Travelers with different employment status have different expectations on differentiation value drivers.*

Table 4.28 Results of Levene's Test for Equality of Variances Classified by Employment

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	1.226	0.295
Better atmosphere	0.261	0.770
More responsiveness	0.351	0.704
Better accessibility and more affordable	1.050	0.351
<b>Total</b>	<b>1.779</b>	<b>0.170</b>

Note: \*p < 0.05, \*\* p < 0.01

The results shown in Table 4.28 revealed that the significance value of the Levene's test was greater than the significance level of .005, indicating that the variance between groups was equal and the assumption of homogeneity of variances was not violated. Thus, F-test (One Way of Analysis of Variance) was conducted as shown in Table 4.29.

Table 4.29 F-test Results for Differentiation Value Drivers Classified by Employment

Differentiation Value Drivers	Employment status	n	$\bar{X}$	S.D.	F	Sig.
Better health and security	Employed full-time	211	5.52	0.85	2.398	0.092
	Employed part-time	43	5.70	0.80		
	Retired/Unemployed	130	5.70	0.77		
Better atmosphere	Employed full-time	211	5.36	0.72	12.740**	0.000
	Employed part-time	43	5.67	0.71		
	Retired/Unemployed	130	5.74	0.70		
More responsiveness	Employed full-time	211	5.32	0.80	5.616**	0.004
	Employed part-time	43	5.55	0.83		
	Retired/Unemployed	130	5.61	0.78		
Better accessibility and more affordable	Employed full-time	211	5.42	0.83	7.164**	0.001
	Employed part-time	43	5.67	0.76		
	Retired/Unemployed	130	5.75	0.80		
<b>Total</b>	<b>Employed full-time</b>	<b>211</b>	<b>5.40</b>	<b>0.68</b>	<b>8.857**</b>	<b>0.000</b>
	<b>Employed part-time</b>	<b>43</b>	<b>5.65</b>	<b>0.68</b>		
	<b>Retired/Unemployed</b>	<b>130</b>	<b>5.70</b>	<b>0.63</b>		

Note: \*p < 0.05, \*\* p < 0.01

According to results shown in Table 4.29, there was no significant difference among groups of respondents with different status on the expected differentiation value drivers of 'Better health and security'. On the other hands, the statistically significant differences were found on dimensions of 'Better atmosphere', 'More responsiveness', 'Better accessibility and more affordable', and the overall, at the level of 0.01. Then, the multiple comparisons must be investigated by Least Significant Difference (LSD) as illustrated in Table 4.30.

Table 4.30 Results of Least Significant Difference Test for Differentiation Value Drivers with Paired Difference Classified by Employment Status

Employment status	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers		
		(1)	(2)	(3)
Better atmosphere				
(1) Employed full-time	5.36	-	-0.31**	-0.38**
(2) Employed part-time	5.67	-	-	-0.07
(3) Retired/Unemployed	5.74	-	-	-
More responsiveness				
(1) Employed full-time	5.32	-	-0.23	-0.29**
(2) Employed part-time	5.55	-	-	-0.06
(3) Retired/Unemployed	5.61	-	-	-
Better accessibility and more affordable				
(1) Employed full-time	5.42	-	-0.25	-0.33**
(2) Employed part-time	5.67	-	-	-0.08
(3) Retired/Unemployed	5.75	-	-	-
<b>Total</b>				
<b>(1) Employed full-time</b>	<b>5.40</b>	-	-0.25*	-0.30**
<b>(2) Employed part-time</b>	<b>5.65</b>	-	-	-0.05
<b>(3) Retired/Unemployed</b>	<b>5.70</b>	-	-	-

Note: \*p < 0.05, \*\* p < 0.01

The post hoc test (Table 4.30) showed significant differences between groups of respondents on differentiation value drivers. The multiple comparisons showed that there were significant differences between the six pairs as follows.

For the 'Better atmosphere' dimension, two pairs were found. Travelers with part-time employments ( $\bar{x} = 5.67$ ) and travelers with retirement/unemployment ( $\bar{x} = 5.74$ ) showed a greater expectation on the 'Better atmosphere' dimension than travelers with full-time employment ( $\bar{x} = 5.36$ ).

For the 'More responsiveness' dimension, there was one pair. Travelers with retirement/unemployment ( $\bar{x} = 5.61$ ) showed a greater expectation on the 'More responsiveness' dimension than travelers with full-time employment ( $\bar{x} = 5.32$ ).

For the 'Better accessibility and more affordable' dimension, there was one pair. Travelers with retirement/unemployment ( $\bar{x} = 5.74$ ) showed a greater expectation on the 'More responsiveness' dimension than travelers with full-time employment ( $\bar{x} = 5.42$ ).

For the overall, there were two pairs. Travelers with part-time employment ( $\bar{x} = 5.65$ ) and travelers with retirement-unemployment ( $\bar{x} = 5.70$ ) showed a greater expectation on the 'More responsiveness' dimension than travelers with full-time employment ( $\bar{x} = 5.40$ ).

#### 4.2.4.7 Total Receivable Revenue

*H1.7: Travelers with different levels of total receivable revenue have different expectations on differentiation value drivers.*



Table 4.31 Results of Levene's Test for Equality of Variances Classified by Level of Total Receivable Revenue

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	3.851**	0.004
Better atmosphere	3.520**	0.008
More responsiveness	5.165**	0.000
Better accessibility and more affordable	3.050*	0.017
<b>Total</b>	<b>6.474**</b>	<b>0.000</b>

Note: \* $p < 0.05$ , \*\*  $p < 0.01$

The significance value of the Levene's test was .000 (Table 4.31), which was less than the significance level of .001, implying that the variance between groups was not the same and the assumption of homogeneity of variances was violated. In this regard, Brown-Forsythe test was employed as found in Table 4.32.

Table 4.32 Results of Brown-Forsythe Test for Differentiation Value Drivers Classified by Level of Total Receivable Revenue

Differentiation Value Drivers	Revenue	n	$\bar{X}$	S.D.	Brown-Forsythe	Sig.
Better health and security	Less than \$30,000 yearly/per household	37	5.54	0.61	6.797**	0.000
	\$30,000 - \$44,999 yearly/per household	114	5.37	0.86		
	\$45,000 - \$59,999 yearly/per household	114	5.80	0.78		
	\$60,000 - \$74,999 yearly/per household	47	5.39	0.93		
	\$75,000 yearly/per household or more	72	5.83	0.71		
Better atmosphere	Less than \$30,000 yearly/per household	37	5.34	0.67	10.766**	0.000
	\$30,000 - \$44,999 yearly/per household	114	5.27	0.72		
	\$45,000 - \$59,999 yearly/per household	114	5.58	0.77		
	\$60,000 - \$74,999 yearly/per household	47	5.52	0.69		

Differentiation Value Drivers	Revenue	n	$\bar{X}$	S.D.	Brown-Forsythe	Sig.			
More responsiveness	\$75,000 yearly/per household or more	72	5.92	0.56	6.358**	0.000			
	Less than \$30,000 yearly/per household	37	5.24	0.86					
	\$30,000 - \$44,999 yearly/per household	114	5.24	0.76					
	\$45,000 - \$59,999 yearly/per household	114	5.56	0.79					
	\$60,000 - \$74,999 yearly/per household	47	5.31	0.98					
	\$75,000 yearly/per household or more	72	5.78	0.60					
	Better accessibility and more affordable	Less than \$30,000 yearly/per household	37	5.46			0.75	10.896**	0.000
\$30,000 - \$44,999 yearly/per household		114	5.24	0.80					
\$45,000 - \$59,999 yearly/per household		114	5.70	0.80					
\$60,000 - \$74,999 yearly/per household		47	5.44	0.89					
\$75,000 yearly/per household or more		72	5.97	0.67					
<b>Total</b>		<b>Less than \$30,000 yearly/per household</b>	<b>37</b>	<b>5.39</b>	<b>0.59</b>	<b>11.045**</b>	<b>0.000</b>		
		<b>\$30,000 - \$44,999 yearly/per household</b>	<b>114</b>	<b>5.28</b>	<b>0.66</b>				
	<b>\$45,000 - \$59,999 yearly/per household</b>	<b>114</b>	<b>5.65</b>	<b>0.67</b>					
	<b>\$60,000 - \$74,999 yearly/per household</b>	<b>47</b>	<b>5.42</b>	<b>0.78</b>					
	<b>\$75,000 yearly/per household or more</b>	<b>72</b>	<b>5.87</b>	<b>0.51</b>					

Note: \*p < 0.05, \*\* p < 0.01

In overall, Table 4.32 shows a statistically significant difference among groups respondents from different level of total receivable revenue with respect to differentiation value drivers at the significance level of 0.01. Considering to individual aspect, the results revealed that there was a statistically significant difference, of 0.01, between travelers from each level of total receivable revenue for the dimensions of 'Better health and security', 'Better atmosphere', 'More responsiveness', and 'Better accessibility and more affordable', at the level of 0.01. Then, a statistical analysis of Dunnett's T3 test was carried out to test a paired difference as exhibited in Table 4.33.

Table 4.33 Results of Dennett's T3 Test for Differentiation Value Drivers with Paired Difference Classified by Level of Total Receivable Revenue

Total Receivable Revenue	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers				
		(1)	(2)	(3)	(4)	(5)
Better health and security						
(1) Less than \$30,000 yearly/per household	5.54	-	0.17	-0.26	0.15	-0.29
(2) \$30,000 - \$44,999 yearly/per household	5.37		-	-0.43**	-0.02	-0.46**
(3) \$45,000 - \$59,999 yearly/per household	5.80			-	0.41	-0.03
(4) \$60,000 - \$74,999 yearly/per household	5.39				-	-0.44
(5) \$75,000 yearly/per household or more	5.83					-
Better atmosphere						
(1) Less than \$30,000 yearly/per household	5.34	-	0.07	-0.24	-0.18	-0.58**
(2) \$30,000 - \$44,999 yearly/per household	5.27		-	-0.31*	-0.25	-0.65**
(3) \$45,000 - \$59,999 yearly/per household	5.58			-	0.06	-0.34**
(4) \$60,000 - \$74,999 yearly/per household	5.52				-	-0.40*
(5) \$75,000 yearly/per household or more	5.92					-
More responsiveness						
(1) Less than \$30,000 yearly/per household	5.24	-	0.00	-0.32	-0.07	-0.54*
(2) \$30,000 - \$44,999 yearly/per household	5.24		-	-0.32*	-0.07	-0.54**
(3) \$45,000 - \$59,999 yearly/per household	5.56			-	0.25	-0.22
(4) \$60,000 - \$74,999 yearly/per household	5.31				-	-0.47*
(5) \$75,000 yearly/per household or more	5.78					-
Better accessibility and more affordable						
(1) Less than \$30,000 yearly/per household	5.46	-	0.22	-0.24	0.02	-0.51**
(2) \$30,000 - \$44,999 yearly/per household	5.24		-	-0.46**	-0.20	-0.73**
(3) \$45,000 - \$59,999 yearly/per household	5.70			-	0.26	-0.27
(4) \$60,000 - \$74,999 yearly/per household	5.44				-	-0.53**
(5) \$75,000 yearly/per household or more	5.97					-
<b>Total</b>						
<b>(1) Less than \$30,000 yearly/per household</b>	<b>5.39</b>	<b>-</b>	<b>0.11</b>	<b>-0.26</b>	<b>-0.03</b>	<b>-0.48**</b>

Total Receivable Revenue	$\bar{X}$	Mean Comparing the Differences of Differentiation Value Drivers				
		(1)	(2)	(3)	(4)	(5)
(2) \$30,000 - \$44,999 yearly/per household	5.28		-	-0.37**	-0.14	-0.59**
(3) \$45,000 - \$59,999 yearly/per household	5.65		-	-	0.23	-0.22
(4) \$60,000 - \$74,999 yearly/per household	5.42		-	-	-	-0.45**
(5) \$75,000 yearly/per household or more	5.87					-

Note: \*p < 0.05, \*\* p < 0.01

The post hoc test (Table 4.33) showed significant differences between groups of respondents on the expected differentiation value drivers. The multiple comparisons identified that there were significant differences between these two variables.

For the 'Better health and security' dimension, two pairs were found at the significance level of 0.01. Travelers who earned \$30,000 - \$44,999 yearly/per household ( $\bar{x} = 5.37$ ) had an expectation on the 'Better health and security' dimension lower than those who earned more than \$45,000 - \$59,999 yearly/per household ( $\bar{x} = 5.80$ ) and \$75,500 yearly/per household and more ( $\bar{x} = 5.83$ ).

For the 'Better atmosphere' dimension, there were five pairs. Travelers who earned less than \$30,000 yearly/per household ( $\bar{x} = 5.34$ ) had a lower expectation on the 'Better health and security' dimension than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.92$ ), travelers who earned \$30,000 - \$44,999 yearly/per household ( $\bar{x} = 5.27$ ) had a lower expectation than those who earned \$45,000 - \$59,999 yearly/per household ( $\bar{x} = 5.58$ ) and \$75,000 yearly/per household or more ( $\bar{x} = 5.92$ ), travelers who earned \$45,000 - \$59,999 yearly/per household ( $\bar{x} = 5.58$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.92$ ), travelers who earned \$60,000 - \$74,999 yearly/per household ( $\bar{x} = 5.52$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.92$ ).

For the 'More responsiveness' dimension, there were four pairs. Travelers who earned less than \$30,000 yearly/per household ( $\bar{x} = 5.24$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.78$ ). travelers who earned \$30,000 - \$44,999 yearly/per household ( $\bar{x} = 5.24$ ) had a lower expectation than those who earned \$45,000 - \$59,999 yearly/per household ( $\bar{x} = 5.56$ )

and \$75,000 yearly/per household or more ( $\bar{x} = 5.78$ ), travelers who earned \$60,000 - \$74,999 yearly/per household ( $\bar{x} = 5.31$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.78$ ).

For the 'Better accessibility and more affordable' dimension, there were four pairs. Travelers who earned less than \$30,000 yearly/per household ( $\bar{x} = 5.46$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.97$ ), travelers who earned \$30,000 - \$44,999 yearly/per household ( $\bar{x} = 5.24$ ) had a lower expectation than those who earned \$45,000 - \$59,999 yearly/per household ( $\bar{x} = 5.70$ ) and \$75,000 yearly/per household or more ( $\bar{x} = 5.97$ ), travelers who earn \$60,000 - \$74,999 yearly/per household had a lower expectation than those who earned \$75,000 yearly/per household or more ( $\bar{x} = 5.97$ ).

In overall, there were four pairs found significant differences at the level of 0.01. Travelers who earned less than \$30,000 yearly/per household \$75,000 yearly/per household or more ( $\bar{x} = 5.39$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more \$75,000 yearly/per household or more ( $\bar{x} = 5.77$ ). Travelers who earned \$30,000 - \$44,999 yearly/per household \$75,000 yearly/per household or more ( $\bar{x} = 5.28$ ) had a lower expectation than those who earned \$45,000 - \$59,999 yearly/per household \$75,000 yearly/per household or more ( $\bar{x} = 5.65$ ) and \$75,000 yearly/per household or more \$75,000 yearly/per household or more ( $\bar{x} = 5.87$ ), travelers who earned \$60,000 - \$74,999 yearly/per household \$75,000 yearly/per household or more ( $\bar{x} = 5.42$ ) had a lower expectation than those who earned \$75,000 yearly/per household or more \$75,000 yearly/per household or more ( $\bar{x} = 5.87$ ).

## 4.2.4.8 Health Status

*H1.8: Travelers with different health status have different expectations on differentiation value drivers.*

Table 4.34 Results of Levene's Test for Equality of Variances Classified by Health Status

Differentiation Value Drivers	Test of Homogeneity of Variances	
	Levene Statistic	Sig.
Better health and security	1.106	0.332
Better atmosphere	0.858	0.425
More responsiveness	3.245*	0.040
Better accessibility and more affordable	2.387	0.093
<b>Total</b>	<b>3.100*</b>	<b>0.046</b>

Note: \*p < 0.05, \*\* p < 0.01

As exhibited in Table 4.34, the Levene's test indicated that the variances of 'Better health and security', 'Better atmosphere' and 'Better accessibility and more affordable' were the same. Therefore, the hypothesis was tested by using the F-test (One Way of Analysis of Variance) as shown in Table 4.35. As for 'More responsiveness' and the overall, the variances were found different, therefore, Brown-Forsythe test was employed as shown in Table 4.36.

Table 4.35 F-test Results for Differentiation Value Drivers Classified by Health Status

Differentiation Value Drivers	Health Status	n	$\bar{X}$	S.D.	F	Sig.
Better health and security	Excellent	189	5.63	0.85	0.699	0.498
	Good	171	5.60	0.80		
	Fair	24	5.42	0.60		
Better atmosphere	Excellent	189	5.48	0.74	0.743	0.477
	Good	171	5.56	0.74		
	Fair	24	5.59	0.59		
Better accessibility and more affordable	Excellent	189	5.56	0.83	0.039	0.962
	Good	171	5.56	0.85		
	Fair	24	5.60	0.63		

Note: \*p < 0.05, \*\* p < 0.01

The findings in Table 4.35 showed that the results of significance value were above 0.05, which had no statistically significance. This can be interpreted that health status has no effect on the respondent's expectation toward differentiation value drivers in dimensions of 'Better health and security', 'Better atmosphere', 'Better accessibility and more affordable', at the significance level of 0.05.

Table 4.36 Results of Brown-Forsythe Test for Differentiation Value Drivers Classified by Health Status

Differentiation Value Drivers	Health Status	n	$\bar{X}$	S.D.	Brown-Forsythe	Sig.
More responsiveness	Excellent	189	5.45	0.79	0.391	0.677
	Good	171	5.42	0.86		
	Fair	24	5.56	0.55		
<b>Total</b>	<b>Excellent</b>	<b>189</b>	<b>5.52</b>	<b>0.69</b>	<b>0.026</b>	<b>0.975</b>
	<b>Good</b>	<b>171</b>	<b>5.54</b>	<b>0.70</b>		
	<b>Fair</b>	<b>24</b>	<b>5.54</b>	<b>0.44</b>		

Note: \*p < 0.05, \*\* p < 0.01

The results showed that there were no statistically significant differences among groups of respondents toward the expectation of 'More responsiveness' dimension (Table 4.36), at the significance level of 0.05.

According to the tests of hypothesis 1(H1) and its sub-hypotheses, the finding results were summarized as follows:

*Gender* had no effect on the respondents' expectation toward differentiation value drivers in all dimensions and the overall.

*Age* had no effect on the respondents' expectation toward differentiation value drivers in all dimensions and the overall.

*Marital status* had no effect on the respondents' expectation toward differentiation value drivers in dimensions of 'Better health and security', 'More responsiveness', and 'Better accessibility and more affordable'. However, it had

significant differences on the respondents' expectation toward the 'Better atmosphere' dimension.

*Nationality* had different effect on the respondents' expectation toward differentiation value drivers on the dimension of 'More responsiveness' and the overall. But there were no significant differences found on the dimensions of 'Better health and security', 'Better atmosphere', and 'Better accessibility and more affordable'.

*Education level* had a significance difference on the respondents' expectation toward the dimension of 'Better atmosphere', but did not generate a significance differences on the dimensions of 'Better health and security', 'More responsiveness', 'Better accessibility and more affordable', and the overall.

*Employment status* had significant differences on the respondent's expectation on differentiation value drivers toward the dimensions on 'Better atmosphere', 'More responsiveness', 'Better accessibility and more affordable', and the overall. However, there was no significant difference found on the dimension of 'Better health and security'.

*Level of total receivable revenue* had significance differences on the respondents' expectation of differentiation value drivers in all dimension and the overall.

*Health status* had no effect on the respondents' expectation toward differentiation value drivers in all dimensions and the overall.

Accordingly, the testing results supported the research hypothesis 1 (H1) mentioned that travelers with different profiles have different expectations on differentiation value drivers as can be seen in Table 4.38.



Table 4.37 Summary of Research Hypotheses Testing (H1) by One-way ANOVA

Independent Variables	Results	Different Effect on (Post Hoc Test Results)				
		Differentiation Value Drivers				
		Better health and security	Better atmosphere	More responsiveness	Better accessibility and more affordable	Total Differentiation Value Drivers
H.1.1 Gender	Reject	×	×	×	×	×
H1.2 Age	Reject	×	×	×	×	×
H1.3 Marital status	Partially support	×	single > married	×	×	×
H1.4 Nationality	Partially support	×	×	1) South Asia > Europe 2) East Asia > Europe	×	×
H1.5 Education	Partially support	×	Above bachelor degree > bachelor degree	×	×	×
H1.6 Employment	Partially support	×	1) employed part-time > employed full-time 2) retirement/unemployed > employed full-time	3) retired/unemployed > employed full-time	4) retired/unemployed > employed full-time	5) employed part-time > Employed full-time 6) retired/unemployed > employed full-time
H1.7 Total receivable revenue	Fully support	1) \$45,000-\$59,000 > \$30,000-\$44,999 2) \$75,000 and more > \$30,000-\$44,999	3) \$75,000 and more > less than \$30,000 4) \$45,000-\$59,999 > \$30,000-\$44,999 5) \$75,000 and more > \$30,000-\$44,999 6) \$75,000 and more > 45,000-\$59,999 7) \$75,000 and more > \$60,000-\$74,999	8) \$75,000 and more > less than \$30,000 9) \$45,000-\$59,999 > \$30,000-\$44,999 10) \$75,000 and more > \$30,000-\$44,999 11) \$75,000 and more > \$60,000-\$74,999	12) \$75,000 and more > less than \$30,000 13) \$45,000-\$59,000 > \$30,000-\$44,999 14) \$75,000 and more > \$30,000-\$44,999 15) \$75,000 and more > \$60,000-\$74,999	16) \$75,000 and more > less than \$30,000 17) \$45,000-\$59,999 > \$30,000-\$44,999 18) \$75,000 and more > \$30,000-\$44,999 19) \$75,000 and more > \$60,000-\$74,999
H1.8 Health status	Reject	×	×	×	×	×

#### **4.2.4 Statistical Analysis Results of Motivations of Using Small and Medium-Sized Hotels Affecting Mature Travelers' Differentiation Value Drivers**

The results of the data analysis in relation to research objective 2 and hypothesis 2 were conducted by employing Multiple Regression Analysis (MRA) to analyze the relationship between predictors or independent variables and a continuous dependent variable.

In this study, the hypothesis H2 and its sub-hypotheses were examined to explore the effects of mature travelers' motivations of using small and medium-sized hotels (independent or predictor variables) on their expected differentiation value drivers (dependent variable). Motivations consisted 11 items, presenting push and pull factors. Push factors included 5 items, namely, Novelty seeking (NOV), Rest and relaxation (RES), Personal value (PERS), Guest host relationship (GUE), Social enhancement (SOC). While other 6 items of pull factors comprised of Uniqueness (UN), Convenience (CON), Homely atmosphere (HOME), Special service (SPE), Learning experiences (LEA), and Price value (PRI). As for differentiation value drivers or a dependent or criterion variable consisted 4 dimensions: Better health and security (HEA), Better atmosphere (ATM), More responsiveness (RES), Better accessibility and more affordable (ACC), and total differentiation value drivers (TOT).

##### **4.2.5.1 Assumptions in Multiple Regression Analysis**

Before conducting Multiple Regression Analysis (MRA), several assumptions needed to be examined about the association of the dependent and independent variables that influence on the statistical procedure used for multiple regression to ensure the conformance of data. The assumptions testing comprised multicollinearity, independence of the error terms, linearity, and homoscedasticity (constant variance of the error term) (Hair et al., 2010; Pallant, 2016).

Table 4.38 Correlation Coefficient, Mean, Standard Deviation, Skewness, and Kurtosis among Variables for Assumption Testing in Multiple Regression Analysis

Variables	NOV	REST	PERS	GUE	SOC	UNI	CON	HOME	SPE	LEA	PRI	HEA	ATM	RES	ACC	TOT
NOV	1.000															
REST	0.643**	1.000														
PERS	0.630**	0.625**	1.000													
GUE	0.552**	0.603**	0.633**	1.000												
SOC	0.612**	0.566**	0.567**	0.553**	1.000											
UNI	0.541**	0.568**	0.544**	0.522**	0.533**	1.000										
CON	0.554**	0.573**	0.564**	0.524**	0.521**	0.486**	1.000									
HOME	0.557**	0.605**	0.622**	0.589**	0.588**	0.518**	0.625**	1.000								
SPE	0.618**	0.652**	0.632**	0.625**	0.601**	0.520**	0.645**	0.639**	1.000							
LEA	0.615**	0.653**	0.673**	0.635**	0.603**	0.527**	0.643**	0.679**	0.716**	1.000						
PRI	0.624**	0.639**	0.626**	0.579**	0.592**	0.525**	0.644**	0.680**	0.714**	0.703**	1.000					
HEA	0.508**	0.594**	0.567**	0.516**	0.521**	0.498**	0.619**	0.568**	0.645**	0.640**	0.639**	1.000				
ATM	0.628**	0.665**	0.620**	0.611**	0.576**	0.560**	0.600**	0.623**	0.702**	0.707**	0.688**	0.659**	1.000			
RES	0.573**	0.589**	0.591**	0.509**	0.502**	0.537**	0.529**	0.550**	0.583**	0.629**	0.587**	0.636**	0.684**	1.000		
ACC	0.640**	0.567**	0.533**	0.481**	0.498**	0.441**	0.527**	0.527**	0.579**	0.586**	0.579**	0.612**	0.644**	0.654**	1.000	
TOT	0.681**	0.706**	0.676**	0.621**	0.613**	0.598**	0.665**	0.664**	0.735**	0.750**	0.730**	0.852**	0.881**	0.868**	0.829**	1.000
MEAN	5.430	5.497	5.371	5.385	5.449	5.349	5.474	5.454	5.490	5.433	5.521	5.601	5.522	5.445	5.559	5.530
S.D.	0.953	0.903	1.000	1.003	0.922	0.962	0.932	0.912	0.863	0.887	0.901	0.819	0.734	0.806	0.825	0.680
SK	-0.560	-0.573	-0.591	-0.548	-0.549	-0.557	-0.573	-0.563	-0.600	-0.567	-0.555	-0.472	-0.529	-0.581	-0.567	-0.545
KU	-0.274	-0.204	-0.436	-0.371	-0.228	-0.377	-0.389	-0.335	-0.303	-0.434	-0.464	-0.071	-0.486	-0.250	-0.418	-0.505

#### 4.2.5.1.1 Multicollinearity

The correlation coefficient shown in Table 4.39, indicated that independent or predict variables of motivations of using small and medium-sized hotels affected all 11 items of a dependent variable of differentiation value drivers, generating positive correlations at a statistical significance level of 0.01. The highest correlation coefficient ( $r$ ) was 0.750 which was lower than the correlation coefficient cut-off point of 0.90 as suggested by Hair et al. (2010). Hence, the multicollinearity assumption was not violated.

Table 4.39 Tolerance Value and VIF Value for Assumption Testing in Multiple Regression Analysis

Independent Variables	Tolerance	VIF
<i>Push factors</i>		
Novelty seeking	0.427	2.341
Rest and relaxation	0.403	2.481
Personal values	0.401	2.492
Guest-host relationship	0.458	2.181
Social enhancement	0.478	2.093
<i>Pull factors</i>		
Uniqueness	0.559	1.789
Convenience	0.458	2.183
Homely atmosphere	0.397	2.517
Special services	0.341	2.936
Learning experiences	0.326	3.064
Price value	0.346	2.888

Additionally, testing the values of Tolerance and VIF (variance inflation factor) was conducted to examine the collinearity of independent variables. Refer to Pallant (2016), the value of 0.10 considers as a cut-off point for Tolerance, and the value of 10 for VIF. As displayed in Table 4.40, the Tolerance values ranged from 0.326 – 0.559 which were greater than the cutoff value of 0.10 ( $\text{Tolerance} > 0.10$ ), and the VIF values listed from 1.789 – 3.064 which were less than the cutoff value of 10. Consequently, the assumption of multicollinearity was not violated.

Furthermore, Table 4.38 also provided results of skewness and kurtosis values which contributing to the measure of a normal distribution of the variables used in this study. The results showed a skewness and kurtosis values which nearly approach to zero, with the skewness value ranged between -0.600 to -0.472 and kurtosis value between -0.505 to 0.071. Refer to the acceptable range of skewness and kurtosis for normal distribution of data, the skewness value of 3.00 or less and kurtosis value under 10.00, indicating that the dataset has a normal curve distribution which appropriates for Multiple Regression Analysis (Kline, 2005).

#### 4.2.5.1.2 Independence of the Error Terms

This assumption assumed that each predicted value is independent or not associate to one another (Hair et al., 2010). Dublin-Watson test can be employed to examine that whether the residuals from a regression analysis are independent. The test statistic scales in between 0 to 4, where a value of 2 (range between the value of 1.5 - 2.5) is no autocorrelation (Durbin & Watson, 1951). Regarding to Dublin-Watson test (Table 4.40), the resulting values ranged between 1.663 – 1.924, indicating that there was no autocorrelation or the residuals were independent. Therefore, this assumption was met the criteria.

Table 4.40 Durbin-Watson Value for Assumption Testing in Multiple Regression Analysis

Dependent Variables	Durbin-Watson Value
Better health and security	1.729
Better atmosphere	1.797
More responsiveness	1.924
Better accessibility and more affordable	1.979
Differentiation Value Drivers	1.663

#### 4.2.5.1.3 Linearity

To examine the linear relationship between dependent and independent variables, the normal probability plot (normal P-P) of regression standardized residual was employed to test the normal distribution of a set of data. The normal probability plot should lie in a fairly straight diagonal line from bottom left to

top right, indicating normally distributed data (Pallant, 2016). In this study, the linearity of relationship was tested by employing the normal probability plots as shown in Appendix E.1.1. The patterns showed that the residual line adjacently follows the diagonal, thus, this assumption was not violated.

#### 4.2.5.1.4 Homoscedasticity

Homoscedasticity means the assumption that the dependent variables show the equality of variance level across all value of predicted or independent variables (Pallant, 2016). To specify the constant variance of error terms is the requirement of this assumption testing. The Scatterplot is the most popular method to test bivariate relationships to define the constant variance of error terms. The Scatterplot, as exhibited in Appendix E.1.2, showed that the positions of the dot on the scatterplot were widely spread with no patterns, and the dots were constantly distributed around a value of zero. This can be indicated that the variances of residuals were constant, therefore, the assumption was not violated.

#### 4.2.5.2 Statistical Results of Motivations of Using Small and Medium-Sized Hotels Affecting Mature Travelers' Differentiation Value Drivers by Multiple Regression Analysis

In this section, the hypothesis 2 (H2) were conducted to answer research question 2, directing to investigate the effect of predictors or independent variables of motivations of using small and medium-sized hotels on a dependent variable of differentiation value drivers. To examine the hypothesis H2, this study employed Standard Multiple Regression Analysis or Enter method to predict the relationship of independent variables on a dependent variable.

*H2: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expected differentiation value drivers.*

##### 4.2.5.2.1 Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a dimension of 'Better Health and Security'

*H2.1: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expected differentiation value drivers on a dimension of 'Better health and security'.*

Table 4.41 Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of ‘Better Health and Security’

Variable	B	S.E. <sub>b</sub>	Beta	t	Sig.
Constant	1.207	0.214		5.631	0.000
Novelty seeking	-0.061	0.046	-0.071	-1.332	0.184
Rest and relaxation	0.112	0.050	0.123*	2.244	0.025
Personal values	0.053	0.045	0.065	1.187	0.236
Guest-host relationship	-0.013	0.042	-0.016	-0.304	0.761
Social enhancement	0.035	0.045	0.040	0.793	0.428
Uniqueness	0.062	0.040	0.073	1.571	0.117
Convenience	0.172	0.045	0.196**	3.819	0.000
Homely atmosphere	0.001	0.050	0.001	0.014	0.989
Special services	0.159	0.057	0.168**	2.820	0.005
Learning experiences	0.136	0.056	0.147*	2.422	0.016
Price value	0.146	0.054	0.160**	2.715	0.007
R = 0.742 R <sup>2</sup> = 0.550 S.E. <sub>est</sub> = 0.557 F = 41.368 Sig. = 0.000					

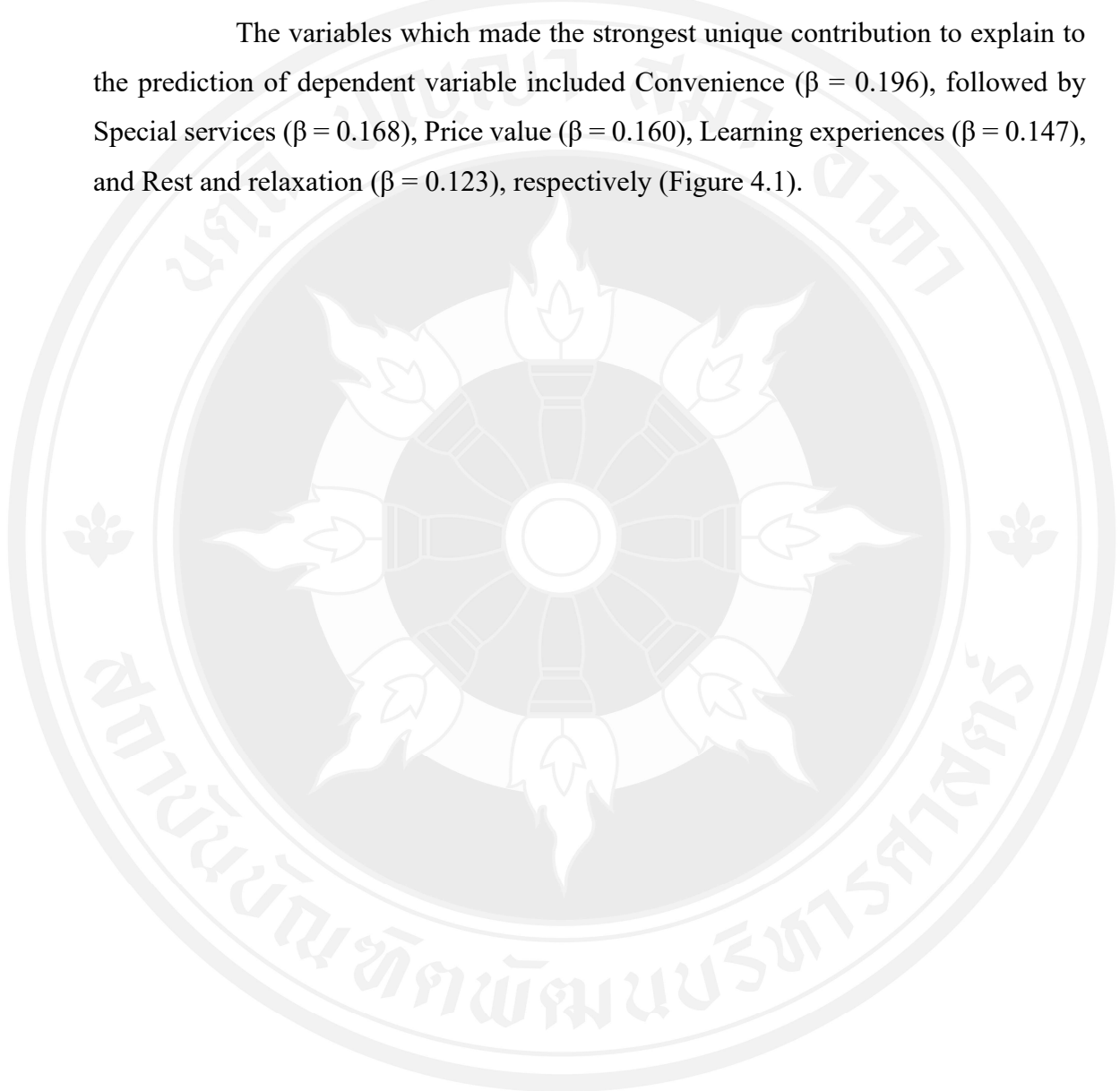
Note: \*p < 0.05, \*\* p < 0.01

As seen in Table 4.41, the findings of Multiple Regression Analysis revealed that independent variables of motivations of using small and medium-sized hotels in terms of push factors (Novelty seeking, Rest and relaxation, Personal values, Guest-host relationship, and Social enhancement) and pull factors (Uniqueness, Convenience, Homely atmosphere, Special services, Learning experiences, and Price value) were positively affected to a dependent variable of differentiation value drivers.

From the statistical analysis showed that there was a positive relationship between the independent variables and the dependent variable of differentiation value drivers in a dimension of ‘Better health and security’ at a relatively high correlation coefficient value of 0.742 (R = 0.742). The coefficient of determination (R<sup>2</sup>) was 0.550, interpreting that the model explained 55 percent of the variance in the dependent variable of the ‘Better health and security’ dimension. There were some variables made a significant contribution to the dependent variable of ‘Better health and security’ at the level of 0.01 (F = 41.368, Sig = 0.000), namely, Convenience (Sig. = 0.000), Special

services (Sig. = 0.005), and Price (sig. = 0.007), additionally, Rest and relaxation (Sig. = 0.025) and Learning experiences (Sig. = 0.016) had statistically significant at the level of 0.05. While Novelty seeking, Personal value, Guest-host relationship, Social enhancement, Uniqueness, and Homely atmosphere were not found statistically significant contribution to the dependent variable, at the significant level of 0.05.

The variables which made the strongest unique contribution to explain to the prediction of dependent variable included Convenience ( $\beta = 0.196$ ), followed by Special services ( $\beta = 0.168$ ), Price value ( $\beta = 0.160$ ), Learning experiences ( $\beta = 0.147$ ), and Rest and relaxation ( $\beta = 0.123$ ), respectively (Figure 4.1).





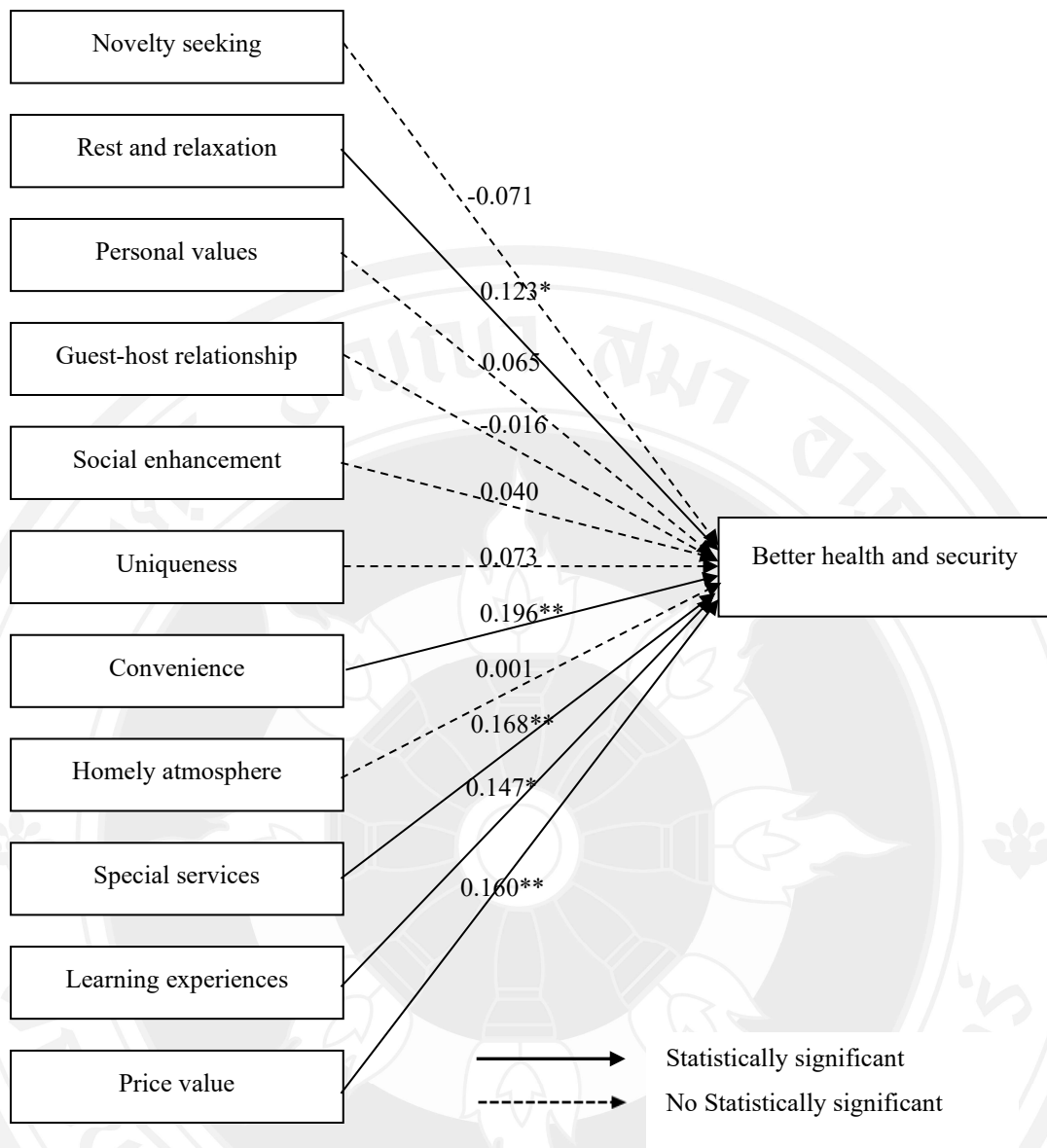


Figure 4.1 Summary Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of the 'Better Health and Security'

#### 4.2.5.2.2 Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a dimension of ‘Better Atmosphere’

*H2.2: Motivations of using small and medium-sized hotels positively effect to the mature travelers’ expected differentiation value drivers on a dimension of ‘Better atmosphere’.*

Table 4.42 Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of ‘Better Atmosphere’

Variable	B	S.E. <sub>b</sub>	Beta	t	Sig.
Constant	1.218	0.170		7.159	0.000
Novelty seeking	0.069	0.036	0.089	1.893	0.059
Rest and relaxation	0.107	0.039	0.132**	2.714	0.007
Personal values	0.012	0.036	0.016	0.329	0.742
Guest-host relationship	0.053	0.033	0.073	1.597	0.111
Social enhancement	0.010	0.035	0.013	0.283	0.778
Uniqueness	0.066	0.031	0.086*	2.097	0.037
Convenience	0.027	0.036	0.035	0.765	0.445
Homely atmosphere	0.025	0.039	0.031	0.638	0.524
Special services	0.147	0.045	0.173**	3.274	0.001
Learning experiences	0.155	0.045	0.188**	3.482	0.001
Price value	0.118	0.043	0.144**	2.760	0.006
R = 0.804 R <sup>2</sup> = 0.647 S.E. <sub>est</sub> = 0.442 F = 62.020 Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.42 reveals the findings of Multiple Regression Analysis to investigate the effect of independent variables (motivations of using small and medium-sized hotels) on a dependent variable (differentiation value drivers in a dimension of ‘Better atmosphere’). The results found that the independent variables had a positive effect to the dependent variable of ‘Better atmosphere’ at a high correlation coefficient value of 0.804 (R = 0.804). The coefficient of determination (R<sup>2</sup>) was 0.647, interpreting that the model explained 64.70 percent of the variance in differentiation value drivers of ‘Better atmosphere’.

Focusing on individual independent variables, five variables made statistically significant unique contributions ( $F = 62.020$ ,  $\text{Sig.} = 0.000$ ), to illustrate, Rest and relaxation ( $\text{Sig.} = 0.007$ ), Special services ( $\text{Sig.} = 0.001$ ), Learning experiences ( $\text{Sig.} = 0.001$ ), and Price value ( $\text{Sig.} = 0.006$ ), at the significance level of 0.01. In addition, Uniqueness ( $\text{Sig.} = 0.037$ ) made a significant contribution at level of 0.05. However, the effect between variables of Novelty seeking, Personal values, Guest-host relationship, Social enhancement, Convenience, and Homely atmosphere were not explained owing to non-significant outcomes, at the significance level of 0.05.

In descending order of importance, the strongest unique contribution to explain the dependent variable of 'Better atmosphere' were Learning experiences ( $\beta = 0.188$ ), Special services ( $\beta = 0.173$ ), Price value ( $\beta = 0.144$ ), Rest and relaxation ( $\beta = 0.132$ ), and Uniqueness ( $\beta = 0.086$ ), respectively as seen in Figure 4.2.

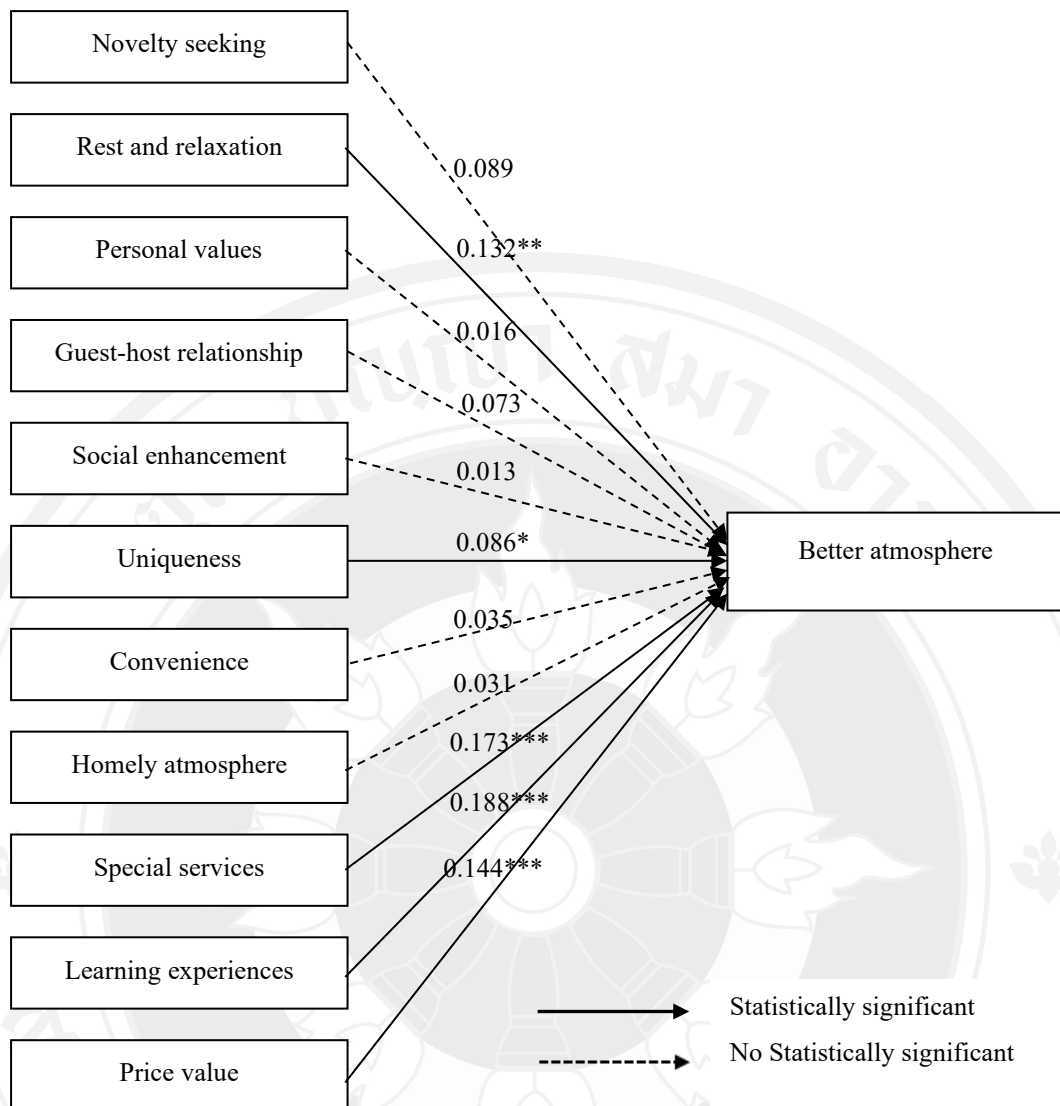


Figure 4.2 Summary Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of the 'Better Atmosphere'

4.2.5.2.3 Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a dimension of 'More responsiveness'

*H2.3: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expected differentiation value drivers on a dimension of 'More responsiveness'.*

Table 4.43 Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of 'More responsiveness'

Variable	B	S.E.b	Beta	t	Sig.
Constant	1.296	0.220		5.902	0.000
Novelty seeking	0.095	0.047	0.112*	2.023	0.044
Rest and relaxation	0.100	0.051	0.112	1.961	0.051
Personal values	0.103	0.046	0.127*	2.230	0.026
Guest-host relationship	-0.016	0.043	-0.020	-0.370	0.712
Social enhancement	-0.009	0.046	-0.011	-0.203	0.840
Uniqueness	0.124	0.041	0.148**	3.064	0.002
Convenience	0.034	0.046	0.040	0.745	0.456
Homely atmosphere	0.029	0.051	0.033	0.568	0.570
Special services	0.054	0.058	0.058	0.940	0.348
Learning experiences	0.180	0.058	0.198**	3.128	0.002
Price value	0.069	0.055	0.077	1.255	0.210
R = 0.716 R <sup>2</sup> = 0.513 S.E. <sub>est</sub> = 0.571 F = 35.581 Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

Refer to Table 4.43, the results of Multiple Regression Analysis to investigate the effect of independent variables (motivations of using small and medium-sized hotels) on a dependent variable (differentiation value drivers in a dimension of 'More responsiveness'). From the statistical analysis found a positive relationship between the independent variables and the dependent variable of 'More responsiveness' with a relatively high correlation (R = 0.716). The coefficient of determination (R<sup>2</sup>) was 0.513, interpreting that the model explained 51.30 percent of the variance in the dependent variable of the 'More responsiveness' dimension.

Considering to individual independent variables, four variables made unique statistically significant contributions ( $F = 35.581$ ,  $\text{Sig.} = 0.000$ ), including Uniqueness ( $\text{Sig.} = 0.002$ ), Learning experiences ( $\text{Sig.} = 0.002$ ), at the significant level of 0.01. Additionally, Novelty seeking ( $\text{Sig.} = 0.044$ ) as well as Personal value ( $\text{Sig.} = 0.026$ ) were found statistically significant contribution at level of 0.05.

The variables which made the strongest unique contribution to explain to the prediction of dependent variable consisted Learning experiences ( $\beta = 0.198$ ), followed by Uniqueness ( $\beta = 0.148$ ), Personal value ( $\beta = 0.127$ ), and Novelty seeking ( $\beta = 0.112$ ), respectively, as shown in Figure 4.3.

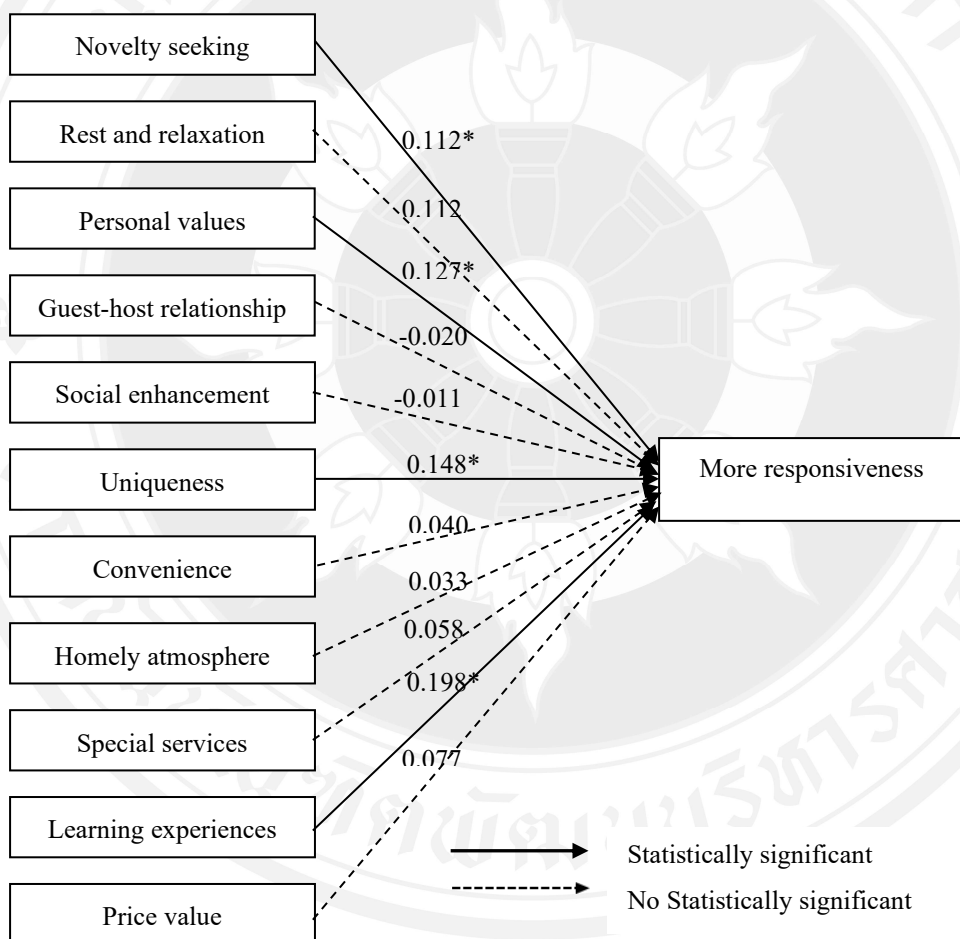


Figure 4.3 Summary Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of 'More responsiveness'

#### 4.2.5.2.4 Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a dimension of ‘Better accessibility and more affordable’

*H2.4: Motivations of using small and medium-sized hotels positively effect to the mature travelers’ expected differentiation value drivers on a dimension of ‘Better accessibility and more affordable’.*

Table 4.44 Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of ‘Better Accessibility and More Affordable’

Variable	B	S.E. <sub>b</sub>	Beta	t	Sig.
Constant	1.457	0.228		6.399	0.000
Novelty seeking	0.285	0.049	0.329**	5.865	0.000
Rest and relaxation	0.086	0.053	0.095	1.635	0.103
Personal values	0.015	0.048	0.019	0.323	0.747
Guest-host relationship	-0.010	0.045	-0.012	-0.217	0.829
Social enhancement	0.004	0.048	0.005	0.089	0.929
Uniqueness	-0.008	0.042	-0.009	-0.184	0.854
Convenience	0.062	0.048	0.070	1.288	0.198
Homely atmosphere	0.037	0.053	0.041	0.700	0.484
Special services	0.088	0.060	0.092	1.467	0.143
Learning experiences	0.108	0.060	0.117	1.816	0.070
Price value	0.082	0.057	0.090	1.439	0.151
R = 0.706 R <sup>2</sup> = 0.499 S.E. <sub>est</sub> = 0.592 F = 33.676 Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

As shown in Table 4.44, the results of Multiple Regression Analysis to investigate the effect of independent variables (motivations of using small and medium-sized hotels) on a dependent variable (differentiation value drivers in a dimension of ‘Better accessibility and more affordable’). From the statistical analysis found that the independents variables had a positive effect to the dependent variable of “Better accessibility and more affordable’ at a relatively high correlation coefficient value of 0.706 (R = 0.706). The coefficient of determination (R<sup>2</sup>) was 0.499,

interpreting that the model explained 49.90 percent of the variance in the dependent variable of the 'Better accessibility and more affordable' dimension.

According to individual independent variables, only one variable made a unique statistically significant contribution ( $F = 33.676$ ,  $\text{Sig.} = 0.000$ ) which was Novelty seeking ( $\text{Sig.} = 0.000$ ,  $\beta = 0.329$ ), at the significance level of 0.01. Whereas, all the rest of variables were not found significant results, as illustrated in Figure 4.4.

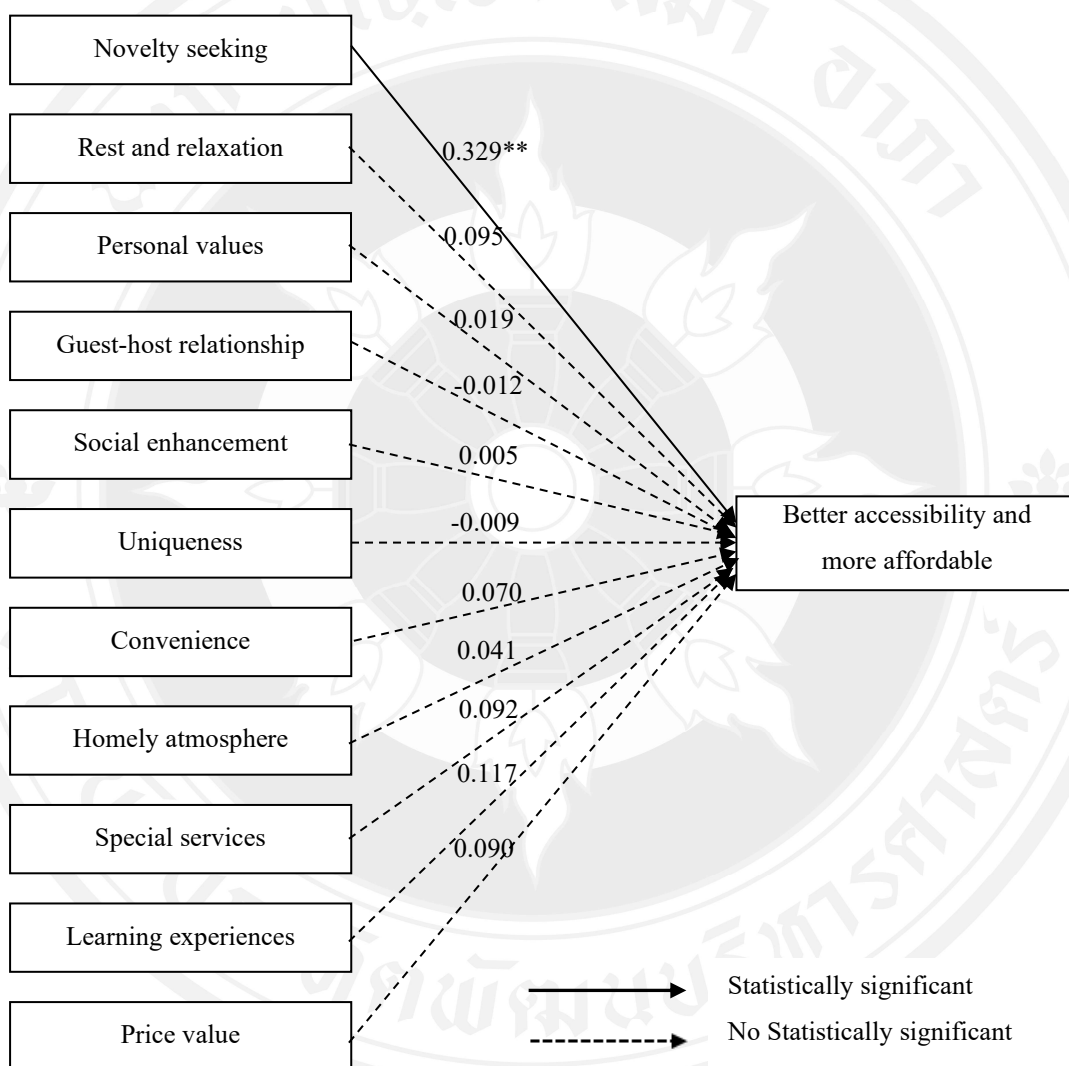


Figure 4.4 Summary Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Differentiation Value Drivers on a Dimension of 'Better Accessibility and More Affordable'



#### 4.2.5.2.5 Motivations of Using Small and Medium-Sized Hotels Affecting Total Differentiation Value Drivers

*H2.5: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expectation on total differentiation value drivers.*

Table 4.45 Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Total Differentiation Value Drivers

Variable	B	S.E. <sub>b</sub>	Beta	t	Sig.
Constant	1.282	0.137		9.344	0.000
Novelty seeking	0.086	0.029	0.121**	2.939	0.003
Rest and relaxation	0.102	0.032	0.136**	3.211	0.001
Personal values	0.046	0.029	0.067	1.585	0.114
Guest-host relationship	0.007	0.027	0.010	0.255	0.799
Social enhancement	0.010	0.029	0.014	0.363	0.717
Uniqueness	0.065	0.025	0.092*	2.557	0.011
Convenience	0.072	0.029	0.099*	2.501	0.013
Homely atmosphere	0.022	0.032	0.030	0.702	0.483
Special services	0.115	0.036	0.146**	3.181	0.002
Learning experiences	0.147	0.036	0.192**	4.094	0.000
Price value	0.105	0.034	0.140**	3.065	0.002
R = 0.856 R <sup>2</sup> = 0.732 S.E. <sub>est</sub> = 0.357 F = 92.552 Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.45 reveals the results of Multiple Regression Analysis to examine the relationship between independent variables of motivations of using small and medium-sized hotels and a dependent variable of total differentiation value drivers. From the statistical analysis showed that there was a positive effect between the independent variables and the dependent variable of total differentiation value drivers with a high correlation coefficient (R = 0.856). The coefficient of determination (R<sup>2</sup>) was 0.732, interpreting that the model explained 73.20 percent of the variance in the dependent variable of total differentiation value drivers.

According to individual independent variables, seven variables made unique statistically significant contributions (F = 92.552, Sig. = 0.000), which

included Novelty seeking (Sig. = 0.003), Rest and relaxation (Sig. = 0.001), Special services (Sig. = 0.002), Learning experiences (Sig. = 0.000), Price value (Sig. = 0.002), at the significance level of 0.01. Besides, Uniqueness (Sig. = 0.011) and Convenience (Sig. = 0.013) were found statistically significant contribution at level of 0.05.

In descending order of importance, the strongest unique contribution to explain the dependent variable of total differentiation value drivers were Learning experiences ( $\beta = 0.192$ ), followed by Special services ( $\beta = 0.146$ ), Price value ( $\beta = 0.140$ ), Rest and relaxation ( $\beta = 0.136$ ), Novelty seeking ( $\beta = 0.121$ ), Convenience ( $\beta = 0.099$ ) and Uniqueness ( $\beta = 0.092$ ), respectively, as exhibited in Figure 4.5

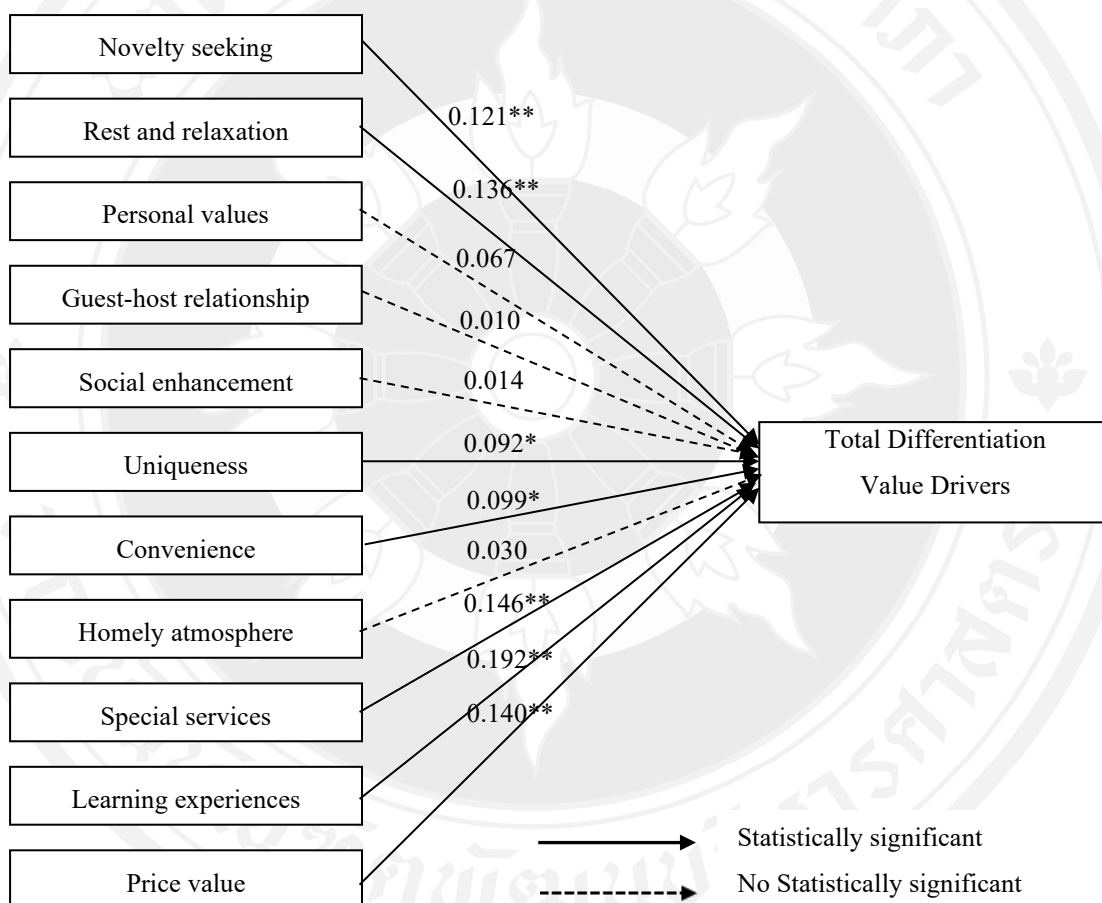


Figure 4.5 Summary Results of Multiple Regression Analysis for Motivations of Using Small and Medium-Sized Hotels Affecting Total Differentiation Value Drivers

#### 4.2.5.3 Summary of Research Hypothesis 2 Testing (H2)

From Table 4.41 – 4.45 and Figure 4.1 – 4.5 present linear relationships between motivations of using small and medium-sized hotels in all eleven items (independent variables) and differentiation value drivers (dependent variable). The finding results of research hypothesis testing (H2) and its sub-hypothesis were illustrated as follows.

For H2.1, motivations of using small and medium-sized hotels: Rest and relaxation, Convenience, Special services, learning experiences, and Price value, had positively affect to mature travelers' expected differentiation value drivers on a dimension of 'Better health and security'.

For H2.2, motivations of using small and medium-sized hotels: Rest and relaxation, Uniqueness, Special services, Learning experiences, and Price value, had positively effect to mature travelers' expected differentiation value drivers on a dimension of 'Better atmosphere'.

For H2.3, motivations of using small and medium-sized hotels: Novelty seeking, Personal value, Uniqueness, and Learning experiences, had positively effect to mature travelers' expected differentiation value drivers on a dimension of 'More responsiveness'.

For H2.4, motivations of using small and medium-sized hotels: Novelty seeking, had a positively effect to mature travelers' expected differentiation value drivers on a dimension of 'Better accessibility and more affordable.

For H2.5, motivations of using small and medium-sized hotels: Novelty seeking, Rest and relaxation, Uniqueness, Convenience, Special services, Learning experiences, and Price value, had positively effect to mature travelers' expectation on total differentiation value drivers.

Accordingly, the testing results supported the research hypothesis 2 (H2) mentioned that motivations of using small and medium-sized hotels positively effect to mature travelers' expected differentiation value drivers as summarized in Table 4.46.

Table 4.46 Summary of Research Hypotheses Testing (H2) by Multiple Regression Analysis

	H2.1	H2.2	H2.3	H2.4	H2.5
	Effect on Differentiation value drivers				
	Better health and security	Better atmosphere	More responsiveness	Better accessibility and more affordable	Total differentiation value drivers
Independent Variables	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$
<i>Push factors</i>					
Novelty seeking	×	×	0.112	0.329	0.121
Rest and relaxation	0.123	0.132	×	×	0.136
Personal values	×	×	0.127	×	×
Guest-host relationship	×	×	×	×	×
Social enhancement	×	×	×	×	×
<i>Pull factors</i>					
Uniqueness	×	0.086	0.148	×	0.092
Convenience	0.196	×	×	×	0.099
Homely atmosphere	×	×	×	×	×
Special services	0.168	0.173	×	×	0.146
Learning experiences	0.147	0.188	0.198	×	0.193
Price value	0.160	0.144	×	×	0.140
<b>Results</b>	<b>Partially Support</b>	<b>Partially Support</b>	<b>Partially Support</b>	<b>Partially Support</b>	<b>Partially Support</b>

#### 4.2.6 Statistical Analysis of Personalities Seeking Differences Affecting Mature Travelers' Differentiation Value Drivers

The results derived from questionnaires in part 4 intended to answer research question 2 and hypothesis H3.

##### 4.2.6.1 Psychographic Segments

In this stage, the psychographic scale was applied to measure mature travelers' personality types to identify their tendencies in seeking differences. Plog's classification (1974, 2002) was employed as a guideline for segmenting the respondents into three main groups: allocentrics, midcentrics, and psychocentrics, based on the mean values of the fourteen psychographic variables. Cronbach's coefficient for these psychographic items was tested and had the internal consistency ( $\alpha = 0.829$ ). Thereby, the mean score of the fourteen items were employed to define psychographic segments. The results displayed that midcentrics accounted for 62.76 percent of the sample, psychocentrics constituted for 22.14 percent, and allocentrics accounted for 15.10 percent, which were consistent with the basis of Plog's categorization as illustrated in Table 4.47.

Table 4.47 Descriptive Statistics for Mature Travelers' Personalities Seeking Differences

Psychographic Variables	Psychographics		
	Allocentric	Midcentric	Psychocentric
1. Prefer tourist package vacations	2.36	3.12	3.44
2. Enjoy sense of discovery	3.88	3.62	3.36
3. Like to travel alone	3.47	3.73	3.28
4. Prefer only rest and relaxation	3.03	3.71	3.99
5. Prefer to drive rather than fly	2.86	3.70	3.80
6. Seek for novel and different things on my vacation	4.00	3.81	3.31
7. Like to explore and learn about things, places, and people	4.31	3.86	3.28
8. Prefer familiar tourist destinations	3.22	3.67	3.98

Psychographic Variables	Psychographics		
	Allocentric	Midcentric	Psychocentric
9. Being a highly active person	3.98	3.85	3.47
10. Prefer similar amenities to those at home	2.93	3.73	3.72
11. Prefer non-touristy areas	3.72	3.72	3.40
12. Prefer non-foreign atmosphere and socialize with people with the same culture	2.97	3.67	3.74
13. Like to meet and deal with people from different countries or cultures	4.05	3.49	3.39
14. Prefer a vacation trip that all arrangements are made for	2.83	3.68	3.76
<b>N (%)</b>	<b>58 (15.10)</b>	<b>241 (62.76)</b>	<b>85 (22.14)</b>

After three psychographic groups were categorized, Simple Regression Analysis was employed to test the research hypothesis 3 and its sub-hypotheses to examine the differences among psychographic variables and their expected differentiation value drivers.

The statistical technique of Simple Regression is commonly used for predicting a single dependent variable from one predictor or independent variable (Hair et al., 2010). This study investigated the relationship between the independent variable of personalities seeking differences (PER) and the dependent variable of differentiation value drivers which comprised of four factors: Better health and security (HEA), Better atmosphere (ATM), More responsiveness (RES), Better accessibility and more affordable (ACC), and total differentiation value drivers (TOT).

#### 4.2.6.2 Assumption Testing of Simple Regression Analysis

There were several assumptions associated with a linear regression model must be tested before proceeding with Simple Regression Analysis. The assumptions testing consisted multicollinearity, linearity, homoscedasticity (constant variance of the error term), independence of residuals (the error terms) and normality of the error term distribution

#### 4.2.6.2.1 Independence of the Error Terms

According to Hair et al. (2010), this assumption assumed that variables are independent or not associate to each other. Dublin-Watson test can be performed to investigate whether the residuals from a regression analysis are independent. The test statistic scales in between 0 to 4, where a value of 2 (range between the value of 1.5 - 2.5) is no autocorrelation (Durbin & Watson, 1951). Regarding to Dublin-Watson test (Table 4.48), the resulting values ranged between 1.500 – 1.759, indicating that there was no autocorrelation. Hence, this assumption was not violated.

Table 4.48 Durbin-Watson Value for Assumption Testing in Simple Regression Analysis

Dependent Variables	Durbin-Watson Value
Better health and security	1.536
Better atmosphere	1.631
More responsiveness	1.664
Better accessibility and more affordable	1.759
Differentiation Value Drivers	1.500

Note: \*p < 0.05, \*\* p < 0.01

#### 4.2.6.2.2 Normal Distribution

To investigate the linear relationship between dependent and independent variables, the normal probability plot (normal P-P) of regression standardized residual was adopted to examine the normal distribution of a set of data. The normal probability plot should lie in a fairly straight diagonal line from bottom left to top right, interpreting normally distributed data (Pallant, 2016). In this study, the linearity of relationship was tested by employing the normal probability plots as shown in Appendix E.2.1. The patterns showed that the residual line adjacently follows the diagonal, thus, this assumption was not violated.

#### 4.2.6.2.3 Homoscedasticity

Homoscedasticity defined as the assumption that the dependent variables show the equality of variance level across all value of predicted or independent variables (Pallant, 2016). To specify the constant variance of error terms is the requirement of this assumption testing. The Scatterplot is the most popular method to examine bivariate relationships to determine the constant variance of error terms. The Scatterplot, as exhibited in Appendix E.2.2, displayed that the positions of the dot on the scatterplot were widely spread with no patterns, and the dots were constantly distributed around a value of zero. This can be indicated that the variances of residuals were constant, hence, the assumption was not violated.

Therefore, the assumption testing for Simple Regression Analysis revealed that all assumptions were met the criteria. Consequently, the statistical analysis of Simple Regression Analysis can be performed to examine the research hypothesis.

#### 4.2.6.3 Correlation Coefficient of Variables

Table 4.49 shows the correlation coefficient of variables used in this study. The results indicated that the independent variable of Personalities seeking differences (PER) correlated positively with dependent variable of differentiation value drivers in all dimensions as well as the overall, at the significance level of 0.01. The correlation coefficient ( $r$ ) ranged from 0.478 – 0.612 which were less than the correlation coefficient cutoff value of .90 as mentioned by (Hair et al., 2010). Thus, all variables could be retained for Simple Regression Analysis.

Table 4.49 Correlation Coefficient, Mean, Standard Deviation, Skewness, and Kurtosis among Variables for Assumption Testing in Simple Regression Analysis

Variable	$r$					$\bar{X}$	S.D.	SK	KU
	HEA	ATM	RES	ACC	TOT				
PER	0.488**	0.561**	0.564**	0.478**	0.612**	3.606	0.539	-0.241	-0.813

Note: \* $p < 0.05$ , \*\*  $p < 0.01$



In addition, Table 4.49 shows the results of skewness and kurtosis values which contributing to the measure of a normal distribution of the variables used in this study. The results showed a skewness and kurtosis values which nearly approach to zero, with the skewness value of -0.241 and kurtosis value of -0.813. Refer to the acceptable range of skewness and kurtosis for normal distribution of data, the skewness value of 3.00 or less and kurtosis value under 10.00, indicating that the dataset has a normal curve distribution which appropriates for Regression Analysis (Kline, 2005).

#### 4.2.6.4 Statistical Analysis Results of Personalities Seeking Differences Affecting Mature Travelers' Differentiation Value Driver by Simple Regression Analysis

In this section, the hypothesis 3 (H3) were conducted to answer research question 2, directing to investigate the effect of the independent variable of personalities seeking differences on the dependent variable of differentiation value drivers. To test the hypothesis H3, this study employed Standard Multiple Regression Analysis or Enter method to predict the relationship of the independent variable on the dependent variable.

*H3: Personalities seeking differences positively effect to the mature travelers' expected differentiation value drivers.*

##### 4.2.6.4.1 Personalities Seeking Differences Affecting Differentiation Value Drivers on a Dimension of 'Better Health and Security'

*H3.1: Personalities seeking differences) positively effect to the mature travelers' expected differentiation value drivers on a dimension of 'Better health and security'.*

Table 4.50 Results of Simple Regression Analysis for Personalities Seeking Differences (Allocentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Health and Security'

Variable	B	S.E.b	Beta	t	Sig.
Constant	5.263	0.612		8.604	0.000
Allocentric	0.142	0.178	0.106	0.797	0.429
R = 0.106 R <sup>2</sup> = 0.011 S.E. <sub>est</sub> = 0.725 F = 0.635 Sig. = 0.429					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.50 displayed the results of Simple Regression Analysis to predict the relationship on Differentiation value drivers (dependent variable) from Allocentric personality (independent variable) in relation to a dimension of 'Better health and security'. The statistical analysis of variance found the Sig.value result of 0.429 (F = 0.635) which was above the significance level (.05). This can be interpreted that the dependent variable had no linear relationship to the independent variable, that is, Allocentric personality (independent variable) had no effect on the 'Better health and security' (dependent variable), at the significance level of 0.05 (Sig. = 0.429)

As exhibited in Table 4.51, the findings of statistical analysis of variance found the statistically significant value of 0.000 (F = 102.452), implying that Midcentric personality (independent variable) had a positive effect to 'Better health and security' (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.548. Additionally, the correlation coefficient (R) value of 0.548 interpreted a moderate positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.300, meaning that the model explained 30 percent of the possible variation in the dependent variable of 'Better health and security'.

Table 4.51 Results of Simple Regression Analysis for Personalities Seeking Differences (Midcentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Health and Security'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.440	0.317		7.699	0.000
Midcentrics	0.865	0.085	0.548**	10.122	0.000
R = 0.548 R <sup>2</sup> = 0.300 S.E.est = 0.699 F = 102.452** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.52 Results of Simple Regression Analysis for Personalities Seeking Differences (Psychocentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Health and Security'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.031	0.476		4.264	0.000
Psychocentric	0.963	0.132	0.625**	7.292	0.000
R = 0.625 R <sup>2</sup> = 0.390 S.E.est = 0.649 F = 53.174** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

The findings of statistical analysis of variance (Table 4.52) found the statistically significant value of 0.000 (F = 53.174), implying that Psychocentric personality (independent variable) had a positive effect to 'Better health and security' (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.625. In addition, the correlation coefficient (R) value of 0.625 indicated that a positive linear correlation between two variables was relatively high. The coefficient of determination (R<sup>2</sup>) was 0.390, meaning that the model explained 39.00 percent of the possible variation in the dependent variable of 'Better health and security'.

#### 4.2.6.4.2 Personalities Seeking Differences Affecting Differentiation Value Drivers on a Dimension of 'Better Atmospheres

*H3.2: Personalities seeking differences positively effect to the mature travelers' expected differentiation value drivers on a dimension of 'Better atmosphere.*

Table 4.53 Results of Simple Regression Analysis for Personalities Seeking Differences (Allocentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Atmosphere'

Variable	B	S.E.b	Beta	t	Sig.
Constant	3.834	0.574		6.676	0.000
Allocentric	0.497	0.167	0.370**	2.977	0.004
R = 0.370 R <sup>2</sup> = 0.317 S.E.est = 0.608 F = 8.862** Sig. = 0.004					

Note: \*p < 0.05, \*\* p < 0.01

As exhibited in Table 4.53, the findings of statistical analysis of variance found the statistically significant value of 0.004 (F = 8.826), implying that Allocentric personality (independent variable) had a positive effect to 'Better atmosphere' (dependent variable), at the significance level of 0.01 (Sig = 0.004) with the standardized coefficient value ( $\beta$ ) of 0.370. Additionally, the correlation coefficient (R) value of 0.370 which interpreted a relatively low linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.317, meaning that the model explained 31.70 percent of the possible variation in the dependent variable of 'Better atmosphere'.

Table 4.54 Results of Simple Regression Analysis for Personalities Seeking Differences (Midcentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Atmosphere'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.678	0.254		10.534	0.000
Midcentric	0.795	0.069	0.600**	11.597	0.000
R = 0.600 R <sup>2</sup> = 0.360 S.E.est = 0.561 F = 134.481** Sig. = 0.000					

Table 4.54 reveals that the results of statistical analysis of variance showed the statistically significant value of 0.000 (F = 134.481), indicating that Midcentric personality (independent variable) had a positive relationship to 'More responsiveness' (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.600. In addition, the correlation coefficient (R) value of 0.600 interpreted a relatively high positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.360, meaning that the model

explained 36.00 percent of the variance in the dependent variable of ‘More responsiveness’.

Table 4.55 Results of Simple Regression Analysis for Personalities Seeking Differences (Psychocentric) Affecting Differentiation Value Drivers on a Dimension of ‘Better Atmosphere’

Variable	B	S.E. <sub>b</sub>	Beta	t	Sig.
Constant	2.109	0.471		4.479	0.000
Psychocentric	0.899	0.131	0.603**	6.883	0.000
R = 0.603 R <sup>2</sup> = 0.363 S.E. <sub>est</sub> = 0.642 F = 47.380** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

According to Table 4.55, the results of statistical analysis of variance displayed the statistically significant value of 0.000 (F = 47.380), meaning that Psychocentric personality (independent variable) had a positive relationship to ‘Better Atmosphere’ (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.603. Moreover, the correlation coefficient (R) value of 0.603 implied a relatively high positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.363, indicating that the model explained 36.30 percent of the variance in the dependent variable of ‘Better Atmosphere’.

#### 4.2.6.4.3 Personalities Seeking Differences Affecting Differentiation Value Drivers on a Dimension of ‘More Responsiveness’

*H3.3: Personalities seeking differences effect to the mature travelers’ expected differentiation value drivers on a dimension of ‘More responsiveness’.*

Table 4.56 Results of Simple Regression Analysis for Personalities Seeking Differences (Allocentric) Affecting Differentiation Value Drivers on a Dimension of 'More Responsiveness'

Variable	B	S.E.b	Beta	t	Sig.
Constant	3.151	0.658		4.789	0.000
Allocentric	0.647	0.191	0.412**	3.386	0.001
R = 0.412 R <sup>2</sup> = 0.170 S.E.est = 0.779 F = 11.468** Sig. = 0.001					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.56 reveals that the results of statistical analysis of variance showed the statistically significant value of 0.000 (F = 11.468), indicating that Allocentric personality (independent variable) had a positive relationship to 'More responsiveness' (dependent variable), at the significance level of 0.01 (Sig = 0.001) with the standardized coefficient value ( $\beta$ ) of 0.412. In addition, the correlation coefficient (R) value of 0.412 interpreted a moderate positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.170, meaning that the model explained 17.00 percent of the variance in the dependent variable of 'More responsiveness'.

Refer to Table 4.57, the results of statistical analysis of variance displayed the statistically significant value of 0.000 (F = 136.008), indicating that Allocentric personality (independent variable) had a positive relationship to 'More responsiveness' (dependent variable), at the significance level of 0.01 (Sig = 0.001) with the standardized coefficient value ( $\beta$ ) of 0.602. In addition, the correlation coefficient (R) value of 0.602 interpreted a relatively high positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.363, meaning that the model explained 36.30 percent of the variance in the dependent variable of 'More responsiveness'.

Table 4.57 Results of Simple Regression Analysis for Personalities Seeking Differences (Midcentric) Affecting Differentiation Value Drivers on a Dimension of 'More Responsiveness'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.196	0.286		7.672	0.000
Midcentric	0.901	0.077	0.602**	11.662	0.000
R = 0.602 R <sup>2</sup> = 0.363 S.E. <sub>est</sub> = 0.632 F = 136.008** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.58 Results of Simple Regression Analysis for Personalities Seeking Differences (Psychocentric) Affecting Differentiation Value Drivers on a Dimension of 'More Responsiveness'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.327	0.501		4.641	0.000
Psychocentric	0.847	0.139	0.556**	6.093	0.000
R = 0.556 R <sup>2</sup> = 0.309 S.E. <sub>est</sub> = 0.683 F = 37.130** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

According to Table 4.58, the findings of statistical analysis of variance showed the statistically significant value of 0.000 (F = 37.130), indicating that Psychocentric personality (independent variable) had a positive relationship to 'More responsiveness' (dependent variable), at the significance level of 0.01 (Sig = 0.001) with the standardized coefficient value ( $\beta$ ) of 0.556. In addition, the correlation coefficient (R) value of 0.556 interpreted a moderate positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.309, meaning that the model explained 30.90 percent of the variance in the dependent variable of 'More responsiveness'.

#### 4.2.6.4.4 Personalities Seeking Differences Affecting Differentiation Value Drivers on a Dimension of ‘Better Accessibility and More Affordable’

*H3.4: Personalities seeking differences positively effect to the mature travelers’ expected differentiation value drivers on a dimension of ‘Better accessibility and more affordable’.*

Table 4.59 Results of Simple Regression Analysis for Personalities Seeking Differences (Allocentric) Affecting Differentiation Value Drivers on a Dimension of ‘Better Accessibility and More Affordable’

Variable	B	S.E.b	Beta	t	Sig.
Constant	4.070	0.709		5.737	0.000
Allocentric	0.457	0.206	0.284*	2.219	0.031
R = 0.284 R <sup>2</sup> = 0.081 S.E.est = 0.840 F = 4.923* Sig. = 0.031					

Note: \*p < 0.05, \*\* p < 0.01

As displayed in Table 4.59, the results of statistical analysis of variance displayed the statistically significant value of 0.031 (F = 4.923), meaning that Allocentric personality (independent variable) had a positive relationship to ‘Better accessibility and more affordable’ (dependent variable), at the significance level of 0.05 (Sig = 0.031) with the standardized coefficient value ( $\beta$ ) of 0.284. Moreover, the correlation coefficient (R) value of 0.284 implied a relatively low positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.081, indicating that the model explained 8.10 percent of the variance in the dependent variable of ‘Better accessibility and more affordable’.



Table 4.60 Results of Simple Regression Analysis for Personalities Seeking Differences (Midcentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Accessibility and More Affordable'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.493	0.319		7.817	0.000
Midcentric	0.837	0.086	0.533**	9.731	0.000
R = 0.533 R <sup>2</sup> = 0.284 S.E. <sub>est</sub> = 0.704 F = 94.692** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

As shown in Table 4.60, the results of statistical analysis of variance revealed the statistically significant value of 0.000 (F = 94.692), meaning that Midcentric personality (independent variable) had a positive relationship to 'Better accessibility and more affordable' (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.533. Moreover, the correlation coefficient (R) value of 0.533 implied a moderate positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.284, indicating that the model explained 28.40 percent of the variance in the dependent variable of 'Better accessibility and more affordable'.

Table 4.61 Results of Simple Regression Analysis for Personalities Seeking Differences (Psychocentric) Affecting Differentiation Value Drivers on a Dimension of 'Better Accessibility and More Affordable'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.815	0.496		5.678	0.000
Psychocentric	0.752	0.138	0.515**	5.469	0.000
R = 0.515 R <sup>2</sup> = 0.265 S.E. <sub>est</sub> = 0.676 F = 29.906** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

Table 4.61 shows that the results of statistical analysis of variance revealed the statistically significant value of 0.000 (F = 29.906), meaning that Psychocentric personality (independent variable) had a positive relationship to 'Better accessibility and more affordable' (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.515. Moreover, the correlation

coefficient (R) value of 0.515 implied a moderate positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.265, indicating that the model explained 26.50 percent of the variance in the dependent variable of 'Better accessibility and more affordable'.

#### 4.2.6.4.5 Personalities Seeking Differences Affecting Total Differentiation Value Drivers

*H3.5: Personalities seeking differences positively effect to the mature travelers expected total differentiation value drivers.*

Table 4.62 Results of Simple Regression Analysis for Personalities Seeking Differences (Allocentric) Affecting Differentiation Value Drivers on a Dimension of 'Total Differentiation Value Drivers'

Variable	B	S.E.b	Beta	t	Sig.
Constant	4.068	0.524		7.763	0.000
Allocentric	0.438	0.152	0.359**	2.875	0.006
R = 0.359 R <sup>2</sup> = 0.129 S.E. <sub>est</sub> = 0.621 F = 8.267** Sig. = 0.006					

Note: \*p < 0.05, \*\* p < 0.01

According to Table 4.62, the results of statistical analysis of variance showed the statistically significant value of 0.000 (F = 8.267), interpreting that Personalities seeking differences (independent variable) had a positive effect to Total differentiation value drivers (dependent variable), at the significance level of 0.05 (Sig = 0.031) with the standardized coefficient value ( $\beta$ ) of 0.359. Additionally, the correlation coefficient (R) value of 0.359 indicated a moderate positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.129, meaning that the model explained 12.90 percent of the variance in the dependent variable of Total differentiation value drivers.

Table 4.63 Results of Simple Regression Analysis for Personalities Seeking Differences (Midcentric) Affecting Differentiation Value Drivers on a Dimension of 'Total Differentiation Value Drivers'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.461	0.231		10.673	0.000
Midcentric	0.847	0.062	0.661**	13.625	0.000
R = 0.661 R <sup>2</sup> = 0.437 S.E.est = 0.509 F = 185.630** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

As exhibited in Table 4.63, the results of statistical analysis of variance showed the statistically significant value of 0.000 (F = 185.630), interpreting that Midcentric personality (independent variable) had a positive effect to Total differentiation value drivers (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.661. Additionally, the correlation coefficient (R) value of 0.661 indicated a relatively high positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.437, meaning that the model explained 43.70 percent of the variance in the dependent variable of Total differentiation value drivers.

Table 4.64 Results of Simple Regression Analysis for Personalities Seeking Differences (Psychocentric) Affecting Differentiation Value Drivers on a Dimension of 'Total Differentiation Value Drivers'

Variable	B	S.E.b	Beta	t	Sig.
Constant	2.285	0.378		6.046	0.000
Psychocentric	0.873	0.105	0.675**	8.325	0.000
R = 0.675 R <sup>2</sup> = 0.455 S.E.est = 0.515 F = 69.300** Sig. = 0.000					

Note: \*p < 0.05, \*\* p < 0.01

As shown in Table 4.64, the results of statistical analysis of variance displayed the statistically significant value of 0.000 (F = 69.300), interpreting that Psychocentric personality (independent variable) had a positive effect to Total differentiation value drivers (dependent variable), at the significance level of 0.01 (Sig = 0.000) with the standardized coefficient value ( $\beta$ ) of 0.675. Additionally, the

correlation coefficient (R) value of 0.675 indicated a relatively high positive linear relationship between two variables. The coefficient of determination (R<sup>2</sup>) was 0.455, meaning that the model explained 45.50 percent of the variance in the dependent variable of Total differentiation value drivers.

#### 4.2.6.5 Summary of Research Hypothesis 3 Testing (H2)

From Table 4.42 – 4.46 displays linear relationships between Personalities seeking differences (independent variables) and Differentiation value drivers (dependent variable). The finding results of research hypothesis testing (H3) and its sub-hypotheses were described as follows.

For H3.1, Personalities of midcentric and psychocentric positively effect to the mature travelers expected differentiation value drivers on a dimension of ‘Better health and security’.

For H3.2, Personalities of allocentric, midcentric, and psychocentric positively effect to the mature travelers expected differentiation value drivers on a dimension of ‘Better atmosphere’.

For H3.3, Personalities of allocentric, midcentric, and psychocentric positively effect to the mature travelers expected differentiation value drivers on a dimension of ‘More responsiveness’.

For H3.4, Personalities of allocentric, midcentric, and psychocentric positively effect to the mature travelers expected differentiation value drivers on a dimension of ‘Better accessibility and more affordable’.

For H3.5, Personalities of allocentric, midcentric, and psychocentric positively effect to the mature travelers expected total differentiation value drivers.

Accordingly, the testing results supported the research hypothesis 3 (H3) mentioned that personalities seeking differences positively effect to mature travelers’ expected differentiation value drivers as summarized in Table 4.65.

Table 4.65 Summary of Research Hypotheses Testing (H3) by Simple Regression Analysis

	H3.1	H3.2	H3.3	H3.4	H3.5
	Effect on Differentiation value drivers				
	Better health and security	Better atmosphere	More responsiveness	Better accessibility and more affordable	Total differentiation value drivers
Independent Variables	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$
<i>Personalities</i>					
Allocentric personality	×	0.370	0.412	0.284	0.359
Midcentric personality	0.548	0.600	0.602	0.533	0.661
Psychocentric personality	0.625	0.603	0.556	0.515	0.675
<b>Results</b>	<b>Partially support</b>	<b>Fully support</b>	<b>Fully support</b>	<b>Fully support</b>	<b>Fully support</b>

Table 4.66 Summary of Factors Affecting Dependent Variables of Mature Travelers' Differentiation Value Drivers and Results of Hypotheses Testing (H1 – H3)

Hypotheses / Independent Variables	Results	Effect on	Analytical Methodology
<i>Hypothesis 1: Travelers with different profiles have different expectations on differentiation value drivers.</i>			
H1.1 Gender	Reject	-	Independent Sample t-test
H1.2 Age	Reject	-	One-way ANOVA
H1.3 Marital status	Partially support	ATM	One-way ANOVA
H1.4 Nationality	Partially support	RES	One-way ANOVA
H1.5 Education	Partially support	ATM	One-way ANOVA
H1.6 Employment	Partially support	ATM, RES, ACC, TOT	One-way ANOVA
H1.7 Total receivable revenue	Fully support	HEA, ATM, RES, ACC, TOT	One-way ANOVA
H1.8 Health status	Reject	-	One-way ANOVA
<i>Hypothesis 2: Motivations of using small and medium-sized hotels positively effect to the mature travelers' expected differentiation value drivers.</i>			
H2.1 Motivations of using small and medium-sized hotels	Partially Support	HEA	Multiple Regression Analysis
H2.2 Motivations of using small and medium-sized hotels	Partially support	ATM	Multiple Regression Analysis
H2.3 Motivations of using small and medium-sized hotels	Partially support	RES	Multiple Regression Analysis
H2.4 Motivations of using small and medium-sized hotels	Partially support	ACC	Multiple Regression Analysis
H2.5 Motivations of using small and medium-sized hotels	Partially support	TOT	Multiple Regression Analysis
<i>Hypothesis 3: Personalities seeking differences positively effect to the mature travelers' expected differentiation value drivers.</i>			
H3.1 Personalities seeking differences	Partially support	HEA	Simple Regression Analysis
H3.2 Personalities seeking differences	Fully support	ATM	Simple Regression Analysis
H3.3 Personalities seeking differences	Fully support	RES	Simple Regression Analysis
H3.4 Personalities seeking differences	Fully support	ACC	Simple Regression Analysis
H3.5 Personalities seeking differences	Fully support	TOT	Simple Regression Analysis

### 4.3 Discussion of Data and Research Results

The chapter 4 purposes to answer research questions 1 and 2. This section displays the finding results with a discussion regarding to two research questions which were listed as follows.

- 1) What are the components of differentiation value drivers of the mature travelers?
- 2) What are the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers?

#### 4.3.1 Discussion in Responding to Research Question 1

*Research Question1: What are the components of differentiation value drivers of the mature travelers?*

To answer the research question 1, Exploratory Factor Analysis (EFA) was conducted to study the components of differentiation value drivers of the mature travelers. In order to determine the number of appropriate factors, in this study, EFA with Principal Component Analysis (PCA) and Varimax rotation were performed with the data collection of the main study (n =384). The results of the KMO test (see Table 4.3) was 0.960, indicating an acceptable sample adequacy. Furthermore, Bartlett's tests had an approximate distribution of Chi-square value of 5946.640 with the significance at 0.000, which confirmed that variables were reasonable for using factor analysis techniques. As the result of factor analysis, the 33 variables were suggested into 4 factors. Only variables with loading of 0.50 and higher were chosen for interpretation, therefore, the 20 items were remained for further analysis (as shown in Table 4.5). Consequently, the results produced a clean factor structure with relatively high loading in each factor. These factors explained 51.390% of the variance with eigenvalue greater than 1.

More specifically, five measurement items for 'Better health and security' construct, six measurement items for 'Better atmosphere' construct, five measurement items for 'More responsiveness' construct, and four measurement items for 'Better accessibility and more affordable' construct satisfied and reflected a high level of reliability in each constructed with the Alpha coefficients ranged from 0.788 to 0.824

which well above the minimum value of 0.50, considering acceptable as an implication of reliability for basic research (Nunnally, 1994). As the results shown in Table 4.5, there were a set of main factors that mature travelers expected them as importance when selecting a small and medium-sized hotel in Thailand.

The 'Better health and security' factor is the first dimension indicated through factor analysis, accounting for 15.472 per cent variance. This component included five items which highlights the importance of clean and hygienic rooms, clean and hygienic environment, clean and hygienic food, comfortable bed, mattress and pillow, and security system. The findings found similarly to previous researches mentioned that cleanliness and safety were among the most influential factors for mature travelers in selecting an accommodation (Anuar et al., 2017; Caber & Albayrak, 2014; Jang, Bai, Hu, & Wu, 2009), as well as comfort of bedroom (Caber & Albayrak, 2014; Rhee & Yang, 2015; Vojvodic, 2015a). Owing the fact that today's mature travelers tend to be more active travelers with health-conscious, taking care of their physical and mental health (Vojvodic, 2015a). As their age increasing, they have less resistance to disease and more vulnerable than young people, therefore, cleanliness become critical for them. Moreover, they also preferred a high level of comfort and give more important on security issue (Kazeminia et al., 2015; Vieregge et al., 2007; Vojvodic, 2015a). Consequently, hoteliers need to provide service in a sanitary, safe, and comforting environment to best meet these particular needs of mature travelers in order to offer them differentiation value drivers with sense of better health and security.

The factor of 'Better atmosphere' accounted for 13.029 per cent variance. It included six items, emphasizing the need of a preferable service atmosphere to achieve pleasurable experiences during stay which including flexible check-in and check-out policies, products/services aimed at mature travelers, leisure activities for enriching learning experience, individual attention for customer, personal warm care, and homely atmosphere. The results of this study support previous research studies. As mature travelers are customers with self-indulgent who preferring personalized service, they value personal attention and expected to be treated as individual (Boyer King, 2004a; Moschis, 2003; Mungall & Gherissi Labben, 2009). To deliver effective and warm personalized service, empathetic and sympathetic of staff toward the customers are crucial concerned for lodging business. Hence, train staff to the specific needs and



differences of the aging customers become essential (Hartman & QU, 2007). As for product customization, Wuest et al. (2001) found that mature travelers expected hotel products /services offering specifically intended to their needs, and the attribute of 'products/services aimed at specially at mature age-group' was found a relatively important for the senior tourist in the study of Caber and Albayrak (2014). Regarding to enriching experience, some research mentioned an increasing demand of mature travelers focusing on learning experiences or education travel as an opportunity for self-development when traveling (Hudson, 2010; Mohamed et al., 2016). Therefore, hotelier should contribute in encouraging the creation of specific programs for enriching mature travelers' holiday experience by considering to their intelligence and psychological awareness. In addition, as mature travelers are more comfort-sensitive (Hartman & Qu, 2007), creating an image of a homely atmosphere with warm, cozy, and home-like setting are considerable for hotelier when furnishing their hotel to meet the needs and minimize their fear of feeling unease away from home. In a nutshell, the distinctive attributes of differentiation value drivers in a component of 'Better atmosphere' allows small and medium-sized hotels to compete with large hotels.

The 'More responsiveness' factor consisted of five items which stressed the need for modern technologies, in-room entertainment technology amenities, fast payment and billing process, speed of check-out process, and privileges offering. This factor accounted for 11.517 per cent variance. The findings provided confirmation of the previous work. Mature travelers are very convenience-oriented (Moschis, 2003) and willing to try new things to search for new experiences (Correia & Elliott, 2006; Mathur et al., 2000). Innovative and modern in-room technologies allow them to stay conveniently and enhance their experiences. For the new generation of today's mature travelers especially who are still active in the labor market, modern in-room technologies, for instance, IT equipment, hi-speed internet, were found great important for them ((Sohrabi et al., 2012; Wang et al., 2017). Similar to Heo and Hyun (2015) confirmed that in-room technologies were perceived as one of the most useful hotel amenities when guest evaluated a hotel. Hence, the hoteliers should become early adopters of technology, keep pace with the technological trend and make selection accordingly to meet the current customers' need. In addition, this market segment also perceived time is precious to them and willing to pay premium for convenience and

hassle-free (Denny, 2009b), the increasing demand for convenience and speed is impacting the hotel service. Providing speed and convenience of service such as speed of check-in and check-out processes as well as convenience method of payment was found significant for mature travelers which confirmed by several studies (Ananth et al., 1992; Chen et al., 2014; Gustin & Weaver, 1993; Hudson, 2010; Radder & Wang, 2006), consequently, this requires constant attention. In an aspect of privileges offering, the findings were agreed by Hartman and Qu (2007) and Moschis and Ünal (2008) that discounts were important in mature travelers' patronage decision. Additionally, Chan and Wong (2006) confirmed that hotel's incentive privileges were more concerned among the travelers. Therefore, it is considerable for the hoteliers to offer privileges or loyalty programs in order to aimed at increasing brand loyalty among the customers and customer satisfaction. According to this factor, hoteliers can provide customers with accommodation choices the sense of more responsiveness to cater for these particular needs of mature travelers.

The 'Better accessibility and more affordable' factor included four items such as ease of contacting service provider, convenient online reservations, easy to access hotel information online, and reasonable room rate/ value of money. This factor accounted for 11.372 percent variance. It stresses the needs of convenience to reach hotel service during pre-arrival and occupancy period of guest cycle, and value of money they paid for. The results supported previous studies. Due to the fact that mature travelers are convenience-oriented, they prefer products and services that minimize problems and ease to use (Moschis, 2003). This further supported by the study of Moschis and Ünal (2008) confirmed that ease of reaching the service provider was among the top five attributes for mature travelers when considering their selection of hotels. Providing mature travelers with convenient accessibility, differentiation features should be approached such as user-friendly reservation systems which perceived as one of important items according to the study of Radder and Wang (2006). In the same way, convenient online reservation system was also found at the forefront of hotel selection attributes for travelers (Subramanian et al., 2016; Van Riel, Victorino, Verma, Plaschka, & Dev, 2005). For accessing the hotel information online, Nimrod (2012) and Mohamed et al. (2016) similarly found that social media or online communities serves as a crucial resource for mature travelers to obtain their travel information.

Additionally, websites that offer hotel services and information affected travelers' choice in the way of buying decision (Crnojevac, Gugić, & Karlovčan, 2010). Hence, hoteliers need to carefully choose the appropriate reservation and effective communication channels to respond to the needs of customers by considering to the customer trend and their behavior. As for reasonable room rate/ value of money, various previous studies commonly confirmed that mature travelers underlined reasonable room price/ value of money as the key consideration when selecting a hotel (Caber & Albayrak, 2014; Callan & Bowman, 2000; Poon & Lock-Teng Low, 2005; Vieregge et al., 2007). This can imply that mature travelers are 'value minded' they desire quality products/services and attractive prices, in other words, they value quality over cost. Therefore, offering accommodation with a price yet quality will give them with a feeling of good value for dollars spent.

The findings of this study suggested four factors, namely, better health and security, better atmosphere, more responsiveness, and better accessibility and affordable that mature travelers expected when choosing small and medium-sized hotels. Understanding the key factors in selecting accommodation will offer the hoteliers some direction in shaping accommodation choices, facilities, products and services, and marketing decision to capture this market by understanding their expectations and demand of this market segment. By having these factors, it will also help small and medium-sized hotels to create meaningful points of differences and enable them to provide mature travelers with accommodation attributes different from large hotels.

#### **4.3.2 Discussion in Responding to Research Question 2**

*Research Question 2: What are the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers?*

##### **4.3.2.1 The Influences of Mature Travelers' Profiles on their Differentiation Value Drivers**

Referring to the summary of results, five personal information (total receivable revenue, employment, marital status, nationality, and education level) affected their differentiation value drivers. The results from One-way ANOVA analysis found that total receivable revenue had the effect on differentiation value drivers in all

aspects, followed by employment which significant affected on four dimensions, namely 'Better atmosphere', 'More responsiveness', 'Better accessibility and more affordable', and 'Total differentiation value drivers. While, nationality had the effect only on a 'More responsiveness' dimension. Besides, marital status and education also had the effect only on a dimension of 'Better atmosphere'.

1) Total receivable revenue – significances were found between different household income groups for all of the influential dimensions. Table 4.33 displayed that mature travelers who earned higher total receivable revenue had a higher expectation than those who had lower revenue in all aspects of differentiation value drivers. It was noticed that mature travelers in the range of highest revenue earning (\$75,000 and more) were more influenced by all dimensions of hotel's differentiation value drivers than those other lower income groups. This is evident from the highest mean of every aspects when rated the importance of differentiation value drivers. The finding is in accordance with Law, To, and Goh (2008) and Zalatan (1994) mentioned that higher income groups normally had a higher expectation on product than those lower income groups.

It also said that the higher mature travelers earn, the more likely they are travel and spend on tourism. Income positively affected their leisure expenditure (Blake & Cortes-Jiménez, 2007; Jang & Ham, 2009). Because of more travel experiences, they are more discerned customers of hospitality products and services, thus, they become more sophisticated in their travel appreciations. Thus, hoteliers could target this high yield segment by emphasizing on value creation in all dimensions of differentiation value drivers to best satisfy their needs, particularly on a dimension of 'Better accessibility and more affordable' ( $\bar{x} = 5.97$ ) which was indicated the highest mean score. To gain better accessibility to service provider and hotel information, the internet or social media serves as a major channel for accessibility for the younger mature travelers with higher income level, whereas the older group tends to rely on travel agencies (Batra, 2009). Therefore, both online and offline communication channels are regarded as effective channels for this sub-segment. Furthermore, as mature travelers are value-minded, they prefer to stay at a hotel that offers affordable prices without sacrificing a comfortable and quality of products/services (Ananth et al., 1992; Gustin & Weaver, 1993), providing them with differentiation features such as reputation of the

hotel, benefits (complimentary services, facilities, amenities) derived from that price, and discount (Rhee & Yang, 2015) could attract and satisfy this affluent sub-segment.

2) Employment – there was no significant difference among groups of respondents on the expected differentiation value drivers of ‘Better health and security’, which similar to the study of Ananth et al. (1992). However, significant differences were found on dimensions of ‘Better atmosphere’, ‘More responsiveness’, ‘Better accessibility and more affordable’, and ‘Total differentiation value drivers. The findings in Table 4.30 revealed that among the three different types of employment, the retirees/unemployed had the highest degree of expectation toward these four aspects of differentiation value drivers. On the other hand, those who employed full-time expect differentiation value drivers at the lowest degree when compared to other groups.

It could explain why the mature travelers who are retired rated these factors higher than those who are not. This is likely to be linked to age. The perception of one’s age indicated how people position themselves and uses age as a guideline in accommodating to their behavior of others (Muller & O’Cass, 2001). Most of retirees are in the certain age of 65 years old and more which regarded as older seniors. As people grow older, they are likely to be more vulnerable to risk, consequently, their expectations tend to be high when they travel on vacation and they are more worried that a holiday might not be personally satisfying.

Regardless of age, the retirees are faced with considerable changes that affect their consumer behavior in social and psychological aspects. In social view, the retirees perceived their savings and pensions as the most crucial funds for all of their life. Hence, they tend to be price and value conscious (Nikitina & Vorontsova, 2015). One of critical perceived travel risk of mature travelers is their concerning about value for money during their holiday. Though value for money was considered to be very important by all mature groups, but was more important to retirees. Next, the retirees must adapt to changes in their normal flow of life by filling the time with new activities to compensate and balance their life (Nikitina & Vorontsova, 2015), this implied to their expectations toward hotel products/services and activities provided during their stay.

These reasons can explain why the retirees had more expectation on differentiation value driver than those non-retirees. In this regard, the characteristics of

retirees should be taken into account in the development of marketing strategies in this sub-segment. It could enable hoteliers to delivery products and services which lessen the older travelers' travel risks and concerns and ultimately fulfill their memorable experience.

3) Nationality – the results found a significant difference between travelers in different nationalities only in a 'More responsiveness' dimension. Refer to the post-hoc test result in Table 4.24, travelers from East Asia and South Asia ( $\bar{x} = 5.63$ ,  $\bar{x} = 5.59$ ) showed a greater expectation to a dimension of 'More responsiveness' than travelers from Europe ( $\bar{x} = 5.29$ ). The attributes under this factor stressed the needs of hotel amenities or modern technological facilities providing to the customer with a sense of responsiveness to their demands in terms of convenience.

This result supported by Vieregge et al. (2007) that mature travelers from Asian were likely to be place important on tangible attributes such as the convenience of in-room facilities. Besides, Wang et al. (2017) also pointed out that the new generation of Chinese mature travelers not only had access to the internet and IT equipment, but also recognized the lifestyle benefits that IT offered in their daily lives and their holidays. On the contrary, the study of Torres et al. (2014) mentioned that European mature travelers more highlighted on the intangibles aspects of the service experience, which possible approached by esthetic elements as the key toward the creation of an experience. The findings can confirm that customers from different cultures seem to be differ in terms of preferences and expectation toward hotels.

However, it is argued that what satisfies a customer from one culture may not satisfies all other customer. Many studies recommended that some attributes in the key drivers of customer satisfaction exists grounded on the customers' national culture. Hence, it is noteworthy of suitably target various groups and provide them the amenities and service to their preferences. A set of universal service attributes, such as friendliness are tended to appeal guests from all culture (Torres et al., 2014). Then hoteliers target particular changes to their strategy to provide products and services to satisfy customers from particular cultural groups.

4) Marital status – the multiple comparisons from Table 4.19 displayed that mature travelers who were single had a higher expectation on a dimension of 'Better atmosphere' ( $\bar{x} = 5.73$ ) than those who are married ( $\bar{x} = 5.46$ ). This factor

emphasized the needs of mature travelers expected to be treated as an individual by providing them personalized service and attention from service staff, specific products/services aimed at mature travelers, leisure activity enriching learning activities, and homely atmosphere. The result confirmed by Baber, Kaurav, and Williams Jr (2015) which showed that single travelers had more preference than married travelers in areas of aesthetics atmosphere, service quality, friendliness of staff, and staff efficiency. Similarly, Batra (2009) also found that unmarried respondents highlighted traveling for new experience, and meeting new people as the greatest benefit derived from travel.

This finding can well explain by the study of Goodwin and Lockshin (1992). Nowadays, people are living longer and there are more single elderly people as well. The single people are often portrayed as either enjoying a life of endless adventure or experiencing a painful loneliness. In a consumer context, because of the loneliness, some of them are most likely to seek for opportunities to meet others to increase their efforts in sociability or improve their social skills. Besides, some groups of single elderly are just lacking in personal relationships, thus they want themselves less lonely if they relocate to seek out social interactions when traveling. For them, personalized service was perceived important. They appreciated friendly interaction with the service provider and expected to be recognized by name or as individual.

Therefore, innovative hoteliers should learn to identify and meet expectation of this group. It is essential to develop some overall attributes of the service encounter to include single travelers. To encourage a supportive environment for the single travelers can be done by proposing high quality and personalized service and creating the appropriate offerings to attract those who want to develop social skills or find relationship with others to allow them to meet or share with new people. Since connecting with new people and shared experiences can heal them to feel less alone.

5) Education Level – as displayed in Table 4.27, the multiple comparison revealed that mature travelers with the above bachelor's degree ( $\bar{x} = 5.67$ ) had a higher expectation a dimension of 'Better atmosphere' than travelers with a bachelor's degree ( $\bar{x} = 5.46$ ).

This study confirmed the theory of consumer behavior mentioned that education level influences the consumer's perception (Blythe, 2013). The finding was

in accordance with a study of Chen et al. (2014) argued that mature travelers with lower education level were more satisfied with hotel attributes provided by the hotel because they tended to have a lower expectation. In this study, the higher educated mature travelers gave more expectation on a dimension of 'Better atmosphere' than those with lower education. Due to the mature travelers are more educated and experiences, they become more expectant and discerning consumers who increasing demands for service quality, customized services (Boyer King, 2004b; Caber & Albayrak, 2014) and personalized vacation (Hudson, 2010). Furthermore, the studies done by Jang et al. (2009) and Hong, Fan, Palmer, and Bhargava (2005) found that highly educated mature travelers were more likely to travel than those with lower education level, and the increased education level also affected the likelihood of spending on leisure travel positively.

To satisfy the more discerning and experienced travelers, knowing how to win and retain this potential sub-segment is the crucial business skill that hoteliers should learn. Becoming customer centered and exceeding their expectations are necessary for success in the hotel sector. Though mature travelers are customers who have high expectations, but they are willing to pay premium for excellent customer service.

In a nutshell, the findings of this study underlined that the importance of differentiation value drivers for mature travelers differ, regarding their demographic characteristics, namely total receivable revenue, employment, marital status, nationality, and education level. The study confirmed those study done by various research that the mature traveler is viewed as a heterogeneous segment (Moschis & Ünal, 2008; Shoemaker, 2000). Consequently, it is noteworthy to highlight the differences in their demographic characteristics and their behavioral approaches. However, the results also found that mature travelers with different gender, age, and health status shared the same level of expectations toward differentiation value drivers. Hence, hoteliers should not discriminate between male and female, younger seniors and older seniors, as well as their health condition, since all of them would expect the same level of differentiation value drivers from the hotels.



#### 4.3.2.2 The Influences of Mature Travelers' Motivations of Using Small and Medium-Sized hotels on their Differentiation Value Drivers

1) Motivational factors were tested employing Multiple Regression Analysis, and the findings revealed that independent variables of motivational push factors, namely novelty seeking, rest and relaxation, and personal values positively affect differentiation value drivers. Whereas motivational pull factors, included uniqueness, convenience, special services, learning experiences, and price value had positive effects on differentiation value drivers.

Motivations of using small and medium-sized hotels positively effect to mature travelers' expected differentiation value drivers on a dimension of 'Better health and security'

The statistically results partially supported the hypothesis H2.1. The findings of Multiple Regression Analysis in Table 4.41 showed that only one push factor, rest and relaxation was a significant predictor. For pull factor, convenience, special services, learning experiences, and price value were positively affected a dimension of 'Better health and security'. For more specific details, convenience was the most important ( $\beta = 0.196$ ), followed by special services ( $\beta = 0.168$ ), price value ( $\beta = 0.160$ ), learning experiences ( $\beta = 0.147$ ), while rest and relaxation was the least important ( $\beta = 0.123$ ). That is, mature travelers that were motivated by these factors were more tend to give more importance to a dimension of Better health and security.

The findings revealed that convenience was a pull motive that had the strongest positive affected differentiation value drivers of 'Better health and security', which was rated at a moderately agree ( $\bar{x} = 5.47$ ) according to Table 4.9. The findings found similar with Alabi, Otegbulu, and Gambo (2013) that convenience is one of the significant motive factors affecting travelers' demand of hotel. As mature travelers are mentioned as 'convenience-oriented' (Moschis, 2003), they prefer high a level of comfort and perceived safety as a considerable factor in their accommodation choices (Lehto et al., 2002). For them, convenience means different things, and could include location convenience, safety environment, and comfort of facilities. In this sense, convenience is related to physiological as well as safety needs referring to a hierarchy of needs proposed by Maslow (1943). When customers meet their lower level of needs (physiological need and safety need), they will search for higher level of needs. Hence,

convenience should be prioritized when executing the hotel marketing activities. To enhance the degree of mature travelers' perceptions toward small and medium-sized hotels, hoteliers should primarily develop differentiation value drivers of 'Better health and security' by emphasizing on convenient-oriented. Hoteliers should stress on the convenient location with safety surroundings, personal safety and environmental quality, comfort of bedding set and facilities to enable sleep quality, high standard of hygiene and cleanliness, availability of healthy cuisines, design guestroom that incorporate particular to the mature age market by considering to ergonomic and safety aspects to provide them a better sense of convenience.

Furthermore, the pull factors of special services, price value, and learning experiences also demonstrated the effects on 'Better health and security'. Special services under this study mean personalized attention or service provided to customers the feeling of comfort and intimate. McIntosh and Siggs (2005) mentioned special services as a motivating factor in customers' decision to select non-large accommodation and also perceived as benefit of their stay. The personal and friendly of service make customers feel comfortable, while extra touches, warm, and homely environment enable a feeling of being brought into the family. An experience that is personalized, comfortable has an element of security which contribute a 'nostalgic sense of home'. (Lynch & Mac Whannell, 2013; McIntosh & Siggs, 2005) Thus service staff has to be included of highly service skilled and motivated person to create nice environment in the hotel and make customer happy. As for price value, this motive was found similarly to various previous study considered as one of the most significant factors for mature travelers when patronizing accommodation (Agyeiwaah et al., 2013; Gunasekaran & Anandkumar, 2012). Price value is a trade-off between benefit gain and monetary cost of using (Sweeney & Soutar, 2001). This study found that when considering accommodation, mature travelers primarily expected the benefits of staying toward health and security to satisfy their physiological and safety needs. Thus, to create best value for money, these basic needs must to be fundamentally attained. For learning experiences, Hudson (2010) mentioned that mature travelers expected their increasing age to be a time of learning, rediscovery and rejuvenation. They appeared not to accept physical deterioration and put their effort to improve their physical appearance and state of mental health to remain productive and useful. Providing

opportunities for learning experiences, featuring themes related to health and wellness such as authentic local cuisine, herbal culinary with savory and aroma or healthier food on vacation could respond to demands for health consciousness, discovery new things to enrich their learning experiences, and fulfill their need for self-fulfillment.

Regarding to push factors, this study showed a motive of rest and relaxation was only one push factor which had a positive effect on a dimension of 'Better health and security'. Though, this factor was ranked as the least important among all significant factors, but it was also rated as moderately important by the respondents. A motive of rest and relaxation was found as the main motive driving mature travelers for holidays, similar to other previous studies (Huang & Tsai, 2003; Jang et al., 2009). Travelers experience the intrinsic need to rest and relax when on vacation. As mature travelers are comfort-sensitive (Hartman & Qu, 2007), offering a tranquil and relaxing environment with features of privacy, safe and secure environment and comfortable room, can enhance their physically and psychologically needs of rest and relaxation.

2) Motivations of using small and medium-sized hotels positively effect to mature travelers' expected differentiation value drivers on a dimension of 'Better atmosphere'

The statistically results partially supported the hypothesis H2.2. The results of Multiple Regression Analysis in Table 4.43 showed that a motive of rest and relaxation was only one push factor which had a positive effect on a dimension of 'Better atmosphere'. As for pull factors, learning experiences made the strongest effect on 'Better atmosphere' ( $\beta = 0.188$ ), followed by special services ( $\beta = 0.173$ ), price value ( $\beta = 0.144$ ), and uniqueness ( $\beta = 0.086$ ), respectively.

For more specific details, the results showed that learning experiences had most positive affected on 'Better atmosphere', which was cited as a moderately agree ( $\bar{x} = 5.43$ ) by the respondents as shown in Table 4.9. The finding found similar to Van Vuuren and Slabbert (2011) that a motive of learning experiences is a popular motivator influencing tourists in choosing their lodging accommodation. As an increasing demand for mature travelers to have learning experiences as a part of their vacation, adding the label of 'educational' on holiday trip is increasingly popular (Sugerman, 2003). Learning experiences included the vacations that offer opportunities for

authentic learning experiences such as discovering new things and people, cultural activities, or activities which improving their quality of life. It is important to keep in mind that mature travelers seek learning experiences, thus, hoteliers should provide them a supportive atmosphere to enable them to take part in activities which offering them new experiences and spend quality time. Besides, tourists' quality of life can be enhanced through a fundamental aspect such as quality service provided by the hotel.

Regarding to special services, small scale is one of advantages for small and medium-sized hotels. Because of its size, hotels can offer their customers with special services which allows them to distinguish from the traditional or large sized hotels. The finding found in accordance with Khosravi et al. (2014) and McIntosh and Siggs (2005) that the motive of special services was the main factor rated by customers to support their preference in the non-large accommodation. In this study, special services refer to individualization and personal services from the attentive and friendly hotel staff in a warm atmosphere. This factor differs from the services provided by traditional or large hotels, and it may also indicate that the standardized offering by those large hotels is not attractive for customers who searching for alternative types of accommodation (Aggett, 2007). Special services of small and medium-sized hotels such as cozy place with a warm atmosphere, and quality service are recognized as a differentiation strategy which enable them to compete with branded and large hotels and become a major driver behind mature travelers' decision towards small and medium-sized hotels.

In this study, price value was found as a key factor driving customer decisions to select accommodation which similarly confirmed in several studies (Hsu & Lin, 2011; Khosravi et al., 2014; So, Oh, & Min, 2018). Travelers perceived the price as its value and benefits they gain or get more than they pay for that price. Interestingly, Gunasekaran and Anandkumar (2012) also found that the value for money did not only mean of pricing, but also in the sense of overall experience for the overall cost they pay for stay. That is, the benefits were not gained only from functional value of service attributes, but also for emotional level. Furthermore, the study of Wang and Hung (2015) revealed that price value influenced customer satisfaction and behavior intentions considerably. Consequently, it is noteworthy for hoteliers to provide customers with high-value stay experiences at reasonable prices. Offering a better

atmosphere of stay in terms of high-quality service and a pleasant environment can enhance high-value stay experiences for mature travelers, and increase the sense of value for money in both functional and emotional levels.

Among the significant variables, a motive of uniqueness had a lowest effect on 'Better atmosphere, however, the respondents also rated this factor as a moderately agree level ( $\bar{x} = 5.35$ ). The unique of the physical environments and ambience are set small and medium-sized hotels apart from traditional and large hotels (Khosravi et al., 2014; McIntosh & Siggs, 2005). In this study, the respondents perceived the uniqueness as an influential factor when patronizing small and medium-sized hotels. This finding was in accordance with McIntosh and Siggs (2005) and Aggett (2007) found that the distinctive character of the building proved very significant factor which attract guests who prefer staying in extraordinary places. Furthermore, the uniqueness is also believed, by other previous studies, to have led to the success of small-scale properties like boutique hotels (Aggett, 2007). The uniqueness of small and medium-sized accommodation does not only mean for the distinctive style, intimacy and warmth of the architecture and design, but also for the unique and outstanding personalized service from hotel staff (Olga, 2009). Besides, Wang et al. (2015) mentioned that uniqueness also drove guests to search for unique features such as special activities. Therefore, to provide a uniqueness architecture design, distinctive quality personalized services, and special activities or events can create better atmosphere of staying experience. Interestingly, the study of Wang et al. (2015) also found that the higher income travelers are tended to perceived uniqueness than those with lower income. Hence, hoteliers are suggested to focus on the design of unique experience when targeting the high-end travelers. With this offering, it can satisfy the esteem needs according to Maslow (1943).

As for a push motivation of rest and relaxation, the finding showed that rest and relaxation had most positive affected on 'Better atmosphere'. This finding found in accordance with other previous studies that the major travel motivation for lodging stay was rest and relaxation (Hsu & Lin, 2011; Prayag, 2012; Van Vuuren & Slabbert, 2011). It is necessary for hoteliers to focus this factor as a key aspect in designing marketing strategies for attracting this market segment. This can be done by highlighting products and services reflecting the opportunities to have an ultimate

resting and relaxing stay during holiday such as advertising marketing campaigns featuring themes of rest and relaxation, designing tranquil bedroom interiors for resting. Furthermore, McIntosh and Siggs (2005) asserted that the welcoming personalized service created a feeling of homely atmosphere. Homely was defined as being comfortable, restful, and relaxing. Hence, providing an accommodation with home-like environment either in terms of physical design or service design can create the image of a relaxing atmosphere.

3) Motivations of using small and medium-sized hotels positively effect to mature travelers' expected differentiation value drivers on a dimension of 'More responsiveness'

The statistically results partially supported the hypothesis H2.3. The results of Multiple Regression Analysis in Table 4.44 revealed that the push motivations of personal values and novelty seeking had positive effects on a dimension of 'More responsiveness'. As for pull factors, learning experiences and uniqueness were positively affected on a dimension of 'More responsiveness'.

In descending order of importance, learning experiences made the strongest effect on 'More responsiveness' ( $\beta = 0.198$ ), followed by uniqueness ( $\beta = 0.148$ ), personal values ( $\beta = 0.127$ ), and novelty seeking ( $\beta = 0.112$ ), respectively.

In this study, a pull motivation of learning experience was found as a major factor driving customer decisions to select accommodation, this finding found similar to other studies. To take part in learning experiences was one of the significant pull motives of tourists choosing accommodation (Agyeiwaah et al., 2013; Van Vuuren & Slabbert, 2011). Refer to Davis (2005), mature travelers expected their increasing age to be a time for learning and trying new things, this result can be employed as a point of marketing strategy to develop products and services to enhance their learning experiences. Various research pointed out that baby boomers or mature travelers are open to new technologies (Wang et al., 2017; Yang & Jolly, 2008). Interestingly, mature consumers are now the fast growing group of internet users and recognize technology development as a route to education (Moschis, 2003; Szmigin & Carrigan, 2001). Hence, to provide mature travelers with value-added amenities relating to modern technology, such as in-room technologies, internet access, and other comfort

technologies can enhance their learning experiences and impact on guest satisfaction (Brochado et al., 2016).

A pull motive of uniqueness was another main factor which positively affecting mature travelers' decision toward accommodation in terms of 'More responsiveness'. This finding found similarly to the studies of Leask et al. (2014) and Santos et al. (2016) asserted that a sub-segment of mature travelers was influenced by a need for unique experience when traveling. Since they are more educated and more experienced in traveling, they become more discerning and difference-seeking customers (Correia & Elliott, 2006; Mathur et al., 2000). Modernization of technology is one of characteristics that the small-scale accommodation like Boutique hotels attract their customers (Forsgren & Franchetti, 2004). The contemporary design and brighten up with high-tech facilities are recognized as an innovative differentiation strategy to allow small-scale accommodation to be unique and enable them to compete with large hotel chains. This uniqueness become a key driving force behind travelers' decision toward accommodation selection (Khosravi et al., 2014).

As regard to personal values, in this study, personal values include personal reasons such as status and prestige that influencing mature travelers toward a particular type of accommodation. This finding found accordance with Van Vuuren and Slabbert (2011) that personal values played an important role to motivate travelers in deciding a certain type of lodging. To have a unique or nonstandardized experience of staying that could tell other people about can fulfill a self-esteem need. Experience occurs when a firm utilizes products and services as the stage to engage individual customers (Pine & Gilmore, 1998). Consequently, hoteliers need to respond to this customer's need by designing and promoting experience through innovative facilities to enrich their experiences. In-room modern and comfort technologies can contribute to their distinctive experiences which affecting their satisfaction (Brochado et al., 2016). Furthermore, Hudson (2010) highlighted a rising phenomenon of 'life caching' or the desire of individuals to convert experiences into images or stories which enable them to engage others. Mature travelers search to share their accomplishments with others from traveling through photos or stories (Weiss, 2005). Responsiveness of technology enable them to capture, keep, and share their holiday experiences to family and friends, which enable them to gain status or attain their self-esteem and accomplishment.

Though, the result showed that a motive of novelty had least positive affected on 'More responsiveness', but it also was cited as a moderately agree ( $\bar{x} = 5.43$ ) by the respondents as displayed in Table 4.9. Previous studies stated that novelty was one of the push factors influencing mature travelers for their choice of destination (Alén et al., 2017; Sangpikul, 2008b). Novelty is mainly described as the degree to the individual's desires to experience new things (Manning, Bearden, & Madden, 1995). The concept of novelty is compatible with personal innovativeness which implied one's propensity to adopt innovations (Guttentag, 2016). Hotel technology implementations are considered as innovative differentiation value drivers which provide customers with more convenience, better service responsiveness, and enhancement of new experiences. Such offering can respond to mature travelers who are novelty seekers.

4) Motivations of using small and medium-sized hotels positively effect to mature travelers' expected differentiation value drivers on a dimension of 'Better accessibility and more affordable'

The statistically results partially supported the hypothesis H2.4. The results of Multiple Regression Analysis in Table 4.45 showed that a push motive of novelty was only one factor which had a strong positive effect on a dimension of 'Better accessibility and more affordable' ( $\beta = 0.329$ ), whereas all the rest of variables were not found significant results.

Novelty seeking was identified by numerous literature as a significant push factor for travelers in selecting their destination (Crompton, 1979; Yuan & McDonald, 1990). Mature travelers showed a need for novelty and search for different experiences (Vojvodic, 2015a). To select a preferable accommodation, the Internet was cited by many studies as a vital source of information for mature travelers (Alén et al., 2017; Batra, 2009), which also found in accordance with the finding in this study that the majority of respondents (52.34 %) mentioned the Internet as a main information source (as shown in Table 4.2). The novelty seekers can use the communication channel of Internet to search their accommodation choices that compatible to their needs. Therefore, hoteliers can attract the mature travelers who are novelty seekers by offering the better accessibility of hotel information online, attractive hotel website containing the uniqueness or distinctive content of property with reasonable price, and convenient online reservations with multi-channels. Since the mature travelers are very



convenience-oriented as well as value-oriented (Moschis, 2003), thus, ease of accessibility to information and distinctive product/service offerings with more affordable price can attract this market segment.

5) Motivations of using small and medium-sized hotels positively effect to mature travelers' expectation on total differentiation value drivers.

The statistically results partially supported the hypothesis H2.5. The findings of Multiple Regression Analysis in Table 4.46 showed that among push factors, novelty seeking, and rest and relaxation were significant predictors. For pull factors, uniqueness, convenience, special services, learning experiences, and price value were positively affected on total differentiation value. In descending order of importance, the strongest unique contribution to explain the dependent variable of total differentiation value drivers were learning experiences ( $\beta = 0.192$ ), followed by special services ( $\beta = 0.146$ ), price value ( $\beta = 0.140$ ), rest and relaxation ( $\beta = 0.136$ ), novelty seeking ( $\beta = 0.121$ ), convenience ( $\beta = 0.099$ ) and uniqueness ( $\beta = 0.092$ ), respectively.

For more specific details, the results showed that learning experiences had the greatest positive effect on total differentiation value drivers. The finding found similar to many previous studies claimed that a motive of learning experiences was one of the main attributes of the destination that attract mature travelers (Alén et al., 2017; Hsu et al., 2007). They desire to gain more knowledge through traveling and believed that traveling enable them enrich themselves as well as enhance their mentally health (Hsu et al., 2007). In accordance with Davis (2005), mature travelers expect their increasing age to be a time for reinvention and search for new experiences. This demand of a learning experience as a part of vacation is increasingly popular, reflects mature travelers' education attainment (Ward, 2014). Therefore, to provide mature travelers with opportunities for authentic learning experiences through environment surroundings accommodation, local experience activities, local culture, cordial relationship with host, and so forth, can satisfy their self-esteem and development motivations.

A pull motive of special services was another main factor which positively affecting mature travelers' expectation toward total differentiation value drivers. The finding found similar to the study of Khosravi et al. (2014) that tourists were pulled by the special services when choosing their accommodation. The attribute of special

services is perceived important in customers' views because it is personal, friendly, and has a measurement of good service (Mcintosh & Siggs, 2005). Mature travelers emphasize on searching for service quality in terms of products and services with a strong human touch and personalized service (Moschis, 2003), high quality lodging, and better consumer products and services (Pallauf et al., 2011). Service quality has been identified as a crucial factor in differentiating service products which contribute to customer satisfaction and a competitive advantage in tourism business (Hudson, 2010). Therefore, it is noteworthy to highlight that becoming customer-oriented and exceeding customer expectations are requirements for success in the hotel sector. Hoteliers need to go beyond the call of duty to wow their guests to provide customer satisfaction and build customer loyalty.

As for price value factor, this finding was found in accordance with previous studies underlined price value as one of the most significant elements that influenced mature travelers when selecting their accommodation choice (Caber & Albayrak, 2014; Callan & Bowman, 2000; Gunasekaran & Anandkumar, 2012). Though, the current mature travelers are generally characterized as consumers with considerable purchasing power and spend more during their vacation (Mungall & Gherissi Labben, 2009), but it does not imply that they are willing to pay for price without consideration. As mature travelers are better educated and more experience in travelling, consequently, they are more discerning consumers in tourism products and services. Besides, some of them perceived their savings and pensions as the most crucial funds for all of their life (Nikitina & Vorontsova, 2015). Thus, they are likely to be price and value conscious. For them, price value could be perceived as either its affordability or value that how much benefit they are getting for that price. In addition, Gunasekaran and Anandkumar (2012) added that value for money proposition was not only mean for pricing, but also related to the overall experience for the overall cost occurred by the customer during their stay. Hence, it is necessary to highlight that low price or discounting alone may not be able to attract this market segment. Since they are value-oriented, price and quality must be come together, they are willing to pay a premium price to get a better-quality product or service (Moschis, 2003; Mungall & Gherissi Labben, 2009). Moreover, designing and promoting experience through hotel differentiation products and services that engage and create customer's memorable

experience can help hoteliers to enhance mature travelers with a sense of better price value.

Convenience was a pull motive factor which positively affecting mature travelers' expectation toward total differentiation value drivers. In this study, convenience means in terms of location and transportation. The convenience of hotel location was found in various studies as a significant factor affecting demand, especially in the study area of small and medium-sized hotels (Chaves, Gomes, & Pedron, 2012; Khosravi et al., 2014; Wang et al., 2015). For small-scale hotels such as boutique hotels, convenience of location is one of the vital factors in attracting customers and cited as a priority in boutique hotels' customers' choices (Khosravi et al., 2014). Since mature travelers are very 'convenience-oriented' (Moschis, 2003), the location convenience appeared more important to mature travelers as it related to physiological and safety needs according to Maslow (1943). Thus, it is necessary for hoteliers to prioritize site convenience as the marketing activities in the small and medium-sized hotels. This finding is relevant to the future hotel entrepreneurs who are interested in developing a market for mature travelers, because the hotel's geographic location cannot be changed once it was built. As for the existing hotels where are located less conveniently, some differentiation value drivers or value-added options should be catered to mature travelers such as offering complementary or low-cost transport between the hotels and tourist destinations or major transit points.

Through, a motive of uniqueness found the least positive affected on total differentiation value drivers, but it also was cited as a moderately agree ( $\bar{x} = 5.35$ ) by the respondents as displayed in Table 4.9. The finding was consistent with the previous tourism studies that uniqueness attribute of small-scale hotels is one of the crucial factors influenced travelers to these hotels (Aggett, 2007; Khosravi et al., 2014; McIntosh & Siggs, 2005). This study further explained by Olga (2009) and McIntosh and Siggs (2005) that small-scale hotels are unique because of their distinctiveness of the physical surroundings and the individuality of service provided which differentiate themselves from mainstream or large-scale hotels. Since a motive of uniqueness drives tourists to search for unique themes and features when traveling (Wang et al., 2015), these distinctive characteristics of small-scale hotels are compatible with the demand of mature travelers who are unique seekers focusing on the uniqueness or differentiation

of products and services. The design and uniqueness of physical environment and service provided can be used to satisfy the esteem needs of the travelers and also are recognized as a differentiation strategy that enable small and medium-sized hotels to compete with large hotels.

In relation to push factors, a motive of rest and relaxation found positively influenced on total differentiation value drivers. This finding was consistent with the results of other studies from different contextual settings unveiled that mature travelers were mainly motivated by rest and relaxation (Lee & Tideswell, 2005; Prayag, 2012; Scarinci & Richins, 2008). The result of this study suggested that mature travelers were primarily staying at small and medium-sized hotels to fulfill their physiological needs of relaxation (Maslow, 1943). It is apparent that a push factor of rest and relaxation should be a key factor in developing an effective and successful marketing strategy. Hoteliers should spotlight on the aspects of the hotel indicating ultimate rest and relaxation for mature travelers visiting small and medium-sized hotels by highlighting and promoting the image of relaxing atmosphere through the hotel's innovative architecture and interior design. Besides, the study of Prayag (2012) argued that the traditional image of old travelers not preferring to do many activities on vacations was incorrect. The current mature travelers are not necessarily drawn by the traditional fashion. Hence, vacations that provide leisure and relaxation activities such as arts, culture, cuisine, nature, sports, or health – to name only a few, can satisfy this segment and maintain their physical and mental needs of relaxation.

A motive of novelty seeking was another push factor positively affecting total differentiation value drivers. Previous studies identified novelty seeking as one of the main motives driving mature travelers to the destination (Prayag, 2012; Sangpikul, 2008a; Vojvodic, 2015a). Novelty seeking is generally described as escaping for novelty and searching for a different environment to gain new experiences (Yuan & McDonald, 1990). In this study, this motive described mature travelers' motivation to get away from mainstream or traditional hotels and seek for distinct experiences. This notion of novelty seeking is in line with personal innovativeness and his/her inclination to adopt innovations (Guttentag, 2016). Hence, it is necessary to hoteliers to provide them with unique experience which is conceptually similar to novelty (Mao & Lyu, 2017) by offering differentiation value drivers in terms of non-standardized, highly

individualized or tailored products and services, and distinct features, themes and buildings in order to satisfy this segment. In accordance with Guttentag (2016), mature travelers who are novelty seekers could be drawn to a lodging type of small and medium-sized hotels since it could provide a more novel staying experience than those of large mainstream hotels.

To conclude, this study employed the theory of push and pull motivation to study mature travelers' motivations of using small and medium-sized hotels. The findings identified three push factors and five pull factors that mainly motivated mature travelers when selecting small and medium-sized hotels. The three push factors were (1) novelty seeking, (2) rest and relaxation, and (3) personal value, while the five pull factors included (1) uniqueness, (2) convenience, (3) special services, (4) learning experiences, and (5) price value. Furthermore, this study also examined the influences of mature travelers' motivations of using small and medium-sized hotels on their differentiation value drivers. Motivational factors were tested employing Multiple Regression Analysis, and the findings revealed that independent variables of motivational push factors, namely novelty seeking, rest and relaxation, and personal values positively affect differentiation value drivers. Whereas motivational pull factors, included uniqueness, convenience, special services, learning experiences, and price value had positive effects on differentiation value drivers.

Understanding the importance of push and pull orientation of this segment market can help hoteliers to further develop products and services to meet the needs or even exceed the expectations of mature travelers. The findings can provide beneficial implication for hoteliers to effectively shape products and services and strategies responding to mature travelers' needs and wants. To attain this market, it is necessary to develop products that best satisfy their desires by matching what they want (push factors) and how the hotel can offer (pull factors) to meet their needs. The implication of this study is further discussed in Chapter 6.

#### 4.3.2.3 The Influences of Mature Travelers' Personalities on their Differentiation Value Drivers

The psychographic scale was employed to measure mature travelers' personality types to identify their tendencies in seeking differences. Plog's

classification (1974, 2002) was applied as a guideline for segmenting the respondents into three main groups: allocentrics, midcentrics, and psychocentrics, based on the mean values of the fourteen psychographic variables according to Table 4.48. After the three psychographic groups were identified, Simple Regression Analysis was conducted to test the research hypothesis 3 and its sub-hypotheses to examine the differences among psychographic variables and their expected differentiation value drivers. The findings employed Plog's psychographic typology to explain the mature travelers' characteristics, preferred destinations and activities of each personality traits.

1) Personalities seeking differences affecting differentiation value drivers on a dimension of 'Better health and security'.

The statistically results partially supported the hypothesis H3.1. The results of Simple Regression Analysis showed that the personality type of midcentric ( $\beta = 0.548$ ) and psychocentric ( $\beta = 0.625$ ) positively affect mature travelers' differentiation value drivers on a dimension of 'Better health and security', while allocentric personality was not found statistically significant contribution to the independent variable.

In descending order of important, psychocentrics showed the greatest positive effect to a dimension of 'Better health and security'. This finding was supported by Plog (2001) that psychocentrics are cautious in their daily lives and avoid risk as an integral part of their nature. They prefer familiar surroundings and safety within 'a home-from-home environment' when traveling. A feeling of being in 'a home' was defined as being restful, comfortable and secure (Mcintosh & Siggs, 2005). This profile reflects that this segment contains safety-oriented as a major concern. Thus, it is noteworthy to highlights that safety is a major issue for hoteliers when conducting marketing strategies by providing and promoting an image of best safe environment through differentiation value drivers of 'Better health and security' in terms of physical security environment of hotel and surroundings as well as in-room comfort and safety to ensure a better place to stay. Since psychocentrics prefer safety, they tend to rely on brands that indicate a safe choice.

The tourist typology of psychocentric is totally opposite to allocentric. In this study, there was no difference found among the group of allocentrics in relation to 'Better health and security'. This finding also further explained by Plog (2001) that

venturesome is one of the basic characteristics of allocentrics. They are tourists who perceives and prioritize a travel experience as seeking for new things and discovering the unknown. Consequently, they prepare to take risk or risk takers. Though security is a basic factor concerning among mature travelers, but for venturers, this issue may not be the most significant motivation for them when considering small and medium-sized hotels according to their personality trait.

In this study, however, midcentrics also show the positive effect to a dimension of 'Better health and security'. Midcentrics fall between of those two extreme personalities. For them, they are not risk taking as venturers but do not deny to new experiences. As the same time, they are also sensual indulgence as psychocentrics, and prefer some comfort, safety and security in their travels. This is a reason why this segment gave important to differentiation value drivers of 'Better health and security'.

2) Personalities seeking differences affecting differentiation value drivers on a dimension of 'Better atmosphere'.

The statistically results fully supported the hypothesis H3.2. The results of Simple Regression Analysis showed that the personality type of allocentric ( $\beta = 0.370$ ), midcentric ( $\beta = 0.600$ ) and psychocentric ( $\beta = 0.603$ ) positively affect mature travelers' differentiation value drivers on a dimension of 'Better atmosphere'.

Among the three type of personalities, psychocentrics showed the greatest positive effect to a dimension of 'Better atmosphere'. This finding was supported by Plog (2002) that psychocentrics are home loving, prefer familiar surroundings and a homely environment or close to home. Since 'homeliness' was defined as comfort, rest and relax, and a certain of security (Mcintosh & Siggs, 2005). Therefore, they showed great expectation on 'Better atmosphere'. To satisfy this segment, a better atmosphere can create by offering innovative design of architecture, interior, and ambiance to provide them a nostalgic sense of home. Additionally, since they are self-indulgence, they enjoy to be pampered by warmly individual services from attentive staff. Hence, hoteliers need to focus on training staff as a key to success in respond to the customer's needs. Though, this segment engages in low activity level while on holiday, but they still prefer certain type of activities which familiar to them (Plog, 2001). Provide them with familiar recreational activities that enable them to be surrounded by friends or

family can make them feel comfortable, relax, and secure, and ultimately enhance their satisfaction.

As for midcentrics, Goeldner (2016) mentioned that relaxation and pleasure are motivations of midcentrics which predicting their travel behaviors and preferences. In this study, this segment expected differentiation value drivers of 'Better atmosphere' since it related to pleasure and enjoyment of stay. Highly personalized services and homely atmosphere can create a feeling of pleasant stay. Moreover, midcentrics are very receptive to new experiences. Thus, hoteliers should craft leisure activities for enriching experiences that encourage midcentrics to be a bit more venturesome in the vacation and emphasize a factor that make it special for them to attract this market segment.

In this study, the personality of allocentric found the least positive affected on differentiation value drivers of 'Better atmosphere'. This finding may be assumed that since allocentrics are adventurous who are active in their daily life and emphasize on seeking new experiences. They prefer to fill a day with various activities and challenges, rather than routine activities. To enjoy time for resting and relaxing in the hotel may not be considered as the top priority of this segment. Because of their education and culture motives, engagement with locals and participation in local cultures or discover new places are center of their holiday experience.

3) Personalities seeking differences affecting differentiation value drivers on a dimension of 'More responsiveness'.

The statistically results fully supported the hypothesis H3.3. The results of Simple Regression Analysis showed that the personality type of allocentric ( $\beta = 0.412$ ), midcentric ( $\beta = 0.602$ ) and psychocentric ( $\beta = 0.556$ ) positively affected mature travelers' differentiation value drivers on a dimension of 'More responsiveness'. In this study, differentiation value drivers refer to the attributes relating to the adoption of modern technology to provide convenience and responsiveness of services.

In descending order of important, personality of midcentrics showed the greatest positive effect to a dimension of 'More responsiveness'. As midcentrics are the combination of psychocentric and allocentrics, they share the similarity of psychocentric to prefer heavy hotel development that offering comfort and convenience



of stay. At the same time, they also seek at least some variety or new experience which are similar to the characteristic of allocentrics. Today, there are increasing number of mature customers actively seek new experience and try new products (Szmigin & Carrigan, 2001). In this context, to experience with modern technologies can fulfil their motivation of novel learning experience as well as satisfy their convenient oriented which provide them extraordinary experiences of stay.

Similarly, the personality of psychocentric also positively affected mature travelers' differentiation value drivers on a dimension of 'More responsiveness'. The finding was opposite to Plog (2001) that psychocentrics prefer familiar atmosphere. In terms of modern technology facilities, they are considered as old fashion, not ready for innovations and refuse them generally, and tend to face more difficulty in learning of new technologies (Badowska et al., 2015). The study of Badowska et al. (2015) pointed out that some mature consumers fear of new technology because they perceived that new technologies may not be compatible with their limitations, no clear benefit, and inconsistent with their self-image. Furthermore, they are 'selective innovative' as they tend to accept innovation when they feel that they will gain value (Sherman & Schiffman, 1991). Therefore, in this study, offering innovative or modern technology facilities that customer perceived value and benefit can attract this market segment.

In this study, the personality of allocentric found the least positive influenced on differentiation value drivers of 'More responsiveness'. This finding was contrast to Plog (2001) mentioned that allocentrics are most interested in trying new and modern technologies. In this study, this segment had the least positive affected to the value drivers of 'More responsiveness'. In this context of study, it can be assumed that allocentrics are venturers who quest unspoiled and unusual locations, thus, hi-tech or modern technologies may not what they are really searching for when traveling to the exotic destination of Thailand, because these modern technologies can find from anywhere in their country. They just require adequate-to-good hotels, and not necessarily modern hotels (Hussin, 2014). Basic level of technology may enough for them in providing a convenient service as necessary.

4) Personalities seeking differences affecting differentiation value drivers on a dimension of 'Better accessibility and more affordable'.

The statistically results fully supported the hypothesis H3.4. The results of Simple Regression Analysis showed that the personality type of allocentric ( $\beta = 0.284$ ), midcentric ( $\beta = 0.533$ ) and psychocentric ( $\beta = 0.515$ ) positively affected mature travelers' differentiation value drivers on a dimension of 'Better accessibility and more affordable'. In this study, differentiation value drivers refer to the attributes relating to the adoption of modern technology to provide convenience and responsiveness of services.

In descending order of important, personality of midcentrics showed the greatest positive effect to a dimension of 'Better accessibility and more affordable'. Midcentrics are open to new experiences (Litvin, 2006) and relatively accept innovation and technologies. Nowadays, current mature travelers increasingly use the internet technology (Szmigin & Carrigan, 2001) in their daily life, including when traveling. Better accessible of information through the internet is considerable value drivers for mature travelers when arranging their travel. Ease of contacting service provider to gain information in both online and offline channels, convenient online reservations, and easy to access hotel information online are differentiation value drivers that provide convenience and ease of use since they are convenient-oriented customers. Besides, they are also value-oriented and emphasize on value for money. To attract this segment, discounting alone may not attach them as they search at least some variety or novel of products and services (Litvin, 2006). Thus, value-added or augmented benefits of products such as frequent-stay programs and promotions may better attach this segment.

Likewise, the personality of psychocentric also positively affected mature travelers' differentiation value drivers on a dimension of 'Better accessibility and more affordable'. According to Plog (2001), psychocentrics are rather intellectually restricted since they do not search out new experiences on a daily basis, they often rely on authority figures for direction and guideline in their lives. Due to hesitation about their own abilities of decision making, they tend to follow guidance or imitate the actions of public personalities. This segment also relatively relies on recommendations from others such as family, friends and relative, influencers, and travel agency when

traveling. Providing differentiation value drivers of better accessibility through hotel information in multi-communication channels such as online and offline channels, can help them easier to access information and make decision toward the selection of accommodation. Besides, using well-known influencers or celebrities in advertising and promotional materials is more prone to influence this market segment. Furthermore, Plog (2001) also mention that psychocentrics are restrictive in spending discretionary income, they tend to worry about the uncertainty of the future, and pay more important for every dollar spent. Hence, marketing promotion in areas of discounting price, discounting package holidays like all-inclusive package at the affordable price to lure budget-minded may attract this segment.

The personality of allocentric found the least positive effect on differentiation value drivers of 'Better accessibility and more affordable'. Plog (2001) mentioned that allocentrics enjoy the sense of discovery and delight in new experiences. As allocentrics are confident and seeking challenges and new experiences, they hold more positive views toward computer and technology because they recognize the value of internet in their lives. For them, technology development like the internet is viewed as a route to education to discover new things (Correia & Elliott, 2006; Szmigin & Carrigan, 2001), including travel information. However, allocentrics are independent without depending on other people's opinions, thus, advertisement or travel opinions from experts or social media may not appeal to this segment since they are confident and look to their own judgement and believe that they can make best choices for themselves (Plog, 2001). In terms of spending, allocentrics are attractive as they spend more each day per capita. However, they strongly emphasize on value for money, they are willing to pay for products and services that are novel, different, and authentic. Plog (2001) mentioned that this segment prefers to choose and try new products and services, but new products that sound gimmicky without quality do not attach to them. Therefore, the products must have inherent worth and provide advantages over other existing products.

5) Personalities seeking differences affecting total differentiation value drivers.

The statistically results fully supported the hypothesis H3.5. The results of Simple Regression Analysis showed that the personality type of allocentric ( $\beta = 0.359$ ), midcentric ( $\beta = 0.661$ ) and psychocentric ( $\beta = 0.675$ ) positively affected mature travelers' differentiation value drivers on a dimension of 'Better accessibility and more affordable'. In this study, differentiation value drivers refer to the attributes relating to the adoption of modern technology to provide convenience and responsiveness of services.

In descending order of important, personality of psychocentric had the greatest positive effect to total differentiation value drivers. The finding was inconsistent with Plog (2001) pointed out that psychocentrics are somewhat intellectually restricted and conservative who do not open for new experiences or different things. In this study, interestingly, psychocentrics showed the greatest positive effect to total differentiation value drivers when comparing to other groups. This finding can be assumed that not all mature travelers are 'out of fashion' or oppose to innovation (Wang et al., 2017), they tend to accept new things if they feel they will benefit from a novel practice (Sherman & Schiffman, 1991) or differentiation value drivers offering by hotels. Psychocentrics are home loving and prefer familiar atmosphere. They travel less frequently, stay for shorter periods, and spend less per capita. This segment is a minority containing about 18% of mature travelers according to Plog (2001) (or 22% in this study). Although, the profile of psychocentric seems to be unattractive market, but this segment can be considered as opportunities for hotel business. Since they prefer to stay in an affordable hotel, and are most likely to return to destinations that they have been to before. Because of their routine or non-varying lifestyle, passive and non-demanding, this segment is unsophisticated and predictable. Basic attributes which based on convenience, safety, and affordability can attach this group. Moreover, to combine basic attributes with some differentiation features can attract, retain and enhance their satisfaction.

Similarly, the personality of midcentric also positively affected mature travelers' total differentiation value drivers. According to Plog (2001), midcentrics are the vast majority of travelers, representing about 63% of mature travelers (or 60% in

this study). This segment sounds attractive to hotel business because of its size. To target this segment, it is necessary to combine their behaviors and desires of psychocentrics and allocentrics as they fall between those two extreme personality traits. Hoteliers should emphasize on differentiation value drivers that respond to midcentrics' psychology needs of self-indulgence such as comfort, enjoyment, rest and relaxation. By nature, these travelers search at least some variety, hoteliers should deliver the message that encourage midcentrics to be a little more venturous in their vacation choice. Additionally, it seems appropriate to highlight the factors that make their holiday special such as value-added promotional activities, and special events in order to appeal these tourists.

Among the three different personality traits, the personality of allocentric found the least positive effect on total differentiation value drivers. Interestingly, this finding found contrary to Plog (2001) mentioned that allocentrics are considerably prefer novelty and something different. It can be assumed that in the views of allocentrics, the offerings of differentiation value drivers in this research may not extremely different from their previous experiences. Since they are more experienced in travelling, their expectations are relatively high. Though, the group of allocentric normally accounted for 15% of mature travelers according to Plog (2001), but this group can be considered as an ideal market in terms of revenue contribution. Allocentrics travel more frequently, take relatively long trips, and spend more each day capita. This segment is an opportunity for small and medium-sized hotels as they prefer unconventional or local accommodation as well as hotels that can offer the senses of authenticity, novelty, uniqueness, and difference. However, they are likely to search new destinations each year rather than revisit to previously visited places. It is challenge for hoteliers to attract as well as to maintain this segment, thus, their properties should be among the places that allocentrics dream of visiting. It is critical to constantly arouse their interest to make sure that these allocentrics retain a keen awareness of their properties.

In summary, based on Plog's personality traits, this analysis conducted Simple Regression Analysis to examine the differences among psychographic variables and their expected differentiation value drivers. The results mostly supported research hypotheses that personalities of allocentric, midcentric, and psychocentric had

positively affected to the mature travelers' differentiation value drivers. Interestingly, the findings revealed that allocentrics are among the three different personalities who had the least positive effects on all aspects of differentiation value drivers. These findings contradicted to Plog (2001) that allocentrics prefer novel and different things. Plog's psychographic typology was also employed to explain the mature travelers' characteristics, preferred destinations and activities of each personality traits. This conceptual framework can assist hoteliers learn how to target particular segments with messages that direct their psychological needs and to choose differentiation value drivers that will attain their customer effectively.

#### **4.4 Summary of Chapter Four**

This chapter has presented the results on empirical data collected from mature travelers to answer the research question 1 and 2, and test the hypotheses 1, 2, and 3.

Descriptive statistics were employed to describe the characteristics of mature travelers' profiles, levels of mature travelers' expectations on differentiation value drivers toward small and medium sized hotels. Exploratory Factor Analysis was used to explore the interrelationship among a set of variables relating to mature travelers' differentiation value drivers toward small and medium-sized hotels. Inferential statistics relating Independent Sample t-test and One-way ANOVA were applied to examine the effects of mature travelers' profiles on mature travelers' differentiation value drivers toward small and medium-sized hotels. Multiple Regression Analysis (MRA) was adopted to investigate the effects of motivations of using small and medium sized hotels on mature travelers' differentiation value drivers, whereas, Simple Regression Analysis (SRA) was employed to examine the effects of personalities seeking differences on mature travelers' differentiation value drivers toward small and medium-sized hotels. In this section, the researcher briefly summarized the results of research results according to the research objective and hypotheses as follows.

To respond the research objective 1, the results of Exploratory Factor Analysis revealed the four components of mature travelers' differentiation value drivers

including Better health and security, Better atmosphere, More responsiveness, and Better accessibility and more affordable. The finding also unveiled that the perceived importance of mature travelers' differentiation value drivers toward small and medium-sized hotels was at a very important level, and all items of differentiation value drivers in each factor were scored as a very important level. Focusing on hotel size, the respondents of small-sized hotels ( $\bar{x} = 5.58$ ) and medium-sized hotels ( $\bar{x} = 5.49$ ) were both rated at a very important level.

To respond the research objective 2, First, the analysis of Independent Sample t-test and One-way ANOVA found that gender, age, and health status had no effect on the respondents' expectation toward differentiation value drivers in all dimensions and the overall, that is, the hypothesis H1.1, H1.2, and H1.8 were totally rejected. Whereas, travelers' profiles of marital status, nationality, education and employment were found partially effects on certain dimensions of mature travelers' differentiation value drivers, it is said that the hypothesis H1.3, H1.4, H1.5, and H1.6 were partially supported. Interestingly, a factor of total receivable revenue had effects totally on all dimensions of mature travelers' differentiation value drivers, reflected the fully support of H1.7.

Second, the analysis results for Multiple Regression Analysis (MRA) displayed that (1) the push motivational factors of rest and relaxation, and the pull motivational factors of convenience, special services, learning experiences and price value had effects on a dimension of Better health and safety, that is, the hypothesis H2.1 was partially supported, (2) the push motivational factors of rest and relaxation, and the pull motivational factors of uniqueness, special services, learning experiences and price value had effects on a dimension of Better atmosphere, that is, the hypothesis H2.2 was partially supported, (3) the push motivational factors of novelty seeking and personal value, and the pull motivational factors of uniqueness, and learning experiences had effects on a dimension of More responsiveness, that is, the hypothesis H2.3 was partially supported, (4) it was only found that the push motivational factor of novelty seeking had an effect on a dimension of Better accessibility and more affordable, that is, the hypothesis H2.4 was partially supported, and (5) the push motivational factors of novelty seeking, rest and relaxation, and the pull motivational factors of uniqueness,

convenience, special services, learning experiences and price value had effects on total differentiation value drivers, that is, the hypothesis H2.5 was partially supported.

Third, the analysis results for Simple Regression Analysis (SRA) displayed that (1) personalities seeking differences of midcentrics and psychocentrics had effects on a dimension of Better health and security (excluded allocentrics), that is, the hypothesis H3.1 was partially supported, (2) all personality traits (allocentrics, midcentrics, and psychocentrics) had effects on a dimension of Better atmosphere, that is, the hypothesis H3.2 was fully supported, (3) all personality traits (allocentrics, midcentrics, and psychocentrics) had effects on a dimension of More responsiveness, that is, the hypothesis H3.3 was fully supported, (4) all personality traits (allocentrics, midcentrics, and psychocentrics) had effects on a dimension of Better accessibility and more affordable, that is, the hypothesis H3.4 was fully supported, (5) all personality traits (allocentrics, midcentrics, and psychocentrics) had effects on total differentiation value drivers, that is, the hypothesis H3.5 was fully supported.

Finally, the discussion of data and research results was described in the last section of 4.3 in this chapter. The next following chapter 5 presented the qualitative results from the supply side or owners/managers of small and medium-sized hotels regarding their innovative value creation capability in response to the mature travelers' differentiation value drivers and the key factors determining the firms' service innovation capability, and the discussion of the results was also included in chapter 5.



## CHAPTER 5

### QUALITATIVE RESEARCH RESULTS

#### 5.1 Introduction

This chapter is purposed to analyze and summarize the findings from questionnaires of owners/managers' perceptions on their innovative value creation capability and identify the key factors determining the firms' service innovation capability in order to respond the research question 3 and further analyze for accomplishing a proposed service innovation model for small and medium-sized hotel business focusing on the mature travelers according to the research objective 4.

This chapter comprises four sections. The first part is the introduction, then the second part or section 4.2 is described the qualitative results from the in-depth interview with owners/managers of small and medium-sized hotels. This part begins by illustrating steps of data analysis, profiles of key informants, and the qualitative results of innovative value creation capability of small and medium-sized hotels toward the four dimensions of mature travelers' differentiation value drivers including better health and security, better atmosphere, more responsive, and better accessibility and more affordable. The interview results are presented firstly according the innovative value creation practices in general, and then, their innovative capability and the key factors determining the firm's service innovation capability are specified and defined. The third part or section 5.3 presents the discussion of data and research results according to the four components of mature traveler's differentiation value drivers. The last section is the summary of chapter five. The results of data analysis illustrating below are grounded on data collected from 17 key informants employed in quantitative research methodology.

### 5.3 Qualitative Research Results From Interview

To answer the research objective 3, the qualitative research method was employed to explore the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and identify the key factors determining the firm's service innovation capability. The key informants consisted of owners/managers of small and medium-sized hotels in Bangkok, chosen according to three criteria: the management style of either independent or chain hotels; the award recognition or the best practices of innovation, differentiation, or service excellence; and the experiencing in the mature traveler market. Purposive sampling and snowball sampling were implemented to select the key informants. Letter of requests and the interview questions were submitted to the key respondents. Then, they were appointed to perform the in-depth interviews. The semi-structured interview was employed as a guideline to collect data from interviewees. The individual interviews were conducted in October - November 2019. The optimum number of interviews were conducted when the data were saturated, finally, the data gathered from the 17 interviewees.

#### 5.2.1 Steps of qualitative data analysis

Firstly, the qualitative data from the in-depth interviews were analyzed using the content analysis to classify the innovative value creation practices of small and medium-sized hotels in response to the mature travelers' differentiation value drivers. Coding was grounded on important meaningful statements that generate themes associated to the research questions. Key themes and typology derived from the coding process. Each incident was compared with others to display similarities and differences. The similar incidents were received the same label, if not, they obtained different labels, then, grouped into the categorization scheme. The process was implemented until all incidents were categorized to the right classification. In some cases, when key informants gave more than one piece of information, answers were sorted into multiple groups. In this study, the classification of incidents was based on the key informants' answers to each question. A framework of Keeley et al. (2013) was employed as a tool for categorizing the innovation typology.

Secondly, to measure innovative value creation capability, the researcher decided to rank the data from 0 to 1 innovation point, whereby 0 point mean *not to innovate activity* and 1 point for *innovative activity*. In this study, a hotel with high frequency of activities could gain more innovation points. Then, the researcher classified the respondents into two groups. The respondents with the above of mean scores were categorized as a '*well-performed*' group or a group of high capability that possibly met in response to mature travelers' differentiation value drivers, on the contrary, if under, they labeled as a '*less-performed*' group or a lower capability group.

Lastly, the factors influencing the hotel's service innovation capability were identified by using thematic analysis, and similarities and differences to group and determine the enabling and unable factors. Next, the researcher employed the cause and effect analysis to explain and identify the key factors determining the firm's service innovation capability.

### **5.2.2 Profiles of Key Informants**

To obtain reliable data, the respondents for the semi-structured interview consisted of owners/managers of small and medium-sized hotels as shown in Table 5.1.

Table 5.1 Profiles of Key Informants

Key Informants	Code	Position	Firm Age (Year)	Level of service	Ownership Structure	Strengths/ Awards
Small-sized hotel	S1	Front Office Manager	10	4-Star	Chain hotel	Thailand Boutique Awards 2014-2015 (Luxury Thematic Awards) Architectural Heritage Award 2011
	S2	Human Resources Manager	6.5	4-Star	Chain hotel	Thailand Boutique Awards 2014-2015 (Luxury Design Awards)
	S3	Hotel Owner	10	4-Star	Independent hotel	Loved by Guest Award 2017, Gold Medal from Hotels.com
	S4	Hotel Manager	5	3.5-Star	Independent hotel	Modern boutique hotel
	S5	Hotel Owner	7	3-Star	Independent hotel	Thailand Boutique Awards 2014-2015 (Basic Thematic Awards)
	S6	Project Management Office Manager	4	3-Star	Chain hotel	Innovative concept of 'Bed & Café'
Medium-sized hotels	M1	Room Division Manager	20	4-Star	Chain hotel	2018-2019 Love by Guest Award – hotels.com, 2019 Certificate of Excellence
	M2	Human Resources Supervisor	2	3-Star	Independent hotel	Innovative urban hospitality concept, Guest Review Awards 2014
	M3	Assistant Director of Sales	6	5-Star	Independent hotel	2016 People's Choice Awards

Key Informants	Code	Position	Firm Age (Year)	Level of service	Ownership Structure	Strengths/ Awards
	M4	Senior Sales Manager	0.5	5-Star	Independent hotel	Local arts and contemporary luxury design
	M5	Sales Manager	0.5	3.5-Star	Independent hotel	Upscale hotel
	M6	Director of Sales	1	4.5-Star	Chain hotel	Boutique Hotel Awards Winner 2017-2018, Best Luxury Hotel 2019, Hotel of the Year Awards 2019, 2019 Certificate of Excellence, Global Luxury Hotel & Spa Award – World's Best City Design Hotel
	M7	Sales Director	0.5	4-Star	Chain hotel	Modern design hotel
	M8	Sales Manager	7	4-Star	Chain hotel	2019 Certificate of Excellence
	M9	Human Resources Manager	4	4.5-Star	Chain hotel	Best Boutique City Hotel Worldwide from the Hotel of The Year Awards 2019
	M10	Human Resources Manager	13	4.5-Star	Chain hotel	Upscale hotel
	M11	Operation Manager	3	4-Star	Independent hotel	SME Hotel Service Quality Award 2019-2019

A total of 17 key informants participated in the interviews consisted of two groups. The first group was the owners/managers of small-sized hotels consisting of 6 interviewees, worked in 3 - 4-star hotels. Among the 6 small hotels, 3 of them were managed by chain management, while the rest were independent. The firm age was varied from 4 to 10 years of operation. The second group included 11 owners/managers from medium-sized hotels, worked in 3-5star hotels. 6 respondents were from chain hotels, followed by 5 respondents from independent hotels, and firm age was ranged from 6 months to 20 years of service.

The interviewees were coded to maintain ethical standards of research; S stands for owner/manager of a small-sized hotel, while M stands for owner/manager of a medium-sized hotel.

### **5.2.3 Results of Innovative Value Creation Capability of Small and Medium-Sized Hotels Toward a Dimension of “Better Health and Security” and the Key Factors’ Determining the Firms’ Service Innovation Capability**

This section firstly explored the innovative value creation practices and that hotel managers have adopted to respond to mature travelers’ differentiation value drivers of “Better health and security” and investigated their innovative capabilities. Then, the key factors influencing the firms’ service innovation capability were identified.

#### **5.2.3.1 Interview Results of Innovative Value Creation Practices of Small and Medium-Sized Hotels toward Differentiation Value Drivers of ‘Better Health and Security’**

The interviewees were asked to identify their implementations of innovative value creation to meet mature travelers’ differentiation value drivers of ‘Better health and security’. The results from the semi-structure interviews with the owners/managers of small and medium-sized hotels toward their practices on innovative value creation in response to mature travelers’ differentiation value drivers were summarized in Table 5.2.

Based on the content analysis, numerous recurring themes were emerged to present the critical innovative practices of small and medium-sized hotels in response

to differentiation value drivers of 'Better health and security'. Table 5.2 listed the frequent themes and their corresponding frequencies. According to the framework of Keeley et al. (2013), the set of incidents was resulted in two types of innovation; process innovation and product performance innovation.

1) Process innovation. Within process innovation, innovative process management was labeled as a theme of innovative practices. four groups of innovative practices were classified including, innovative cleaning, innovative kitchen operating, innovative sourcing, and innovative security patrolling.

*Innovative cleaning.* It comprised of two groups of innovative activities; housekeeping quality assurance and eco practices.

*a. Housekeeping quality assurance* – To ensure the housekeeping quality, hotels employed standard cleaning procedure such as standard operation procedure and checklist to ensure the quality and standard of room cleaning, as well as, training and educating housekeeping attendants. Besides, standard quality assessment programs such as external auditors by mystery shoppers and internal quality auditors were also mostly implemented in both medium-scaled independent and chain hotels to meet the standard assessment and ensure the hotel quality management. Customers' comments on social media was considered as a vital tool to set up quality standard, to monitor and to improve a hotel's performance.

*b. Eco practices* – Respondents focused on using of eco-friendly products and amenities to minimize risk of chemical hazardous and customers' allergenic. Moreover, air purify and ozone treatment were implemented in some hotels to enhance the high quality of cleanliness and sanitation.

*Innovative kitchen operating.* It found two types of innovative practices; cuisine quality assurance and employee co-creation.

*a. Cuisine quality assurance* – Food service technology such as yield management systems and food inventory management were implemented in most of hotels to help them make the best use and ensure of fresh ingredients. Besides, they also generally conducted staff trainings as a part of quality assurance. Such trainings were conducted in areas of customer service and product knowledge regarding to food ingredients to prevent the customers from food allergies.

*b. Employee co-creation* – Some hotels focused on processes that allow creating new products by actively involving F&B staff and chefs in idea creation of new menus. In some case of a small chain hotels, chefs were regularly encouraged to create new dishes from the old traditional dishes and shared knowledge of best practices or best menus among the properties. While, the frontline staff or F&B staff were engaged by stimulating them to vote on new proposed dishes or even design new menus for customers as well as sharing the customers' feedback to improve restaurant's products and services.

*Innovative sourcing.* To ensure better health and safety of customers, the innovative product/service sourcing was promoted.

*a. Product/service sourcing;*

- *Sustainable products* are those products that provide environmental, economic and social benefits while protecting public health and environment. Sustainable products were sourced and used in various areas of services. From the interviews found that there was an increasing awareness to use eco-friendly amenities and commodities such as toiletry, stationary, and cleaning materials. In area of culinary, organic food and products have sourced from reliable organic farms or well-known local producers or communities. Apart from gaining healthy products, supporting local community was another aimed which mentioned by some respondents.

- *Premium products and brands.* In procurement process, most hotels mainly considered to select premium products which similar to the 5-star hotel standard to ensure the product quality. Especially for beddings, many hotels invested a large amount of money on bedding amenities such as mattress, pillows, sheets, and blankets to ensure the quality and comfort of beddings. When sourcing, independent hotels selected the suppliers who were reliable, reputable, and famous among the hotel business, whereas, chain hotels chose suppliers based on their chain hotel standards.

- *Products that make cleaning easier.* Innovative sourcing products that easier to clean is perceived importance by the respondents to provide better health and cleaner. Since the carpet flooring shows the presence of more dust and allergens comparing with non-carpeted floors. many hotels turn to welcome guests with a laminate flooring instead of the carpet. Bed linen and towels must be dustproof and easy to clean. In certain hotels, as for cleaning materials, traditional cleaning rags were



replaced by the fabric microfiber which allow cleaning easier and more effective. This fabric is recognized as a good cleaning material and being more effective in the long run because of its durability but it is highly priced.

- *Service outsourcing* - Outsourcing is a common practice in the hotel industry. From the interviews found two forms of outsourcing; laundry service and restaurant/food service. The respondents mentioned that service outsourcing enabled them to reduce hard costs and allowed the experts to perform that tasks which resulted in better quality of specialized services.

*Innovative security patrolling*. It is the ability to enhance security related products/services through the implementation of more effective resolutions. The security concerns expressed through the three types of innovative practices; security personnel, security technology equipment, and safety procedures.

*a. Security personnel* – Hotels employed the security personnel to patrol guestroom floors and other hotel areas. These security personnel were required to perform ‘security plus service’, that is, apart from the security guard, they had to provide other services to the customers similar to a doorman or concierge in the traditional hotels. Since the advantage of small-scale of the premises, front line staff were also assigned to play the role in the security patrol as they were in the best position to observe and to be on the outlook for the strangers. This practice required the training and allow staff to share responsibility toward ‘security plus service’ aimed at multi-tasking staff utilization.

*b. Security technology equipment* – Given concerns about safety and security, the new technologies seem to be coming forward in the hotel industry aimed to enhance security and security to customers during their stay. Hotels installed security equipment, CCTV, and access control by electric key card as the security technology equipment to ensure customer safety and provide assurance as well as enhance the customer’s quality of their experience.

*c. Safety procedures* – Some medium-sized chain and independent hotels conducted their internal safety evaluation and audition apart from the law requirement in order to reach the chain standard or to meet the standard assessment of the hotel related association. Such safety procedures included issues related to safety

and security concerns and practices in the circumstances of fire, criminal, bomb threat, shut down hotel in case of a riot, and risk management.

2. Product performance innovation. Within product performance innovation, innovative practices were categorized under a theme of innovative designed product which included innovative practices of health and gastronomic cuisine and comfort and sleep-friendly bedroom.

*Health and gastronomic cuisine.* Providing eating options and value-added cuisine experience were innovative practices aimed at creating customer's better health and experiences during their stay.

- *Local cuisine* - Hotels leveraged culture of traditional local cuisine to create differentiation value in terms of health and gastronomic experiences. Traditional dishes with herbs and spices or mom's recipes with particular storytelling were highlighted on the menu to attract mature travelers who were health-consciousness and seeking authentic experiences and local culture. Some small-sized hotels won culinary and restaurant industry awards and leveraged them as the value-added products to enhance the memorable dining experience.

- *Health and dietary menu* – Small and medium-sized hotels have grown to provide the value-added amenities of food and drink. Breakfast options has expanded to various choices of health and dietary menu with the consideration to the customer' health and trend of the demand. The specific choices of vegetarian, vegan, halal, or organic food or even personalized breakfast service were available for customers who had particular dietary requirements. Besides, introducing 'slow food' in hotels was also one of such culinary innovation. Moreover, some hotels grown their own organic farm to assure the quality of ingredients. Such implementation can provide value-added products to create customer satisfaction.

*Comfort and sleep-friendly bedroom.* The innovative practices were about initiating customized choices or adjusted hotels' service offerings to individual customer's preferences aimed at providing the sleep experience quality.

- *Pillow menus* - Many hotels added pillow menus as an innovative customized service to cater to individual needs of customers. Pillow menus were

usually free of charge and included various options ranged from feather pillow to non-allergic pillow and so forth.

- *Creative turndown* - Creative turndown service is one of the innovative service designs to turn up customers with something new. Many hotels spend money and time to deliver their customers with a surprising turndown at night. Examples of creative turndown service that hotels bolstered their guest experience included a teddy bear or a tiny little toy, a chocolate, seasonal fruits, a selection of herbal tea, a mini book of bedtime story, or even a framed photo of customers and their loved ones from their stay to send customers to slumberland with sweet dreams.

- *Customizable scents* - To provide a pleasant sleep atmosphere, choices of scent were offered to customers to enjoy the smell of their preferred aroma essence with compliments. The fragrance is natural way to calm the nerves and help sleep which resulting in refreshment and revitalization.

- *Mature friendly attributes* – Many hotels gave detailed attention for mature travelers by providing room environment with mature-friendly attributes to cater particular physically needs of the elderly to offer the safety, convenience and comfort during the stay. Special tile flooring, in-room handrails, including safety equipment in lavatories were examples of room-friendly facilities design.

Table 5.2 Results of Innovative Value Creation Practices of Small and Medium-Sized Hotels toward Differentiation Value Drivers of ‘Better Health and Security’

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Process innovation</i>	Innovative process management	Innovative cleaning	Standard cleaning procedure (14)	S1, S2, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Housekeeping staff training (13)	S2, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Standard quality assessment (5)	M3, M4, M8, M9, M11
			Use of eco-friendly cleaning materials (12)	S1, S3, S4, M1, M2, M3, M4, M5, M6, M8, M9, M10
			Air purify/ozone treatment (3)	S2, S4, M9
		Innovative kitchen operating	Food service technology (11)	S1, S2, S6, M3, M4, M6, M7, M8, M9, M10, M11
			F& B staff training (11)	S1, S2, S3, M3, M4, M6, M7, M8, M9, M10, M11
			Creative menu (3)	S6, M3, M4
		Innovative sourcing	Sustainable products (8)	S3, S5, M1, M3, M4, M6, M9, M10
			Premium products and brands (7)	S2, S3, M1, M3, M7, M9, M10
			Products that make cleaning easier (3)	M1, M3, M11
		Innovative security patrolling	Service outsourcing (3)	S5, M1, M5
			Multi-tasking staff (4)	S2, S3, S6, M6

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
			CCTV and security equipment (17)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Access control by electronic key card (14)	S2, S3, S4, S6, M1, M2, M3, M4, M5, M7, M8, M9, M10, M11
			Internal safety evaluation and audition (5)	M3, M4, M7, M9, M10
<i>Product performance</i>	Innovative designed product	Health and gastronomic cuisine	Local cuisine (6)	S1, S5, S6, M3, M4, M9
<i>Innovation</i>				
		Comfort and sleep-friendly bedroom	Health and dietary menu (5)	S3, M6, M7, M9, M10
			Pillow menu (6)	M1, M3, M7, M8, M9, M10
			Creative turndown (3)	S6, M3, M4, M7, M10
			Customizable scent (2)	M7, M9
			Mature-friendly attributes (9)	S6, M3, M4, M5, M6, M7, M8, M9, M10

5.2.3.2 Interview Results of Innovative Value Creation Capabilities of Small and Medium-Sized Hotels toward Differentiation Value Drivers of ‘Better Health and Security’ and the Key Factors Determining the Firm’s Service Innovation Capability.

After the innovative value creation practices had been explored, this section investigated their innovative capabilities. To measure innovative value creation capability, the researcher decided to rank the data from 0 to 1 innovation point, whereby 0 point mean *not to innovate activity* and 1 point for *innovative activity*. In this study, a hotel with high frequency of activities could gain more innovation points. Then, the researcher classified the respondents into two groups. The respondents with the above of mean scores were categorized as a group of high capability, if under, they labeled as a low capability group as shown in Table 5.3

From Table 5.3 reveals the innovative practices of small and medium-sized hotels toward differentiation value drivers of ‘Better health and security’. The samplings were categorized into two groups; a group of higher capability and a lower capability according to their innovative activities. To attain differentiation value drivers of ‘Better health and security’, the results found two elements of innovation were identified: process innovation and product performance innovation. The hotels conducted process innovation in areas of innovative housekeeping, innovative culinary, innovative sourcing, and security innovation. Besides, product performance innovation was conducted in dimensions of innovative culinary and innovative design. The qualitative results were identified under each innovative activity and presented visually in a form of percentage to clarify the innovative activities performing by small and medium-sized hotels.

Table 5.3 Results of Innovative Value Creation Capabilities of Small and Medium-Sized Hotels toward Differentiation Value Drivers of “Better Health and Security”

		Process Innovation														Product Performance Innovation									
		Innovative process management														Innovative designed product									
		Small and medium-sized hotels														Small and medium-sized hotels									
		Standard cleaning procedure	Housekeeping staff training	Standard quality assessment	Use of eco-friendly cleaning materials	Air purify/ozone treatment	Food service technology	Restaurant staff training	Creative menu	Sustainable products	Premium products and brands	Products that make cleaning easier	Service outsourcing	CCTV and security equipment	Access control by electronic key card	Multi-tasking staff	Internal safety evaluation and audition	Total	Health and dietary menu	Local cuisine	Customizable scent	Creative turnaround	Pillow menu	Mature-friendly attributes	Total
Higher capability	M3	●	●	●	●		●	●	●	●	●			●	●		●	12	●						5
	M9	●	●	●	●	●	●	●		●	●			●	●		●	12	●	●	●		●	●	5
	M4	●	●	●	●		●	●	●	●	●			●	●		●	11		●		●	●	●	4
	M10	●	●		●		●	●		●	●			●	●		●	10	●			●	●	●	4
	S2	●	●			●	●	●		●	●			●	●	●		9		●		●		●	3
	M1	●	●		●		●	●		●	●	●	●	●	●			9				●		●	3
	M8	●	●		●		●	●		●	●			●	●			8		●		●		●	3
	M6	●	●	●	●		●	●		●	●			●	●		●	8	●					●	2
	M7	●	●				●	●		●	●			●	●		●	8					●	●	2
	S3				●			●		●	●			●	●	●		7		●					1
Lower capability	S6	●	●				●		●				●	●	●	●	7							1	
	M5	●	●		●							●		●	●			7		●					1
	M11	●	●	●			●	●						●	●			7							1
	M2	●	●		●			●						●	●			5					●		1
	S1	●			●		●	●						●	●			5							0
	S5									●		●	●	●				4							0
	S4				●	●								●	●			4							0
			14	13	5	12	3	11	11	3	8	7	3	3	17	14	4	5		5	6	2	5	6	9

### 1) Process innovation

Process innovation means to better methods for doing tasks. To foster senses of better health and security, process innovation was performed. In this study, process innovation reflected the capability of firms to generate primary offerings which different or had been improved from their usual operation to utilize their unique abilities or function competence.

To evaluate innovative value creation capabilities, the results found that with process innovation, among 17 sampling hotels, 9 of them were above of mean scores caterized as a high capability group, while another 8 hotels with under mean scores were classified a lower capablity group. The innovative value creation capabilities were displayed according to a theme of innovative process management.

Innovative practices under the theme of innovative process management aimed at producing superior ways for performing work to foster customers' better health and security which consisted of four groups of activities, including innovative housekeeping, innovative culinary, innovative sourcing, and security innovation. The superior process innovative management reflected in the high scores of innovative activities in a higher capability group (see Table 5.3). This group had high abilities to conduct innovative activities in areas of innovative cleaning, innovative kitchen operating, innovative sourcing, and innovative security patrolling.

*Innovative cleaning.* In the context of this study, innovative cleaning refers to housekeeping backstage initiatives aiming at efficiency and productivity of cleanliness and hygiene outcomes. The results found that hotels well performed innovative housekeeping in two practices of housekeeping quality assurance and eco practices.

For housekeeping quality assurance, Table 5.3 revealed that all 100% of respondents in the higher capabilty group were well performed in areas of conducting standard cleaning procedures and housekeeping staff training. From the interviews, all respondents agreed that quality assurance could ensure housekeeping services to meet needs of customers since it provided the direction in cleaning procedures of areas, monitoring, assessing, and reporting quality assurance to ensure the cleanliness. Besides, it also required employees to be trained and follow safety and security



procedures and policies to report any maintenance problems, accidents, safety hazards, and injuries to create the safe environment for both customers and employees.

*“To recheck the room by the supervisor before delivery, it can ensure the standard of cleanliness and minimize the guest complaints.” (Interview informant S1, S2, S6, M6)*

*“ Providing effective housekeeping services is quite challenge. Following the cleaning and maintenance policies allow housekeeping attendants can work productively, create guest satisfaction, and utmostly contribute to a better safe place environment for our staff and customers.” (Interview informant S2, S6, M1, M9, M10)*

Furthermore, eco practices by using of eco-friendly cleaning materials also was performed by 77% of a higher capability group as they perceived that the eco practices could minimize health risk and hazard for both customers and staff. Respondents noted that eco-friendly products were safe to the health since the products were free from harmful chemicals and toxic without sacrificing quality. By using eco-friendly cleaning materials, it could help hoteliers to create a pleasant environment which was advantageous to improve customers' physical and mental health. It diminished hazardous chemical risk and enhance the quality of life.

*“Eco-friendly contribute to the safe environment by not utilizing any materials that are harmful. They help in minimizing customers' allergic problems as well as saving the global environment.” (Interview informant S3, M9, M11)*

*Innovative kitchen operating.* Under process innovation, innovative kitchen operating was conducted to attain better health and sanitation, the results found that hotels well-performed innovative kitchen operating in the cuisine quality assurance.

88% of the higher capability group conducted the cuisine quality assurance by using food service technology as yield management system and food inventory management. Respondents insisted that food service technology was seen as an integral part to help their restaurants with better kitchen planning, reduce food waste, make best use of fresh ingredient, and store inventory properly. Inventory software was utilized by many hotels as a technology to support for better monitoring and tracking of food. The application of food service technology enables faster and better food

preparation methods, better sanitation, faster service, higher flexibility, and optimise food safety and minimize food health-risk problems.

*“For our restaurant, there is nothing better than hearing our customers say, “Mmm!” over our savory meal. And there is nothing worse than serving a spoiled dish to our patrons.” (Interview informant S1)*

*“Utilizing of good inventory management systems and software can help our restaurant to minimize waste, ensure food safety and maximize our customer satisfaction.” (Interview informant M9, M10)*

As a part of cuisine quality assurance, restaurant staff training was another critical factor to be concerned. Nearly 90% of this group placed priority on staff training. Respondents insisted that restaurant staff had to be trained about the proper food-handling practices to guarantee food safety. Well trained staff would understand food safety practices which could minimize cases of food intoxication and avoid food spoilage from contamination. This could ensure the restaurant meets all food-safety standard.

*“...for example, a well-trained restaurant staff will know how to store foods at their appropriated temperatures or wash their hands before operating in the cooking process”. (Interview informant S2)*

*Innovative sourcing.* In the context of this study, innovative sourcing was aimed at sourcing the products with distinctive characteristics that can added value to hotel’s product offerings or facilitate hotel’s working activities more efficiency. The results found that hotels well performed innovative sourcing in terms of product sourcing. It was found that hoteliers mostly emphasized on sourcing sustainable products, and premium products and brands. Sustainable products were gnerally sourced and used in many areas of service. Hoteliers mentioned that since this rising of customers who interested in eco-friendly travel trend, making greener choices could provide benefits to help hotels with better greener products to meet customer demand and enhance the quality of life. Moreover, some hoteliers had their business concept in patronizing local products to suport local commmunity.

*“It have to start from small practices and expand to other areas in hotel operation, since customer demand for eco traveling is growing. Absolutely, an issue of sustainable tourism is a critical factor to be concerned”. (Interview informant M9)*

In addition, sourcing of premium products and brands was generally implemented among the majority or 67% of this group. When selecting, hotelier mainly emphasized on the great quality of products and the brand reliability which were similarly used in the large 5-star hotels as the criteria of sourcing to ensure the premium quality of product selected.

*“From our experience, we found that customers base their decision of hotel selection partially on particular hotel amenities. Because customers are becoming more demanding in the service quality and quality of hotel’s facilities and products which impacting their staying experience .” (Interview informant S2, M10)*

*Innovative security patrolling.* In this study, Innovative security patrolling aimed to enhance security related product/service by adopting of more effective solutions. Almost of all sampling hotels were well performed in adopting security technology equipment to ensure customers safety and security to customers during their stay. Hoteliers placed their priority on safety and security issues as one of the most critical concerning areas.

*“Safety and security have always been our top priority to ensure the safe and privacy environment to our customers”. (Interview informant S3, M7)*

Besides, most hoteliers also well performed in an area of conducting internal safety procedures. Apart from complying by the law obligations, some hotels also further conducted the internal safety evaluation and audition to meet the standard requirement of their chain standard or the assessment criteria of the hospitality related association. This could help hoteliers to ensure and upgrade their safety and security implementation and increased customers confidence toward hotel security.

*“As a process of certified assessment, the safety procedures are evaluated and audited from the hotel association visit regularly to check and recheck if we are applied and assess the emergency plans and train our employee on those plans.” (Interview informant M3, M4)*

*“The continuous evaluation committee from the chain audit the hotel every year. Our hotel chain has a risk management committee directly reporting to the general manager. We conduct staff training on safety plans, check safety procedures and report to the center of the chain group”. (Interview informant M8, M9, M10)*

When considering to the factors affecting their innovative value creation capabilities relating to process innovation under a theme of innovative process management, the enabling factors can be described as follows:

Owner structure was mostly cited by respondents as one of the significant factors enabling the firm’s capability of process innovation. Advantages of ownership structure can be identified according to chain and independent managements. As for chain affiliation, a chain usually had much experience in operating and developing hotels in various locations. Each chain had standard operations such as operating procedures or SOP, regularly employee training sessions, continuously quality audit and assessment to apply among all chain hotels to operate professional and maintain the high quality of the brand standard. Customers who patronizing a hotel chain, they would have an opportunity to enjoy the standardized and superior service offerings. While being independently owned-hotels, hoteliers have freedom and creativity in their own operation without restrictions. This enabled them more focus on what the guest wants and initiate the ways to respond to customer needs instantly.

*“Brand reputation, standard of service quality are examples of advantages of being a global chain member. With a chain hotel, all hotel products and services are designed and determined by the chain which resulting in a clearer business goals and standard of service concept and procedures as standardization. (Interview informant M9)*

*“As an owner of independent hotel, we have entirely control over all areas of our business, from choosing the brand of bed linen customers use until making decision on how to comply with the government law”. (Interview informant M9)*

Next, the advantage of firm size was mentioned by most small-scaled hotels. Being a small-scaled hotel with more limited space, it encouraged the intimate

atmosphere between staff and customers and allowed staff to know and get closer to their customers' need. Besides, it also enabled hoteliers being in the best position to observe and to be on the outlook for the strangers.

*“The small size of hotel makes us easy to see and get to know the guests. If any strangers come, they will know immediately”. (Interview informant S2, M6, M10)*

In addition, employee engagement in areas of providing regular training and knowledge sharing were emphasized by hoteliers as a critical factor to enhance employee' abilities in innovative practices.

*“Employee training is critical for hotel business as it will increase employees' performance and productivity. Their professional knowledge and skills can be utilized to perform their task more effectively”. (M3, M4, M9)*

Management support was largely cited by hoteliers as a factor affecting hotel innovative performance. Hoteliers emphasized the roles of owners/managers in providing sufficient resources such as budget, tools and equipment, new technologies necessary to perform tasks as well as opening for new ideas by encouraging staff to be initiative.

*“All staff are welcome to express their new ideas to help the hotel to improve service or create better customer satisfaction”. (Interview informant M2, M10)*

Importantly, customer orientation was commonly agreed by hoteliers as one of the most significant supporting factors of innovation. Truly understanding of customer trends and behaviors was a key to success. The study found that innovative implementations were based on customer trends and needs such as eco and sustainable practices, health-consciousness, security awareness. This made hoteliers attempted to facilitate these customer requirements by initiating new working process, sourcing value-added product/service, and acquiring new technologies to best serve the customers.

Competition orientation. Most respondents mentioned the importance of competitor comparison to find out what different types of products and services their

competitors provided. Many independent hotels and small local chain hotels attempted to benchmark themselves with the large 5-stars hotels in terms of product quality. They placed the importance on sourcing products, materials, tools and equipment, and other amenities with the similar quality that currently used in the large 5-stars hotels. Hoteliers had to closely monitor their competitors to be remain attractive and competitive.

*“Although we are a small hotel, but regardless of what that 5-star hotel are providing to customers, such as beds, blankets, pillows, we are also providing with the same amenities and quality as they do”. (Interview informant S1, S2, S5)*

The next enabling factor was about innovation networks. The respondents of chain hotels mentioned the advantage of chain affiliation in terms of network. Members can leverage benefits of chain in areas of sharing resources and marketing activities as well as common suppliers and business partners for members in the hotel chain which resulting in a stronger bargaining power because of economies of scale when implementing process innovation and procurement.

On the flip side, for the lower capability group, the results found that this group had less ability to perform process innovation under the theme of innovative process management. This group less performed in certain areas of innovative process management.

Within a group of lower capability, the lower capability group less performed in innovative cleaning in particular areas of implementing standard quality assessment and using of innovative new cleaning techniques. Besides, the lower innovative performance also found in innovative kitchen operating and innovative sourcing when comparing the higher group. While innovative security patrolling found that hotelier less performed only in an area of conducting safety procures related to the internal safety evaluation and audition.

The factors that constrained the lower capability group to perform innovative process innovation can be identified into four main aspects.

First, ownership structure was mostly cited among the respondents as the factor constrained their innovative ability. Respondents mentioned about the disadvantages of ownership structure of being independent and chain management. For being an independently-owned hotel, owners/managers had total control over their hotel management which is advantageous in terms of flexibility and creativity, but they were on their own responsibility to seek their own resources for help such as finance, knowledge, technologies, suppliers, and human resources when implementing innovation. Such limitations especially financial issues could directly impact their ability to implement innovative practices.

As for the chain hotel, although, the standardized operation throughout the chain hotels to assure and control the standard quality, and increase operational efficiency, but it could restrict the hotel members that wanted to vary or initiate their own operations even in some small ways. Besides, the process of initiating new management methods and technologies could cost in time consuming due to the complexity of the administration.

Second, the management support toward hotel policies had directly impacted on firm's ability to perform innovation. The findings found that in certain small independent hotels, the management policies toward initiatives were rarely existed. Owners/managers mostly managed their small hotels and handled the day-to-day basis on their hotel activities. Most of them believed that they did not have enough resources to develop their own innovation strategies and management and also thought that it was remain difficult to perform. To conduct innovation, it required the encouragement of managers to pursue innovation in their organization.

The third factor was about lacking of innovative networks. Most of small independently-owned hotels mentioned their difficulties in forming innovative networks with business partners or suppliers, or even negotiate with the suppliers. Since the absence of economies of scale resulted in insufficient power of bargaining with the suppliers and acquiring business partnerships.

The last factor was about the restriction of law and regulation. The findings found that hotels where located in the particular areas as historical areas or had registered their property as the architectural heritage faced the restriction of the building control act when they wanted to reinvent and renovate their property. This

building control regulation encompassed the hotels that were the ancient architectural buildings or preserved buildings. This restriction discouraged the hotels in improving and adjusting their building structure to facilitate the specific physical needs of mature travelers in terms of basic infrastructure such as establishing of elevators or expanding pathways for wheelchair accessible. Hence, most hoteliers found themselves unable to respond to mature travelers' physical requirements towards friendly-facilities or adapted their buildings to the universal design for accessible for all customers

## 2. Product performance innovation

Product performance innovation refers to the product with distinguish features or values of product offerings. In this study, the product performance innovation reflected the capability of firms to shape a product to customers' particular needs of health and safety. In this context, product performance innovation was implemented under a theme of innovative product design. To implement innovative product design, abilities of knowing the customer' trends and needs as well as developing customizable products or services combined unique features need to be merged.

To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product performance innovation, the results found that among 17 sampling hotels, 8 of them were above of mean scores categorized as a high capability group, while another 9 hotels with under mean scores were classified into a lower capability group. The innovative value creation capability was displayed according to the theme of innovative designed product.

*Innovative designed product.* This innovative practice aimed at to develop distinctive values or features of hotel product offerings to tailor a product personalization through implementations of two approaches. To attain better health and gastronomical experience, the product performance innovation was performed under innovative practices of health and gastronomic cuisine. While implementation of comfort and sleep-friendly bedroom was conducted to create a better product customization.

Under the theme of Innovative designed product, the superior innovative practices reflected in the higher frequency of the scores in a higher capability groups



(see Table 5.3). The findings found that the higher capability group well performed in both areas of health and gastronomic cuisine and comfort and sleep-friendly bedroom.

First, *health and gastronomic cuisine*. Since the trends of ‘health consciousness’ and ‘authenticity’ were increasingly popular among the new aged mature travelers, the abilities in providing better health and gastronomic needed to be meet. The initiative of health and gastronomic cuisine was implemented to offer customers with eating options and gastronomical experience. Some hotels well performed in providing healthier food options such as eliminating trans fats from the cooking oil, rolling out healthier breakfast programs with more options of health dietary food, or promoting slow food, and even growing their own organic farm for ensure fresh ingredients. These innovative activities purposed at creating value-added products to foster customer demand and satisfaction.

*“As a small hotel, every morning, we provide personalized breakfast or more options of food because we know our individual customer has their own dietary”.* (Interview informant M6, M9, M10)

*“Our hotel best served fresh seafood and organic vegetarian food from our reliable organic farm. Our customer would go home with healthier”.* (Interview informant S3)

In addition to health and gastronomic cuisine, hoteliers well leveraged the authentic culture of traditional local Thai cuisine to create differentiation value in terms of health and gastronomical experience. Thai traditional dishes were presented with the images of exotic oriental cuisine with powerful health benefits, Thai royal cuisine with refined cooking techniques, mom’s secret recipes, or the restaurant with the excellent award recognition . The distinction of the product attribute was combined with the fascinated storytelling to add value to hotel products to enhance customers’ health and gastronomical experience.

*“Being local, we serve our customers with local authentic food to present the charm of locality as we are a small local boutique hotel with high identity, customers can feel a sense of differentiation”.* (Interview informant S5)

Second, *comfort and sleep-friendly bedroom*. Most hoteliers well performed in customizing choices or adjusting hotel product/service offerings to individual customer's preferences to foster the high-level comfort of stay aiming at enhancing the physical and mentally health. To illustrate, the innovative practices included offering pillow menus, creative turndown, customizable scents, and mature-friendly attributes.

*"Customers are impressed by the little things we do such as turndown trays, a teddy bear with a lovely good night blessing card, scented candles and herbal teas at the bedside". (Interview informant M10)*

When considering to the factors affecting their innovative value creation capabilities relating to product performance innovation under a theme of innovative process management, the enabling factors to encourage innovative designed product can be described as follows:

The first factor mentioned to ownership structure. The findings found that among the higher capability group, most of them or 75% were under chain hotels. Advantages of chain affiliation reflected in possibility in sharing activities and resources among hotels in the chain. Best practices, distinctive activities, or initiative products could share and among members with guidelines or standard procedures from the mother company to implement. Whereas small independent hoteliers could benefit from their own autonomy to freely innovate and be creative. Owners/manager could upgrade or create amenities when they perceived fit. Good small hotels also know how to leverage benefits from the surrounding area such as locally sourcing food from neighborhood, furniture, and other item to add value to hotel products and provide customers with the authentic experience of living.

Next, management support was mentioned by hoteliers as a factor stimulating the innovative behavior in an organization. The management policies for supporting innovative practices by providing a peer support or team working environment to encouraging staff initiation or creativity were critical to success.

The issue of employee engagement was generally mentioned among hoteliers as an enabling factor. Once employees were engaged, they might have the

motivation to be innovative. Motivational initiatives such as contest, incentive programs, and rewarding system can encourage employees to spend their time to engage in the innovating.

The factor of customer orientation was mostly referred by the respondents. Hoteliers emphasized that the desirable hotel products must originated from customers' needs. Focusing on customer needs, behaviors, trends was essential to initiate product performance innovation to fit the customers.

For the lower capability group, in contrast, the results found that this group had less ability to perform product performance innovation under the theme of innovative designed product. This group lower ability to performed innovative product design in areas of health and gastronomic cuisine and comfort and sleep-friendly bedroom.

The factors that hindered the lower capability group to perform innovative designed product can be identified into two main aspects

First, most hoteliers mentioned ownership structure as a factor restricted their innovative capability. Among this lower capability group, nearly 90% of respondents were from independent hotels. They noted the independent hotel disadvantages, included limited financial resources, the absence of incentives to innovation and considered innovation as high cost of involvement which took time and resources consuming. Since they had no economies of scale, innovative implementation was seemed to difficulty for them.

Second, the management support toward hotel policies had directly impacted on firm's ability to perform innovation. The findings found that in some small independent hotels, the management policies toward supporting employees to be initiative were rarely existed. It was believed that encouraging or empowering employees to innovate, might distracted employee from their daily tasks. Consequently, employees did not support to take initiative new ideas.

To conclude, the results of innovative value creation capability of small and medium-sized hotels toward a dimension of health and security and the key factors' determining the firms' service innovation capability were summarized and grouped as displayed in Table 5.4.

Table 5.4 Summary of Innovative Value Creation Capability of Small And Medium-Sized Hotels toward a Dimension of “Better Health and Security” and The Key Factors’ Determining the Firms’ Service Innovation Capability

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
1. Process innovation <i>To generate superior methods for doing tasks to deliver better senses of health and security</i>	Innovative process management <i>- High capability to produce superior ways for performing work to foster better health and security through implementing of innovative cleaning, innovative kitchen operating, innovative sourcing, and innovative security patrolling</i>	Firm factor <i>- Firm size - advantage of small size</i> <i>- Ownership structure - advantage of ownership structure (chain and independent management)</i> Innovative management <i>- Management support – providing sufficient resources</i> Employee factor <i>- Employee engagement – training and knowledge sharing</i> Market orientation <i>- Customer orientation – customer focus</i> <i>- Competition orientation – competitor comparison</i> Innovation networks <i>- Establishing or forming innovative networks</i>	Innovative process management <i>- Low capability to produce superior ways for performing work to foster better health and security through implementing of innovative cleaning (lower capability in areas of standard quality assessment, using initiate cleaning technique) , innovative kitchen operating, innovative sourcing, and innovative security patrolling (lower capability in areas of conducting safety procedures)</i>	Firm factor <i>- Ownership structure - restriction of chain hotels and independent hotels</i> Innovation management <i>-Management support – lack of resources</i> Innovation networks <i>- Lack of innovative networks</i> Other external factor <i>- Law and regulation - restriction of the building control act for heritage buildings</i>
2. Product performance innovation <i>To offer distinctive product offerings aiming at better health and safety</i>	Innovative product design <i>- High capability in developing distinctive values of hotel product offerings through the implementation of health and gastronomic cuisine to attain</i>	Firm factor <i>- Ownership structure - advantage of ownership structure (chain and independent management)</i> Innovation management	Innovative product design <i>- Low capability in developing distinctive values of hotel product offerings through the implementation of health and gastronomic cuisine to attain</i>	Firm factor <i>Ownership structure – Disadvantages of independent hotel</i> Innovation management

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
	<p><i>better health and gastronomical experience</i></p> <p><i>- High capability in developing distinctive values of hotel product offerings through the implementation of comfort and sleep-friendly bedroom to aim at better product customization</i></p>	<p><i>-Management support –management supporting policies</i></p> <p>Employee factor</p> <p><i>- Employee engagement - Motivational initiatives</i></p> <p>Market orientation</p> <p><i>- Customer orientation – customer focus</i></p>	<p><i>better health and gastronomical experience</i></p> <p><i>- Low capability in developing distinctive values of hotel product offerings through the implementation of comfort and sleep-friendly bedroom to aim at better product customization</i></p>	<p><i>- Management support – absence of incentives to innovation</i></p>



#### **5.2.4 Results of Innovative Value Creation Capability of Small and Medium-Sized Hotels Toward a Dimension of “Better Atmosphere” and the Key Factors’ Determining the Firms’ Service Innovation Capability**

This section firstly explored the innovative value creation practices and that hotel managers have adopted to respond to mature travelers’ differentiation value drivers of “Better atmosphere” and investigated their innovative capabilities. Then, the key factors influencing the firms’ service innovation capability were identified.

##### **5.2.4.1 Results of Innovative Value Creation Practices of Small and Medium-sized Hotels toward Differentiation Value Drivers of ‘Better Atmosphere’.**

The interviewees were asked to identify their implementations of innovative value creation to meet mature travelers’ differentiation value drivers of ‘Better atmosphere’. The results from the semi-structure interviews with the owners/managers of small and medium-sized hotels toward their practices on innovative value creation in response to mature travelers’ differentiation value drivers were summarized in Table 5.5.

Based on the content analysis, numerous recurring themes were emerged to present the critical innovative practices of small and medium-sized hotels in response to differentiation value drivers of ‘Better atmosphere. Table 5.4 listed the frequent themes and their corresponding frequencies. According to the framework of Keeley et al. (2013), the set of incidents was resulted in three types of innovation; service innovation, process innovation and product performance innovation.

1) Service innovation. The finding found innovative practices under a theme of customer-oriented innovation, with a total of two sub-groups of innovative practices.

Customer-oriented innovation. To aim at better individualized services and service atmosphere, customer-oriented innovation was found in the practices of service flexibility, and customization of services.

*a. Service flexibility* - As a part of individual service, most of respondents agreed that the flexibility of service was essentials to response to customers’ needs and emphasized that every single customer’s requests must be met. Services were adapted to the characteristics of the customer and their requirements.

Flexible check-in and check-out times. For example, several hotels simply offered this service as a complementary to every single request, subject to the room availability. On the other hand, in case of unavailability of room, the customization options would be offered to the customers such as a relaxing area/waiting lounge or other alternative options to facilitate or comfort the customers. Customization options also encompassed all other services requested by the customers.

*b. Customization of service* - The hotels offered a basket of customization services to enhance customer experience. Examples of innovative practices implemented in small and medium-sized hotels included, wowing the customers, offering informal style of service, and personal assistant. To wow the customers, special gifts or amenities set up were arranged for the customers' special occasions such as birthday or anniversary, or even for their revisiting. In some case, small gifts such as hand-made birthday cards or welcome cards made by room attendants or service staff were delivered to customers to touch their memorable experiences. Besides, informal style of service made small and medium-sized hotels differ from the large tradition hotels. The customers were encouraged to build an informal relationship with hotel staff. In several hotels, staff were on a first name basis which easy for customers to call and remember, room attendants and customers can enjoy hallway chats. As for personal assistant, some hotels assigned a particular service staff as a personal assistant for taking care of a specific or individual customer to create an intimate relationship between customer and staff.

2) Process innovation. To perform effective service innovation, it is noteworthy to highlight the innovative implementation of back-office. Process innovation has to be conducted simultaneously. In this study, the practices of process innovation were categorized under a theme of innovative management which contained four groups of innovative practices with nine sub-groups of activities.

Innovative management. It found four types of innovative practices; guest profiles, customer feedback, employee engagement, internal communication.

*a. Guest profiles* - All respondents mutual agreed that guest profiles were a crucial customer information source to direct them to the customer demand effectively. Hotels kept the guest history record in both ways of a manual systems

(called logbook or hand-on), and an innovative technology via software program. Nowadays, an innovative profiling electronic help better manage the guest profiles' database. This innovative technology is a network database which facilitate the hotel operation in areas of customers' face recognition, guest history and their personal preferences which enabling hoteliers to maintain guest profiles, focus on individualized services, promotional mail shots, and customer relationship management to their customers. Though, nowadays, this seems to be a normal practice among the hotels, but it is considered as a tool to develop an effective personalize service and a key to reach the customer's heart.

*b. Customer feedback* - The findings showed that the majority of respondents focused on a way for evaluating the customers' experience. Examples included employing the survey questionnaire and social media focus. For the survey questionnaire, hotels encouraged customers to give their feedback through the questionnaire card or QR code, and through the online questionnaire or e-survey by automatic programs during their stay or after their departure. Customer comments during their occupancy allows the hoteliers' an opportunity to improve and fix any service failure immediately prior the customer departure, and the post departure survey also allows them to conduct service recovery to retain the customer. Importantly, social media focus plays a vital role as a forum in which customers can share their experiences with all the world. Many hotels emphasized on gathering customer comments through social media by adopting a program which capture comments from various channels of social media. This innovative technology enables hotels to track customer satisfaction and compare to their competitors. These comments were directly delivered to the managers and take action spontaneously, which can enable service recovery and minimize service failure as well as to improve the better service directing to the customer's needs. Besides, goal setting toward customer's evaluation or ranking in OTAs was another best practice adopted by many hotels for their continuous service improvement.

*c. Internal communication* - It is identified as communication between individual employees or groups within an organization. Internal communication aims to design the organization to coordinate in their daily activities. From the interviews found that the managers viewed that the internal communication



is an integral part resulting in increased productivity, and improve product and service quality, and ultimately create a family atmosphere in a workplace. Examples included conducting internal meeting and using communication channels. The findings found hotels' internal meetings were regularly conducted in daily and monthly basis from the management level to the operational level. For communication channels, most hotels adopted the social media such as LINE and Facebook to share, exchange the information within organization and among the chain hotels.

*d. Employee engagement* - According to the findings, the practices of employee motivation, employee empowerment, employee training, and employee co-creation were stated as the crucial parts to encourage employees involve in the innovation process. The study found that in some hotels, employees were empowered by the manager to authorize and control over their job-related decision in responding to customer's demand and solving problems. Employee training is an aspect that most of managers have been commonly found to foster innovative practices in hotels. They pointed out that having highly trained staff who have an understanding of hotel products and their customers, play a significant role when aiming for successful service innovative practices. Besides, employee co-creation also conducted in a number of hotels. Hotel managers encouraged their staff to work independently to propose any creative ideas which fostering customer experience and satisfaction. Importantly, Employee motivation by reward both in monetary and non-monetary rewards was generally conducted to create their employee's commitment and arouse them to provide customer exceptional service.

3. Product performance innovation. Within product performance innovation, two themes of innovative practices were specific experience offerings and innovative architecture and design.

3.1) Specific experience offerings. This theme of innovative practices aimed at offering mature travelers with better learning experiences and atmosphere. The innovative practices found in the leisure and learning activities which described as follows:

*a. Leisure and leaning activities* - Putting the labels 'educational' and 'authentic travel experience' on holiday trip are now increasing popular, many small

and medium-sized hotels made their efforts in promoting leisure and learning activities to customers during their stay.

- *Gastronomy* - To enhancing gastronomy experience, many hotels offered cooking classes of traditional local Thai cuisine to provide customers very special culinary experiences. Moreover, some of hotel provided free Thai cookery class for their long stay customers as a recreational activity.

- *Health* - As for health activities, some hotels appointed specialist expert services such as Yoga and fitness instructors, or recreational activity specialists to advise customers in their areas of expertise.

- *Well-being* - Some hotels offered spa service with well-trained therapists and the latest in technology and treatments, which found either managed by hotels or by the famous spa company.

- *Local culture and tradition* - Events based on local Thai tradition such as Thai New Year festival, Loy Kratom were arranged to allow customers to participate in local cultures.

- *Spirituality* - Meditation, offering arms to Buddhist monks, listening to the sermon, and praying ceremony were examples of spiritual activities provided by hotels to allow customers to learn and participate in authentic rituals.

- *Arts* – Art workshop such as painting, sculpting a Buddha statue, and architecture tour were found in certain hotels to provide customers to learn new skills, inspire to get interested in art, and help with their artistic development and knowledge.

- *Environmentally programs* – Lately, responsible tourism has appeared as a popular consumer trend in lifestyle and ethical consumption. Engaging customers in sustainability efforts is recently innovative implementations by hotels. Environmentally programs aim to educate customers on how individuals can minimize energy consumption and engage with social responsibility. Within these programs, customers were encouraged to participate environmentally activities such as towel/linen reuse program, robust recycling program by encouraging customers to sorting their waste into trash and recycling bins, water refill program by providing a bottle for guest to refill their unlimited drinking water from the water dispenser, local and organic food/products programs by offering locally produced or seasonal items on

restaurant's menus, in-room minibar set up or in-room amenities to give customers a unique experience of their visit and let customers know where the food/product is derived from.

3.2) Innovative architecture and design. To aim at better unique and homely atmosphere, the theme of innovative architecture and design was found with five types of innovative practices; unique building, location-specific experiential offering, hotel specialization, room diversification, and specific interior design.

*a. Unique building* - Respondents believed that uniqueness of building made hotels special and differentiate themselves from other large-sized hotels. Many small boutique hotels were renovated from old traditional house or historical building where can attract customers with the dramatic impression by means of sense of place, uniqueness, history, and architecture. In addition, stylish building design also appeared to be a distinct characteristic of boutique hotels. Some respondents also mentioned that stylish building with modern and contemporary design can allure the customers who seeking for unique experience of stay.

*b. Location-specific experiential offerings* - Location of hotel is one of crucial factors in attracting customers. The location is not only mean of convenience, but also refer to the uniqueness location of the neighborhood. Several hotels located nearby the unique, iconic attractions or prime areas in Bangkok in terms of authentic historical or cultural areas or commercial sites. Respondents stated that location was a priority in hotels' customers' lists when choosing accommodation, additionally, such advantage of sites enables them to draw the customers and compete with other hotels. This value-added nature of physical location set the hotels apart from traditional offerings.

*c. Hotel specialization* - Another way to introduce innovation is to employ a specialization strategy for certain customers. To satisfy the specific need of customers, some hotels have integrated elements of a particular theme-oriented designs, products, and services to aim at creating unique theme experiences. Each theme hotel is uniquely designed, and offer alternative for customers who expected non-standardized or differentiable hotel products. From interviews found various theme design such as family atmosphere, romantic atmosphere, nostalgic scenery, historical

building/house, traditional heritage mansion, hotel architectural style, where provided customer with sense of place with unique experiences.

*d. Room diversification* - Most hotels offered the guestroom innovation by providing a more diversified product as different rooms, with different attributes. Respondents mentioned that rooms, amenities, and services were diversified and adapted customers' requirements. Examples included, different types of rooms, rooms with additional privileges or augmented services, personalized guest room with different from standard rooms, the green guestroom accordance with the environmental protection, certain rooms with specific waiters or butlers.

*e. Specific interior design* - Hotels enriched the hotel individuality and products to make customers feel warmly welcome, comfort, rest and relax. Most respondents informed that creating an image of a home-like setting was a crucial aspect when designing hotel service atmosphere. Some hotels offered a large-sized residential room with a full kitchen, a large fridge, a washing machine, and an iron board to create home environment. This supported by respondents that tourists preferred 'homely feel', and 'large space' while at a hotel and access to residential facilities. While small-sized hotels integrated warm tone of colors, sound of relaxing music, furniture to reflect homely atmosphere. Besides, certain hotels offered customization of room décor or lifestyle amenities for specific customers. Room amenities or decoration were set up according to customers' preferences or requested.

Table 5.5 Results of Innovative Value Creation Practices of Small and Medium-Sized Hotels toward Differentiation Value Drivers of ‘Better Atmosphere’

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Service innovation</i>	Customer-oriented innovation	Service flexibility	Flexible check-in and check-out times (11)	S1, S2, S3, M1, M2, M4, M7, M8, M9, M10, M11
			Customization options (17)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
		Customization of service	Wowing the customers (10)	S1, S3, S6, M1, M2, M4, M5, M6, M9, M10
			Informal style of service (6) Personal assistant (4)	S1, S5, S6, M6, M9, M10 S1, S3, S5, M10
<i>Process innovation</i>	Innovative management	Guest profiles	Guest history record (17)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M6, M5, M7, M8, M9, M10, M11
			Customer feedback	Survey questionnaire (10)
		Employee engagement	Social media focus (10)	S2, S4, S6, M1, M3, M4, M5, M6, M9, M10
			Employee motivation by reward (6)	M6, M7, M8, M9, M10, M11
			Employee empowerment (9) Employee training (14)	S2, S6, M1, M3, M4, M8, M9, M10, M11 S1, S4, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
		Internal communication	Employee co-creation (9)	S1, S2, S6, M3, M5, M6, M7, M9, M10
			Internal meeting (12)	S1, S2, S3, S4, S6, M2, M4, M6, M7, M9, M10, M11

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Product performance innovation</i>	Specific experience offerings	Leisure and learning activities	Internal communication channels (7)	S3, S6, M3, M4, M9, M10, M11
			Gastronomy (6)	S1, S2, M3, M4, M9, M10
			Health (6)	S3, M1, M3, M4, M7, M9
			Well-being (5)	S3, M1, M3, M6, M7
			Local culture and tradition (6)	S3, S5, S6, M1, M2, M11
			Spirituality (3)	S3, M4, M11
			Arts (2)	M3, M4
<i>Product performance innovation</i>	Innovative architecture and design	Unique building	Environmentally program (5)	S6, M1, M4, M8, M9
			Historical building / traditional house (4)	S1, S3, S5, M6
		Location-specific experiential offerings	Stylish building (2)	S2, M9
			Authentic, unique locations (5)	S1, S2, S5, M6, M9
			Theme hotel (6)	S1, S2, S5, S6, M6, M9
		Room diversification	Different rooms with different attributes (12)	S1, S2, S3, S5, S6, M3, M4, M5, M6, M7, M8, M9
		Specific interior design	Home-like setting (9)	S1, S2, S3, S5, S6, M1, M7, M8, M10
			Customization of room décor (5)	S1, S4, S5, S6, M6

#### 5.2.4.2 Results of Innovative Value Creation Capability of Small and Medium-Sized Hotels toward Differentiation Value Drivers of ‘Better Atmosphere’ and the Key Factors Determining the Firm’s Service Innovation Capability.

After the innovative value creation practices had been explored, this section investigated their innovative capabilities. To measure innovative value creation capability, the researcher decided to rank the data from 0 to 1 innovation point, whereby 0 point mean *not to innovate activity* and 1 point for *innovative activity*. In this study, a hotel with high frequency of activities could gain more innovation points. Then, the researcher classified the respondents into two groups. The respondents with the above of mean scores were categorized as a group of high capability, if under, they labeled as a low capability group as shown in Table 5.6.

From Table 5.6 reveals the innovative practices of small and medium-sized hotels toward differentiation value drivers of ‘Better atmosphere’. The samplings were categorized into two groups; a group of higher capability and a lower capability according to their innovative activities. To attain differentiation value drivers of ‘Better atmosphere’, the results found three elements of innovation were identified: service innovation, process innovation and product performance innovation. The hotels conducted service innovation in a theme of customer-oriented innovation , process innovation was conducted in an area of innovative management. Whereas, product performance innovations were found in two themes including, specific experience offerings and innovative architecture and design. The qualitative results were identified under each innovative activity and presented visually in a form of percentage to clarify the innovative activities performing by small and medium-sized hotels.

Table 5.6 Results of Innovative Value Creation Capability of Small and Medium-Sized Hotels toward Differentiation Value Drivers of “Better Atmosphere”

		Service Innovation					Total	Process Innovation												
		Customer-oriented Innovation						Innovative Process Management												
Small and medium-sized hotels		Customization options	Flexible check-in and check out	Wowing the customers	Informal style of service	Personal assistant		Small and medium-sized hotels		Guest history record	Survey questionnaire	Social media focus	Employee empowerment	Employee co-creation	Employee motivation	Employee training	Internal communication channels	Internal meeting	Total	
Higher capability	S1	●	●	●	●	●	5	Higher capability	M9	●	●	●	●	●	●	●	●	●	●	9
	M10	●	●	●	●	●	5		M10	●	●	●	●	●	●	●	●	●	●	9
	S3	●	●	●	●	●	4		S6	●	●	●	●	●	●	●	●	●	●	8
	M1	●	●	●	●	●	4		M4	●	●	●	●	●	●	●	●	●	●	7
	M6	●	●	●	●	●	4		M6	●	●	●	●	●	●	●	●	●	●	7
	M9	●	●	●	●	●	4		M11	●	●	●	●	●	●	●	●	●	●	7
	S6	●	●	●	●	●	3		S2	●	●	●	●	●	●	●	●	●	●	6
	M2	●	●	●	●	●	3		M3	●	●	●	●	●	●	●	●	●	●	6
	M4	●	●	●	●	●	3		M1	●	●	●	●	●	●	●	●	●	●	5
	Lower capability	S2	●	●	●	●	●		2	M5	●	●	●	●	●	●	●	●	●	●
S5		●	●	●	●	●	2	M7	●	●	●	●	●	●	●	●	●	●	5	
M5		●	●	●	●	●	2	M8	●	●	●	●	●	●	●	●	●	●	5	
M7		●	●	●	●	●	2	S1	●	●	●	●	●	●	●	●	●	●	4	
M8		●	●	●	●	●	2	S4	●	●	●	●	●	●	●	●	●	●	4	
M11		●	●	●	●	●	2	S3	●	●	●	●	●	●	●	●	●	●	3	
S4		●	●	●	●	●	1	M2	●	●	●	●	●	●	●	●	●	●	3	
M3		●	●	●	●	●	1	S5	●	●	●	●	●	●	●	●	●	●	1	
			17	11	10	6	5		17	10	10	9	9	6	14	7	12			



		Product Performance Innovation							
		Specific experience offerings							
Small and medium-sized hotels		Health	Gastronomy	Local culture and tradition	Environmental program	Well-being	Spirituality	Arts	Total
Higher capability	S3	●		●		●	●	●	5
	M4	●	●		●		●		4
	S6	●		●	●				3
	M1			●	●	●			3
	M3	●	●			●			3
	M9	●	●		●				3
	M7	●				●			2
	M11			●			●		2
Lower capability	S1		●						1
	S2		●						1
	S4							●	1
	S5			●					1
	M2			●					1
	M6					●			1
	M8				●				1
	M10		●						1
	M5								0
			6	6	6	5	5	3	2

		Product Performance Innovation							
		Innovative architecture and design							
Small and medium-sized hotels		Different rooms and attributes	Home-like setting	Theme hotel	Authentic, unique location	Customization of room décor	Historical buildings	Stylish buildings	Total
Higher capability	S1	●	●	●	●	●	●		6
	S2	●	●	●	●			●	5
	S5	●	●		●	●	●		5
	M6	●		●		●	●		5
	S3	●	●	●			●		4
	M9	●	●	●	●				4
	S6	●	●	●					3
	M1		●			●			2
Lower capability	M8	●	●						2
	M10		●					●	2
	S4					●			1
	M3	●							1
	M4	●							1
	M5	●							1
	M7	●							1
	M2								0
	M11								0
			12	9	6	5	5	4	2

### 1) Service innovation

To create a sense of better service atmosphere, service innovation was performed. Service innovation refers to the ways to enhance the value of products and service offerings. To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to service innovation, the results found that among 17 sampling hotels, 9 of them were above of mean scores categorized as a high capability group, while another 8 hotels with under mean scores were classified into a lower capability group. The innovative value creation capability was displayed according to the theme of customer-oriented innovation.

*Customer-oriented innovation.* In this context of study, the service innovation contributed to better service customization and pleasant service atmosphere. Under this theme, the findings found that most hotels well performed in two practices of service flexibility and customization of service.

The superior innovative practices reflected in the high density of the scores in a higher capability group (see Table 5.6). This group had abilities to conduct innovative activities in service flexibility and customization of service. Customization options and flexible check-in and check-out were mostly practiced in all hotels to provide the customers with service flexibility. Many respondents believed that by offering service flexibility made the customers felt important since their demands would be satisfied and facilitated to a warm and pleasant atmosphere during their stay. As emphasized by a hotel manager;

*“We always provide our guests with service flexibility as “Never say no” is our motto. This place likes a home that whenever they come or whatever they want, we will respond to every demand.” (Interview informant S2)*

To offer the greater customization of service, the practices of wowing the customers were found as one of distinctive service innovation. 100% of the higher capability group could go extra miles to emphasize on wowing the customers by attempting to create the best ways or initiate activities to surprise their customers to create their delightful memorable experiences. Such initiatives could involve some cost

of expenses but many hotel managers insisted that the wow factor was considerable for small-scale business that needed to engage into their customer relationship.

*“... the WOW factor is very important for small hotel businesses, if you can truly WOW your customers, they could become your loyal customers for life.” (Interview informant M9)*

*“Our hotel does not need to invest a lot of money to create customer experience. But it's about paying attention to a customer' details or sometimes just a few words can crate memorable experience.” (Interview informant M10)*

In addition to customization of service, informal style of service found as a notably characteristic of certain small-scale hotels. Many hotel managers indicated that their organizational culture of informal service style enabled them to create a uniqueness and an intimate relationship between customers and staff. The informality of service could facilitate the feeling of ease and authenticity that customer want. This unique service could set them apart from other competitors or large traditional hotels.

*“Nowadays, we need to change the way they do things, using a more casual and relaxed style of service can create a unique of service and a feeling of ease. Because today's customers want something different and more personalized, hence, the customers do not want to be 'treated like a gadget'. There has been a time that customers favored a wooden smile and written dialogue of welcome, but now, it is out of fashion.” (Interview informant M9, M10)*

*“...informal service or non-standardized service can be considered as a charm of the small hotels, which makes us distinguish from the large and traditional hotels.” (Interview informant S5)*

The factors affecting their innovative value creation capabilities relating to service innovation can be described as follows:

As for the higher capability group, to perform best practices in service innovation under the theme of customer-oriented innovation, most hotels managers agreed that the success factor of the service innovative implementation often related to the firm size. The advantages of their small sized which allowed them to be able to provide flexibility service and promptly adjusted to customer demands. Being small-scaled accommodation, it allowed them to provide customers with more personalized

services and approaches, hotel staff could remember the customers and take care of them intimately. When staying small-scaled hotels, some customers were not highly expecting the luxury or high standard service as those large hotels, hence, it was an opportunity for small-scaled hotels to provide the differentiate service by using their advantage of distinctive characteristics.

*“As a small hotel, we can leverage the advantage to create the way to impress out customers. Because in each day, we have not many customers check-in and check-out, this allows us can provide better flexible services. They can just sit in a waiting lounge to check-in and check-out, or even in their room, our staff will assist them with personalized service and for all requests.” (Interview informant M10)*

Next, Firm age, the respondents mentioned the years of service represented the learning curve deriving from their hotel operation experiences. Most of them have learned and accumulated knowledge of how to adjust their products and services to meet the customer meet and respond to the current customer trend. The findings of this study found the average firm age of a higher capability group was at 7 years of service, where as a lower capability group was average at 4 years.

*“Our hotel is more than 10 years old, gradually expanding and growing, accumulating knowledge and experience to become a well-known hotel in the eye of customer generally. In this context of growth, we are committed to quality of service, continuously seeking for knowledge, customer trend and needs to offer value to our customers. This makes our hotel outstanding in terms of offering a different, superior hospitality experience.” (Interview informant S1, M1, M10)*

Ownership structure, the result found that the majority of the high capability group was owned by chain hotels, while minority was independent hotels. The managers of chain hotel mentioned that being membership in a hotel chain allowed transfer of knowledge, know-how, and also available to access technique of service management and service standard. However, the independent hotel managers argued that they were independent and had more flexibility in operation which easier to create the uniquely initiative implementations.

*“Being a member of the hotel chain, we can benefit from the affiliation, for example, obtains advantage from chain’s market knowledge, brand recognition, service experience, service quality standards and operational manuals” (Interview informant S6, M1, M6, M9, M10)*

*“As an independent hotel, we have a greater scope for creativity, no need to follow to standardized guidelines of brand or chain hotel that considering lack of local relevance.” (Interview informant S3, M2)*

In addition, management support was considered as one of the most significant factors enabling the success of service initiatives. This agreed by many respondents that management policies that encouraging employees to be creative and prioritizing customer service enabled hoteliers to a clear approach to creating good service innovation.

*“Providing exceptional customers service is our mission which strongly emphasized by our management as the policy that all employees must be followed. Employees are supported and provided with the guidelines how to please the customers properly and they also feel enthusiastic to offer the best service to our customers.” (Interview informant M9, M10)*

On the other hand, a lower capability group had less ability to perform service innovation in an area of customization of service. The reasons behind were found in two main reasons.

First, the issues about financial budget and management policy. Most respondents understood and realized that initiatives of customization of service such as wowing the customer and informal style of service were the best practices for customer service. But problems that had been commonly found was the budget constraint, especially for small hotels, where had only small number of rooms and minimum staff. To initiate special service, it may concern with cost consuming and involved with employees in creating special service process, additionally, it was not yet the policy from the hotel management or owner to introduce this service initiative.

*“Our hotel does not have such policy. Actually, I agree that service initiative is the way to satisfy the customers, but it related with our cost involvement such as money, staff, and time consuming.*

*As soon as our customers still satisfy with our service and do not complain, that is probably OK for us.”*  
(Interview informant S4, S5)

The second issue was about ownership structure in relation to the restriction of brand standard in chain hotels. The respondents of chain hotels revealed that each chain had their own standard or requirements that the member must comply. Sometimes thinking outside the box or doing something new may not meet the standard requirements of the chain hotel.

*“Service initiative as wowing the customer and especially providing informal style of service may not in line with the standard requirement of our chain hotel. We have guidelines to strictly follow and must be audited by the chain representative. We cannot freely create any services differ from the standard requirements.”* (Interview informant M8)

## 2. Process innovation

To perform effective service innovation, the capability to conduct back-office or process innovation plays a critical role to determine the success of service innovation. To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to process innovation, the results found that among 17 sampling hotels, 8 of them were above of mean scores caterized as a high capability group, while another 9 hotels with under mean scores were classified into a lower capability group. The innovative value creation capabilities was displayed according to the theme of innovative management.

*Innovative management.* In this context of study, the process innovation contributed to superior methods of doing work to facilitate better service customization. Under the theme of innovative management, the findings can summarize into two main approaches, including to better access to customer needs, and to allow staff’s ability to take initiative to meet customer needs.

The superior process innovation practices reflected in the high scores of innovative activities in a higher capability group (see Table 5.5). This group had high

abilities to conduct innovative activities in both areas of better assess to customer needs and allowing staff's ability to take initiative to meet customer needs.

As for *better access to customer needs*, the findings found that most hotels well performed in three practices. Gathering guest profile, firstly, 100% of sampling hotels conducted the guest history record to approach the customer needs. For hoteliers, guest profile is a precious marketing tool providing customers' information about demographic and their activities, behaviors while staying at the hotel. Most respondents considered keeping the guest profile regularly updated was critical to success. It allows hoteliers to gain insights into their customers and best serve them in their present and future stays. Furthermore, emphasizing on their customers' behavior through the observation or conversation with the customers by service staff or hotel owners resulted in better gain customers' information and access to their needs.

*"Observing is the best way to know our customers and what should we offer them."*

*(Interview informant M9)*

*"Here, the manager and the owner always talk to the customers in the morning because the customers have time to talk during their breakfast. They ask the customers about their needs or problems during their stay and then inform the employees and keep record it."* (Interview informant S3)

Secondly, customer feedback, the results found nearly 90% of the higher capability group placed importance on gaining customer feedback through acquiring guest comments via multi-channels of communication, such as questionnaire and social media. Guest comments came from asking customer's feedback during the period of stay and after departure by using in-room questionnaire, e-survey, and QR code to trace for problems, comments, and customer satisfaction. Customer comments especially during their stay could help hoteliers to minimize problems and allowed them an opportunity to solve customer's problems in a timely manner. Besides, a popular communication channel or e-innovation as social media also available for customer feedback through various channels of social media. Another best practice also mentioned to the attempt of hoteliers to manage customer feedback and take action actively and instantaneously. It can be said that by using variety communication channels and having the proper systematic management process enabled hoteliers to

make possible to gain customer information, reduce customer complaint, improve service quality, and enhance guest satisfaction.

*“When receiving the customer comments from all channels of media, the hotel owner will consider those comments and take actions immediately.” (Interview informant M3)*

*“Every day, the department heads have to look at every single customer's comments. If any item is below than 8 out of 10, that comment will be sent to the person in charge to solve and must respond to customers as soon as possible. Otherwise, it will be reported to the general manager.” (Interview informant M9)*

Thirdly, internal communication, almost of respondents insisted that sharing and exchanging of information among employees within different departments can foster the success of customer service. Most of them conducted regularly internal meetings ranging from management level to operational level as their compulsory daily task. Internal meeting was a platform to share, express, and exchange information, solve problems and find out the solution together, additionally, fostered to create a pleasant working atmosphere among team members. Moreover, since an era of technology, a message app like LINE or Facebook is generally adopted as an alternative communication channels for hoteliers to communicate within their property and between chain property. It enabled the flow of communication, kept up-to-dated information, and more immediately responsive. Within this channel, the property can share information, problems, and best practices among other departments or other properties as a source of knowledge.

*“GM Talk is a meeting where GM, HR and representatives from all departments come together to talk and eat together in order to create a good working atmosphere. As we believe that a nice work atmosphere enables the staff to serve guests as well” (Interview informant M4, M9)*

*“We have the LINE groups that employees can communicate between departments and among the properties. The LINE chat was divided by multiple layers from headquarters, group managers to allows all properties to report problems or share information of the hotel properties.” (Interview informant S6)*



Next, to facilitate effective process innovation to reach the aim of better service personalization, the capability to *allow staff's ability to take initiative to meet customer need* must be met. The results found that the higher capability group performed well in all activities under a theme of employee engagement. 100% of respondents insisted that staff training was crucial since they perceived staff as one of the valuable assets. It was compulsory to train employees to increase skill and knowledge to be in line with the business objectives. Most hotels implemented staff training at regular intervals and emphasized on increasing skill on multi-tasking. As a result, staff were able to best serve the customers with high flexibility and more responsiveness. For employee empowerment, most hotels allowed their front-line staff to be able to make their own decision over their job within the scope of their authority which led to better customer responsiveness and satisfaction. Moreover, employee motivation was adopted as a motivational tool to motivate staff to work in accordance with the organizational objectives. The compliments from customers brought rewards to hotel staff in either form of monetary and non-monetary rewards to motivate them to retain their superior performance. As for employee co-creation, most hotels emphasized on creating their working atmosphere as a platform of the creativity. The respondents insisted that the innovation came absolutely from the human asset. Many hotels created a working philosophy to value to their employees as a precious asset to encourage them to propose their initiative ideas which fostering to better customer service and satisfaction.

*“Staff training helps increasing staff” skills in their performance of a particular task. An increasing skill helps enhancing in both quality of service providing and quality of productivity.”*  
(Interview informant S2, S6, M4)

*“Our staff can make their own decisions since staff empowerment is the policy of the management.”* (Interview informant M8)

*“Each staff has their own techniques for customer service. We encourage them to do their best to satisfy the customers. Once they gain the compliment from the customers, they will be rewarded.”*  
(S1, M6, M7, M8)

*“Here, we called out staff ‘superstar’ to value them as an important person who strongly influenced on customer satisfaction. We empowered our staff and encouraged them to be creativity in a matter of how to make customers happy.”* (Key informant M4)

*“We are attempting to create the connection between employees and customers. In the special occasions for the customers such as honeymoon, birthdays, or anniversary, we encourage employees to be creative in making the special moment for the customers. And we are always open and support our staff for their ideas.” (Key Informant M10)*

When considering to the factors affecting their innovative value creation capabilities relating to process innovation under a theme of innovative management, the enabling factors can be described as follows:

Advantage of firm size, as being small-scaled hotels, hoteliers had more opportunity to develop an intimate relationship between host and customers. This relationship enabled hoteliers to possibly access to customer desires and perfectly respond to their demands.

Next, ownership structure of establishment influenced the hotel innovative capability. For independent hotels, owners/managers had more freedom in their operation, focus on what customer wants and could offer stronger and more unique authentic initiatives to the market. As chain hotels, they had the standard of service as well as the systematic management, hotel members were able to generally gain and exchange knowledge especially about the customer needs and wants among their properties which enabled them to meet the needs of current customers. Besides, as being chain hotels, they also had an advantage in attracting the qualified personals who had well qualification and experience to work with.

*“Owing to the reputation and brand image our chain hotels. It allows us to recruit the best people to join us. We had the department managers who experienced to work in hotel industry at least 10 years, they come together for us to develop our hotel services.” (Interview informant M7)*

Management support, most respondents asserted that the success of innovative management was merited to the management support in terms of providing sufficient resources and encouraging the creation of novel ideas. Nowadays, technology is playing significant role in how hotels obtain information to offer personalized customer service. Innovative technology is now considered as the vital resource for the hotel operation. Various current innovative technologies were adopted in hotels. PMS (Property Management System) enabled guest data recording and facilitate effectively

customization service. Besides, using various innovative communication channels enabled hoteliers to obtain more customer comments and allowed them to improve service quality and better respond to customers' needs. Software programs helped hoteliers to focus, manage, analyze customer's online comments effectively with price affordable for small and medium-sized hotels. Next, the respondents also mentioned the supportive leader in relation to the management policy. Encouraging the creation of novel ideas, and reward policy were generally emphasized by the owners/managers.

The respondents also mentioned the significance of management style as a factor affecting the supportive working environment and the innovative behavior of employees. Most respondents commonly described to characteristics of their general manager or owner as a person who had vision, was supportive and opened for opinions, emphasized on effective communication, and always stimulated a teamwork environment. This motivated employees to put their effort to perform their assigned tasks and encouraged themselves to create initiatives.

The study found that another distinguish enabling factors of innovative management was about customer orientation. Most respondents emphasized the essence of understanding customer wants and needs was a heart of customer service. Hoteliers put their effort in attempting to access to their customer needs such as emphasizing on staff training, gathering customer feedback by interchanging information between customers and hoteliers to improve and respond to the demand.

*"Having insight to your customers is the main key to provide them good service. To provide good customer service, you have to do what you have promised. But exceptional customer service relates to knowing your customers well that you can fulfil their needs and expectations." (Interview informant S6, M9, M10)*

Co-ordination working department or interfunctional co-ordination was recognized as a supporting factor for innovative management. It enabled effective communication in delivering customer service. Most hotels conducted internal meetings as a platform to encourage teamwork environment to combine employees from different department to communicate and exchange information. For the management level, the different department managers brought their information to share and work together for the best solution of customer service. Similarly, to the

operational level, the informal meetings, briefings or even conversation were conducted among staff in the operational level over different departments to share customer information necessary to perform exceptional customer service. Interfunctional coordination was a tool to connect all departments to work together aiming at customer-centered.

*“Every day, managers from all departments, such as Front, HR, F&B, Chef, will join the executive roundtable meeting to mutually consider and discussion on customer’ comments to find solutions of problems”. (Interview informant S2, S9)*

*“Our strength is to have good communication within a teamwork. For example, if a customer has a problem, Front Office staff will send a message to the restaurant manager to acknowledge. the restaurant staff and the chef will specially take care of that customer as the service recovery to minimize customer dissatisfaction.” (Interview informant M9)*

Employee engagement was mostly referred by respondents as an enabling factor to effective innovative management. Most hotels emphasized on human resource management and strategies such as employee training, empowering, co-creation, and especially reward system to stimulate and motivate their employees to concentrate on superior customer service. Respondents believed that an effective employee engagement can lead to enthusiasm and commitment of employees to perform their tasks.

Creativity was commonly mentioned by many respondents as one of enabling factors. The results also found that many hotels attempted to advocate employee creativity since owners/manager believed that creativity was an ability to develop to new thinking and product or service initiatives. Most of them encouraged employee creativity by employing creative people, generating a working environment or organization culture that stimulated creativity, and motivating employees both intrinsically and extrinsically including reward system.

*“For our hotel, staff are encouraged to develop new ideas which fostering the customer satisfaction and even employee’s happiness in the workplace. Staff are able to propose novel ideas directly to their supervisors, managers, or in a suggestion box. Those ideas will always be listened by the hotel.” (Key informant, M1, M9, M10)*

Conversely, considering to the lower capability group, the results found that this group had less ability to perform innovative innovation in both areas of access to customer needs and allowing staff's ability to take initiatives to meet customer needs.

For accessing to customer needs, the lower capability group performed well in conducting guest history record but they less performed in gathering customer comments or feedback and less optimized alternative internal communication channels. The findings also revealed that this group had minimum usage of multi-channels of technological communication when comparing to the higher capability group.

In relation to allowing staff's ability to take initiates to meet customer needs, it was found that this group had few scores of innovative activities under a theme of employee engagement in areas of employee empowerment, employee co-creation, and employee motivation.

The factors that restricted the hotel's capability to innovate the innovative management can be described as follows:

Firstly, the respondents of chain hotels mentioned ownership structure affected their capability to conduct innovative management. As a membership of chain hotels, they had to definitely focus on the chain brand standard and obligations. Certain standard requirements might not applicable to small local hotels which under chain affiliation.

*"The chain standard requirement that assigned to the hotel members may not suitable for each individual local hotel, but it is the obligation for hotels to follow." (Interview informant M8)*

*"In my opinion, as a local hotel, we may have our own ways that are more appropriate for our internal and external environments. To strictly comply with the chain standard is not always a guarantee of the success."*

The second issue related to the management support. The findings found the reasons that constrained owners/managers could not be enough supported the innovative technological resources. To adopt the current innovative technology such as software programs or hiring business analysis consultants to facilitate in actively gathering customer demands involved with cost consuming. Some small and medium-sized hotels, especially for small independent hotels, found the budget constraint was

the main issue, consequently, owners/managers could not be able to support it. Besides, emphasizing on social media focus involved in labor cost and time consuming, since many hotels had minimum staff, so they have not enough staff to focus on online customer feedback and respond the customer. By the same token, the innovative activities to engaging employee were not fully supported by owners/managers since such activities cost the business with expenses and time consuming.

Thirdly, the results of study found may hotels lacked of employee engagement to enhance staff's ability in respond to customer demand. As mentioned before that employee activities were not much supported by some hotels because of budget and time constraints, hence, a lower rate of implementation was found from the survey. To illustrate, in some cases, employee decision must be approved by supervisors in all situation. Minimum of staff led to workload and job dissatisfaction and motivation. Lack of regularly training resulted in limited skill and knowledge of employees. Lower employee engagement influenced on level of employee commitment and enthusiasm toward the work and their ability to take initiatives to meet customer needs.

*"Employees are not allowed to decide their own decision, they must ask from supervisors as junior employees may have fewer experiences, they may still not dare to make decisions." (Interview informant S4, S5, M7)*

*"As a small hotel, a new staff will offer on-the-job training from the senior staff. And after that training will provided to them during the lower occupancy period or only when time is available for them and their supervisor." (Interview informant S4, S5)*

The last issue was about the creativity. Particularly in small independent hotels, respondents revealed that it was difficult for them to select or attract a creative people to work with. Owing to the disadvantage of being a small sized hotel, it may provide less opportunities to attract the qualified candidates. Respondents also mentioned that most of their employees who were in a young age of new generation generally lacked of commitment and had a high turnover rate. This considered as the most challenge for them to hire a people who had commitment and contribute to creativity. While, respondents from the chain hotel mentioned that being under a chain

affiliation constrained them from being creative since they had to be covered with the environment of formal standard of chain hotel.

*“As a membership of chain hotel, the standardization or formal service was a characteristic of service offerings. Sometime, thinking outside the box needs to be careful concerned whether it may against those chain hotel’s obligations.” (Interview informant M8)*

### 3. Product performance innovation

Product performance innovation refers to the product with distinguish features or values of product offerings. In this context of study, to create better atmosphere of staying, product performance innovation was implemented in two approaches. To attain better learning experiences, product performance innovation was performed under a theme of specific experience offerings, while a theme of innovative architecture and design was implemented to create a better unique atmosphere.

First, the product performance innovation under the theme of specific experience offerings was conducted to aim at providing better learning experiences. Since the trend of “educational vacation” was increasingly popular among the new aged mature travelers, creating learning experiences and environment during their stay needed to be developed. To create better learning experiences, product offerings should be distinguished and tailored to the specific need of customers.

To implement product performance innovation under the theme of specific experience offerings, abilities of knowing the customer’ trends and needs as well as developing customizable products or service with unique features that attract the customers need to be met. To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product performance innovation, the results found that among 17 sampling hotels, 8 of them were above of mean scores categorized as a high capability group, while another 9 hotels with under mean scores were classified into a lower capability group. The innovative value creation capability was displayed according to the theme of specific experience offerings.

Under the theme of specific experience offerings, the superior innovative practices reflected in the higher frequency of the scores in a higher capability groups (see Table 5.6). The findings found that the higher capability group well performed in

providing variety of innovative products or activities for customers to participate during their staying. Learning and enrichment experience activities were found in recreational products or activities featuring themes, including culture and tradition, arts, cuisine, spirituality, environmentally concern which aiming at a better learning atmosphere. While activities related to health and well-being were offered to enhance customers' physical and mental health. Moreover, some hotels have specific skill and knowledge in certain activities and develop themselves to become specialists or consultants in the area of such activity, for example, cuisine, arts, architecture, health and wellness.

*“On religious day, we arrange the religious ceremony by inviting the Buddhist monks to the hotel. All customers are all welcome to participate the ceremony. They can join us for activities such as offering alms to monks, listening to sermons, including holding meditation activities. Here customers will learn about traditional and authentic Thai culture.” (Interview informant S3, M11)*

*“Our spa is one of the best spas in this area. We have massage therapists who are knowledgeable and well-trained as an expertise. Our treatment products are special recipes that made from natural and traditional herb products. And we are willing to tell our customers the story of authentic herbs and traditional massage or to advise them for health-related issues. When the customer patronized our spa, they will gain benefits from learning, health retreatment and relaxation at the same time. (Interview informant S3)*

Considering to the factors affecting their innovative value creation capabilities relating to product performance innovation under a theme of specific experience offering, the enabling factors can be illustrated into three aspects as follows:

To perform well in creating leisure activities, the results found that the supporting factor came from the firm factor related to superior internal resources. Many hotels especially small-scaled hotels had their own superior resources. To illustrate, some hotels were originated from a heritage villa where had historical, artistic and architectural value, hoteliers made use of this strength by organizing learning activities such as architecture tours or art workshops at the hotel's studio, and in-house museum. Certain hotels received many praises and gained award winning restaurant of Thai local authentic cuisine among the reputable organizations, then they provided their customers with authentic cooking classes in their hotel's restaurant. Such as activities were not only offered the customers for leisure and learning experience, but also provided them with the authentic with the sense of place.



*“Our restaurant cuisine is a showcase of the history, richness of ingredients and culture of Thai gastronomy which influenced by the royal kitchen. Our restaurant lately won many best restaurants awards. Traditional cooking classes were also provided to our customers to learn and get in touch with the real authentic Thai traditional cuisine”. (Interview informant S1)*

The next factor was related to the management support. Most of respondents from small independent hotels mentioned the initiative idea of creating leisure and learning activities derived from the support of owners/managers. Hotel owners/managers had initiatives, they encouraged the creation of leisure activities which mostly arose from their interest and aptitude such as arts, architecture, religion, gastronomy, health, or environmental concern by using their skills or interest to create leisure and learning activities to the customers. Besides, respondents of chain hotel mentioned that certain activity such as involving the customer to participate the environmental program that implemented among the chain hotels was originated from the support of management through the management policy.

Customer orientation was one of crucial factor enabling product performance innovation. From the study, it was found that hoteliers had the sufficient understanding of current customer’ trend and desire which enabled them to customize to tailor products or activities to customers’ specification. For instance, the environmental program which generally implemented in certain chain hotels, this program has been studied and conducted customer behavior and research before launching this activity. A respondent informed that this initiative of environmental program drew customers attention and gained customer compliments. Besides, it was also mentioned the activities such as culture and traditional activities were created to deliver the ‘truly authentic experience’ and allow customers to participate to enhancing their leaning experiences.

*“To implement the environmental program. Many customers understand and are willing to join us, and they also give us the compliments of offering them such an initiative activity. (Interview informant S6)*

*“Our activities such as religious or cultural activities are arranged under the consideration of offering the authentic experience in a real situation. In special occasion as New Year,*

*Thai New Year, Loy Krathong, we invite our customer to participate and learn about Thai culture. We don't want them to feel away from home.” (Interview informant S3)*

As for the lower capability group, in difference circumstances, the results found that this group had less ability to perform product performance innovation or create leisure activities for enriching learning customer experience under the theme of specific experience offerings. Within this group the leisure activities were rarely found.

The factors that constrained the lower capability group to create innovative leisure activities can be identified into two main aspects.

Many respondents cited the firm factor as one of their constraints. Most hotels especially small-sized hotels had limited space in their property. To conduct leisure activities, it required certain space or area. More than that, minimum staff and cost of operation were also considered as major constraints in arranging special activities.

*“The main reason that we are unable to arrange and offer customers with leisure activities because our hotel is quite small and do have enough space in arranging any special programs or activities.” (Interview informant S1, S2, S5)*

*“Nowadays, we do not organize any special activities because of cost and staff limitations.” (Interview informant S5)*

The next factor related to customer orientation. The respondents understood and perceived that the customer needs and current trends had been changed. Since the advancement of technology or the Internet influenced on the customers' behaviors or change the pattern of their travel behaviors. The respondents commonly viewed that their customers might not require the special activities arranged by the hotels because they can find information and search for their own interests by the Internet. Most of hotels currently tended to skip this part and turned their role from a service provider to become a consultant to provide the customers information.

*“As the era of Internet, an application of tour guide or travel information is generally available and accessible. Customers have more options for searching tourism activities themselves by the Internet. Now, we just provide our customers with tourist information instead of hosting activities like before.” (Interview informant S5)*

Second, since the current customers are seeking for the unique and authentic experience of lodging where they visit. Product performance innovation under the theme of innovative architecture and design was conducted to aim at offering better unique atmosphere to create customers' experiences during their staying.

To implement product performance innovation under the theme of innovative architecture and design, the ability in integrating architectural and design elements with distinguish features or value to create unique experience must be met. To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product performance innovation, the results found that among 17 sampling hotels, only 7 of them were above of mean scores categorized as a high capability group, while another 10 hotels with under mean scores were classified into a lower capability group.

Under the theme of innovative architecture and design, the superior innovative practices reflected in the higher frequency of the scores in a higher capability group (see Table 5.5). The findings found that the higher capability group well performed in integrating architectural and design elements with distinguish features of hotels.

To describe, some hotels were distinctive in areas of unique historical or stylish buildings. The distinguish architecture and its story can allure the customers with the dramatic impression by the means of sense of place. Likewise, the site location of hotels particularly in the prime areas, iconic attraction, or cultural area, was considered as the value-added nature of physical location to enable hotels to differentiate from others. When designing hotels, the unique of location was adopted and combined into the hotel' architecture and interior design harmonically. The charming of location and its story were integrated and illustrated through the architecture and interior of hotels. Again, sense of place can be created and make a place especially unique, as well as to generate a feeling of authentic attachment.

Additionally, many hotels particularly boutique hotels integrated elements of a specific theme-oriented designs to deliver customers with unique theme experiences. Next, the study found most of sampling hotels offered room diversification to provide customers with various alternative of rooms and attributes to respond the different needs of customers. Besides, many hotels emphasized on the specific interior

design to generate home-like atmosphere with a nostalgic sense of home, an experience that is comfortable, warmly welcome, homeliness, and personalized, or offering a large-space of residential room with home facilities to create a homely feel.

Considering to the factors affecting their innovative value creation capabilities relating to product performance innovation under a theme of innovative architecture and design, the enabling factors can be illustrated as follows:

Firm size, most respondents mentioned the advantage of size. As small and medium-sized hotels were generally smaller than the standard or large hotels, this allowed for a themed atmosphere. Hoteliers could maintain their hotel spaces in mint environment.

*“Being a small-scaled hotel, it allows us to provide a more cozy and intimate experience that lacks the vastness of a large hotel.” (Interview informant S1, S3, S5)*

Also, ownership structure was considered as an enabling factor for encouraging innovation. The owners/managers of independent hotel viewed that being independently owned let them the freedom to innovate. Being independent hotels could allow their creativity run freely with decoration, theme, furniture, and so forth in how they market themselves. It enabled them to harden their uniqueness and reputation, and offer the customer a distinguish and memorable hotel experience.

*“Since customers seek for local and authentic experiences in the current age of globalization, as an independent hotel we can take advantage of our freedom to get more creative.” (Interview informant S3, S5)*

*“The innovative concept of our hotel came from the owner, he is the one who design the characteristic of physical buildings and concept of service”. (Interview informant S5)*

Next, hotel location a hotel’ internal resource was cited among the respondents as one of the significant enabling factors. Locating in prime or iconic areas was considered as value-added nature of physical hotel location. Moreover, good hotels knew how to take advantage of their location or surrounding area to create their unique accommodation.

*“In my opinion, hotels can succeed when they are shaped to their location. Often, they can mold their decoration and aesthetic to the community where their hotels located. This not just only creates a unique hotel, but it also makes that hotel becomes a destination within a destination.” (Key informant S5)*

Besides, customer orientation was one of crucial factor enabling product performance innovation. The findings found that hoteliers could deeply comprehend today’s customers’ trends and wants. To illustrate, seeking the authentic experience of lodging accommodation is the current customer trend, ‘one-of-a-kind stay’ most probably to benefit from staying at small-scaled hotels. Some hotels located in renovated homes, villas or modern buildings. They created feature trendy artwork, or other unique amenities and decoration to create a ‘one-of-a-kind stay’ experience to meet this customer trend. From this example, it can be said that knowing the customers enabled hoteliers to tailor product offerings to customers’ specification. In this context, hoteliers could integrate architecture and design elements with distinctive features that customers desired. For instance, designing the hotel interior under a theme of ‘nostalgic sense of home’ to fulfill customers with senses of comfortable, security, and homeliness. Furthermore, some hotels could engage customers at the emotional level by inspiring them with the story-telling to create a sense of place.

*“Our hotel was designed under a concept of a shepherd's barn where consists of a lovely sheep family, each family member has its own story. Employees will tell the story of a sheep family to the customers. And we also decorate our hotel interior by the theme of story such as four giant sheep dolls, and a slider to highlight the concept of warm home and family.” (Interview informant S6)*

*“Upon checking-in, our staff will tell customers about the hotel’s story. Hotel staff plays a role as an ‘inspire maker’ to communicate and engage customers with the theme of hotel and its story to provide them the unique experience of a stay.” (Interview informant M9)*

On the flip side, for the lower capability group, the results found that this group had less ability to perform product performance innovation under the theme of innovative architecture and design. Within this group, the distinguish innovative architect and design were hardly found.

The factors that constrained the lower capability group in creating innovative architecture and design can be identified into two main aspects.

The first factor was about the restriction of laws and regulation. The finding found that hotels were located in the specific areas such as in the old town or historical areas faced the restriction of the building control act when they wanted to reinvent or renovate in their property. This restriction also found among the hotels that originated from the ancient architectural buildings or registered as an architectural heritage site. The architectural renovation involved the regulation and complicated process in order to prevent the defacement of architectural renovation. Hence, rather than reinventing the hotel, most hoteliers tended to refurnish and maintain their properties instead.

*“Our hotel is an old antique building. We had the limitation according to the laws when making the major change of the property or building structure.” (Key informant S1, S2)*

Some respondents mentioned the management support as one of their constraints. Since the reinventing or renovation of the property required a large amount of cost expense, it seemed difficult to owners/managers to invest the money for reinventing especially for the small, independently owned hotels.

*“Our hotel design is now becoming out of fashion, hotel redesign and renovation need to be done to renew the hotel image and atmosphere. However, this reinventing plan is still holding by the top management due to the high cost of renovations.” (Key informant M1, M2)*

To conclude, the results of innovative value creation capability of small and medium-sized hotels toward a dimension of “Better atmosphere” and the key factors’ determining the firms’ service innovation capability were summarized and grouped as displayed in Table 5.7.

Table 5.7 Summary of Innovative Value Creation Capability of Small and Medium-Sized Hotels toward a Dimension of “Better Atmosphere” and the Key Factors’ Determining the Firms’ Service Innovation Capability

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
1. Service innovation <i>To enhance the value of product and service offerings</i>	Customer-oriented innovation - High capability to provide better service customization and pleasant service atmosphere through implementing of service flexibility and customization of service	Firm factor - Firm size - advantage of size - Firm age - leaning curve - Ownership structure - advantage of ownership structure (chain and independent management) Innovation management - Management support - employee encouragement	Customer-oriented innovation - Lower capability to provide better service customization and pleasant service atmosphere in an area of customization of service	Firm factor - Ownership structure - restriction of brand standard Innovation management - Management support – budget and management policy
2. Process innovation <i>To produce superior ways of working process to facilitate better service personalization</i>	Innovative management - High capability to access to customer needs through implementing of gathering and managing guest profile, gathering and managing customer feedback, and conducting internal communication  - High capability to allow staff’s ability to take initiative to meet customer needs by engaging employee	Firm factor - Firm size – advantage of size - Ownership structure - advantage of ownership structure (chain and independent management) Innovation management - Management support - sufficient resources (adopting innovative technology) and encourage the creation of ideas - Management style – vision of management Market orientation - Customer orientation – customer focus - Interfunctional co-ordination – teamwork and communication Employee factor - Employee engagement – HRM	Innovation management - Lower capability to access to customer needs through implementing of gathering and managing customer feedback, and conducting internal communication  - Lower capability to allow staff’s ability to take initiative to meet customer needs in an area of engaging employee	Firm factor - Ownership structure – Obligation of chain hotel Innovation management - Management support – budget and labor constraints Employee factor - Employee engagement – lower rate of HRM activities, budget and time constraints - Creativity – lack of qualified employee and creative environment

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
		- Creativity – encourage creative environment		
3. Product performance innovation To offer distinctive product offerings aiming at better unique atmosphere of a stay	Specific experience offerings - High capability in providing learning experiences which tailored to customer's specific needs through the creation of leisure and learning activities	Firm factor - Internal resources – superior internal resources, skills and specialization Innovation management - Management support – creativity of owners/managers and management policy Market orientation - Customer orientation – customer focus	Specific experience offerings - Lower capability in providing learning experiences which tailored to customer's specific needs through the creation of leisure and learning activities	Firm factor - Firm size – disadvantage of size or limited space, budget and labor constraints Market orientation - Customer orientation – change in customer needs and their travel behaviors due to the advancement of Internet technology
	Innovative architecture and design - High capability in integrating architectural and design elements with distinguish features to create unique experience	Firm factor - Firm size – advantage of size - Ownership structure – Advantage of independent management (freedom to innovate) - Internal resources – superior hotel location Market orientation - Customer orientation – customer focus	Innovative architecture and design - Lower capability in integrating architectural and design elements with distinguish features to create unique experience	Other external factors - Laws and regulations – restriction of the building control act for heritage buildings Innovation management - Management support – financial constraints



### **5.2.5 Results of Innovative Value Creation Capability of Small and Medium-Sized Hotels Toward a Dimension of “More Responsiveness” and the Key Factors’ Determining the Firms’ Service Innovation Capability**

This section firstly investigated the innovative value creation practices and that hotel managers have implemented to respond to mature travelers’ differentiation value drivers of “More responsiveness” and examined their innovative capabilities. Then, the key factors influencing the firms’ service innovation capability were identified.

5.2.5.1 Innovative value creation practices of small and medium-sized hotels toward differentiation value drivers of ‘More Responsiveness’.

The interviewees were asked to identify their implementations of innovative value creation to meet mature travelers’ differentiation value drivers of ‘More responsiveness’. The results from the semi-structure interviews with the owners/managers of small and medium-sized hotels toward their practices on innovative value creation in response to mature travelers’ differentiation value drivers were summarized in Table 5.8.

Based on the content analysis, numerous recurring themes were emerged to present the critical innovative practices of small and medium-sized hotels in response to differentiation value drivers of ‘Better atmosphere’. Table 5.8 listed the frequent themes and their corresponding frequencies. According to the framework of Keeley et al. (2013), the set of incidents was resulted in four types of innovation; product performance innovation, process innovation, product system innovation, and network innovation.

1) Product performance innovation. The finding found innovative practices under a theme of customer-centric technological innovation, with a total of two sub-groups of innovative practices.

*Customer-centric technological innovation.* To aim at more hi-tech and convenience, many hotels spiced up with high-tech facilities which reflecting in the innovative adoptions of modern technology in room service, and in-room entertainment technology.

a. *Modern technology in room service* - Innovative practices were illustrated as follows:

- *Free smart phone service* - In some hotels offered their customers a free mobile phone to use in their rooms and in the city throughout their stay. The customers were free to contact hotel staff to call for services at any time, and they could take the smartphone out as their free travel buddy to navigate the city.

- *Hotel guest service mobile application* - A mobile application for hotels and hotel chains was offered in service to boost customer satisfaction and create service differentiation. Hotel mobile application create service categories in areas of hotel information, hotel facilities, special offers, area travel guide, point of interest or other help information, and useful phone numbers. Besides, customer could make orders and pay directly from their smartphones before their arrival or when staying in-house.

- *Free hi-speed internet* – Respondents stressed that today's customers including mature travelers expected the wireless online access and speed as they had at home and perceived wi-fi as a 'must have' and a 'standard' in all hotels. The findings reported the free hi-speed internet service had found in all sampling hotels.

- *Master control panel* – To provide customers with maximum comfort, hoteliers offered the room control panel which designed with functional safety and easy-to-use features. Customers can control functions such as light, TV, housekeeping service, aircon, and curtains or blinds control from user-friendly touch screen interface.

- *Wake-up call set up* - Apart from calling wake-up call service from Front Desk Agent, the customers can set their own wake-up call from the in-room alarm clock or automated system. However, many hoteliers asserted that the human wake-up call was a method to personalize a customer's stay and recognized that this service found to be a nostalgic throwback to a simple, and they will send a staff to a guest room if a wake-up call is not responded.

- *Promotional video* – Many hotels created their promotional video. Promotional video contained greeting customers to the hotel videos, hotel information and services, as well as boosting the hotel revenue through hotel

promotions, and promotions of hotels restaurants, cafes, and other services that customers may be interested.

*b. In-room entertainment technology* - Innovative in-room entertainments were found as follows:

- *In-room tablet* – From the interviews found a hotel offer its customers a tablet to use in each room for access to online content for entertainment or information purposes, and for room service ordering by making the ordering simpler in process.

- *In-room DVD player* – Nowadays, this amenity is not commonly found in many guestrooms. The interviews found some hotels offered this amenity mostly in the luxury hotel guestrooms.

- *Smart TV/Internet on TV* – Hotels are stepping the extra mile to offer their customer a digital surrounding. Most small and medium-sized hotels offered smart TV/Internet on TV to provide customers to access, view online and network-based media content in the comfort of their room.

- *Cable/ satellite channels* – Cable/ satellite channels typically provided free of charge to the hotel customers. This innovative in-room entertainment was commonly offered by all sampling hotels as a basic or standard service. The programs delivered by varying sources including local market channels, cable by local market providers, and satellite.

- *Music system* – Music consisted of local and national radio stations, satellite-based radio, internet-based radio, and online music libraries offered to the guest as free. From the interviews found only certain hotels where were upscale segment offered iPod docking stations in their guestrooms.

- *Complimentary online newspapers and magazines* – While staying, the customers can choose what they want to read, some hotels offered complimentary digital and unlimited access to newspapers and magazines during their stay. This service simply accesses for reading via the smartphone, laptop, or tablet at anytime and anywhere in the hotel.

2) Process innovation. The findings found innovative practices under a theme of customer-centric process innovation, with a total of three sub-groups of innovative practices.

*Customer-centric process innovation.* To aim at more seamless check-out and payment processes, hotels adopted innovative technological innovation on areas of property management system, innovative operation, and alternative payment methods.

*a. Technological innovation on property management* - Use of property management system or PMS is recognized as an innovation in the productive process which is becoming standard in the hotel business. Respondents informed that software, for examples, 'Opera', 'Easyfo' or cloud-based computing enable hoteliers in either small or medium sized hotels to provide better customer services since it facilitates hotel operation and management with more affordable cost. Property management system is generally used in hotels in overall functions such as for maintaining customer profiles, room management, reservation, revenue management, cashiering, night audits, housekeeping, restaurant, inventory control, and report generation.

*b. Innovative operations* - To provide seamless and efficient check-out and payment processes, most hotels placed importance on standard operating procedure or SOP to ensure staff provide smooth and efficient check-out service to customers. The standard operating procedure is a set of instructions that document a routine activity to maintain quality and consistency of hotel standard and services. Furthermore, hotels initiated working process to improve the ways in delivery services. Other innovative operations also found in the implementation of pre-billing process to prepare customers' invoices in advance. Speeding up check-out was initiated to reduce time consuming process upon check-out which varied by hotels, such as 'no deposit policy' was to provide customer with hassle free from money deposit, and reduce cashiering process and minimize check-out time. In some hotels, the process of pre-authorized credit card upon check-in was required in order to minimize problems upon check-out. Regarding to minibar offerings, there is now a trend to phrasing-out of minibars since decreasing of demand, hence, outmoded in-room minibar service enable hoteliers to reduce working time in minibar checking and cashiering process. On the

other hand, certain hotels opted to keep minibar offerings and offer them as complimentary service. With this free service, hoteliers did not worry about minibar charges and were able to speed up the check-out process. Besides, it was found that several hotels used the express check-out service to allow customers to check-out of and return the keys without waiting for their final billing to be generated. It is convenience for customers, especially when they are pressed for time.

*c. Alternative payment methods* - Respondents informed that apart from traditional payment methods of cash and credit card, other various types of payment can help expedite check-out process. From the interviews found that most hotels adopted mobile payments or electronic wallets, for examples, Ali-Pay, Union Pay, WeChat Pay as alternative payment methods to provide customers with convenience and speed up check-out process. Most respondents agreed that mobile payments were more increasingly popular since they were convenient, fast, and secure.

3) Product system innovation. The results found innovative practices under a theme of innovative marketing, with one sub-group of innovative practices.

*Innovative marketing.* To aim at more privilege offerings, hotels adopted loyalty program as an innovative marketing.

*a. Loyalty programs* - The findings revealed the adoption of loyalty programs mostly found on medium-sized hotels. Chain hotels and independent hotels generally had access to loyalty programs to attract customers and keep as the customers' top-of-mind brand when selecting accommodation. The programs offered added benefits of earning rewards and hotel privileges, and get access to partner discounts, as well as opportunities for hotels to provide service personalization through customers' usage behaviors and service requirements.

4) Network innovation. The results found innovative practices under a theme of innovative network, with one sub-group of innovative practices.

*Innovative network.* To achieve innovative marketing of loyalty programs, innovative network in establishing tourism-related partnerships need to be emerged.

*a. Establish tourism-related partnerships* - Developing of loyalty programs had risen to chances for cross-marketing initiatives how loyalty members get access to discounts from hotels' partnerships. This implementation required collaborative structure between tourism-related business. From the interviews, examples found in the way of collaboration between hotels and shops, airlines, car rental companies, and credit card companies to enhance customers' privileges and the tourism business. The loyalty scene for chain hotels had the marketing clout offered by their large brands and allowed the members fully benefit of their branded counterparts. Whereas, independent hotels generated their own loyalty programs but could offer less benefits when comparing to the chain hotel ones.



Table 5.8 Results of Innovative Value Creation Practices of Small and Medium-Sized Hotels toward Differentiation Value Drivers of ‘More Responsiveness’

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Product performance innovation</i>	Customer-centric technological innovation	Modern technology in room service	Free smart phone service (3)	S1, S2, M5
			Hotel guest service mobile applications (3)	M1, M5, M7
			Free hi-speed internet (17)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Master control panel (3)	S3, M6, M9
			Wake-up call set up (4)	S2, M1, M2, M8
			Promotional video (6)	M1, M3, M5, M7, M9, M10
		In-room entertainment technology	In-room tablet (1)	M2
			In-room DVD player (4)	S2, S3, S5, M6
			Smart TV/Internet on TV (10)	S4, M2, M4, M5, M6, M7, M8, M9, M10, M11
			Cable/satellite channels (17)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Music system (3)	M1, M8, M10
			Complimentary online newspapers and magazines (2)	M1, M10

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Process innovation</i>	Customer-centric processes innovation	Technological innovation on property management	Use of property management system (17)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
		Innovative operations	Standard operating procedure (SOP) (9)	S1, S2, S4, S6, M1, M7, M8, M9, M10
			Pre-billing process (6)	S1, S2, S3, S4, M9, M10
			Speed up check out process (9)	S6, M1, M3, M5, M6, M7, M9, M10, M11
			Express check-out (6)	S3, S4, M1, M7, M9, M10
Alternative payment methods	Mobile payments/electronic wallets (9)	S4, S6, M1, M3, M4, M5, M7, M10, M11		
<i>Product system innovation</i>	Innovative marketing	Loyalty program	Earning rewards and hotel privileges (7)	M1, M2, M4, M7, M8, M9, M10
			Get access to partner discounts/rewards (7)	M1, M2, M4, M7, M8, M9, M10
<i>Network innovation</i>	Innovative network	Establish tourism-related partnerships	Shops (7)	M1, M2, M4, M7, M8, M9, M10
			Airlines (4)	M1, M8, M9, M10
			Car rental company (4)	M7, M8, M9, M10
			Credit card company (4)	M1, M2, M4, M7



5.2.5.2 Innovative value creation capability of small and medium-sized hotels toward differentiation value drivers of ‘More Responsiveness’ and the key factors’ determining the firms’ service innovation capability

After the innovative value creation practices had been explored, this section investigated their innovative capabilities. To measure innovative value creation capability, the researcher decided to rank the data from 0 to 1 innovation point, whereby 0 point mean *not to innovate activity* and 1 point for *innovative activity*. In this study, a hotel with high frequency of activities could gain more innovation points. Then, the researcher classified the respondents into two groups. The respondents with the above of mean scores were categorized as a group of high capability, if under, they labeled as a low capability group as shown in Table 5.9.

From Table 5.9 displays the innovative practices of small and medium-sized hotels toward differentiation value drivers of ‘More responsiveness. The samplings were categorized into two groups; a group of higher capability and a lower capability according to their innovative activities. To attain differentiation value drivers of ‘More responsiveness’, the results found four elements of innovation were identified: product performance innovation, process innovation, product system innovation, and network innovation. The hotels conducted product performance innovation under a theme of customer-centric technological innovation, process innovation was conducted in an area of customer-centric process innovation. Whereas, product system innovations were found in a themes of innovative market, and finally, network innovation was performed under a theme of innovative marketing. The qualitative results were identified under each innovative activity and presented visually in a form of percentage to clarify the innovative activities performing by small and medium-sized hotels.

Table 5.9 Results of Innovative Value Creation Capabilities of Small and Medium-Sized Hotels toward Differentiation Value Drivers of “More Responsiveness”

		Product Performance Innovation												
		Customer-centric technological innovation												
		Small and medium-sized hotels												
		Free hi-speed internet	Promotional video	Wake-up call set up	Free smart phone service	Hotel mobile applications	Master control panel	In-room tablet	Free online newspapers and magazines	Music system	In-room DVD player	Smart TV/ Internet on TV	Cable/satellite channels	Total
Higher capability	M1	●	●	●		●			●	●			●	7
	S2	●		●	●			●			●		●	6
	M10	●	●						●	●		●	●	6
	M5	●	●			●						●	●	5
	M6	●					●				●	●	●	5
	M7	●	●			●						●	●	5
	M8	●		●						●		●	●	5
	M9	●	●				●				●	●	●	5
	S3	●					●				●		●	4
Lower capability	S5	●			●						●		●	4
	M2	●		●								●	●	4
	S1	●			●							●	●	3
	S4	●									●	●	●	3
	M3	●	●										●	3
	M4	●										●	●	3
	S6	●										●	●	3
	M11	●										●	●	2
			17	6	4	3	3	3	1	2	3	4	10	17

		Process Innovation							
		Customer-Centric Processes Innovation							
		Small and medium-sized hotels	Use of property management system	Standard operating procedure	Speed up check out process	Pre-billing process	Express check-out	Mobile payments/e-wallet	Total
Higher capability	S4	●	●		●	●	●	●	5
	M1	●	●				●	●	5
	M7	●	●		●		●	●	5
	M9	●	●		●	●	●		5
	M10	●	●			●	●	●	5
	S6	●	●	●				●	4
	S1	●	●			●			3
	S2	●	●			●			3
	S3	●				●	●		3
	M3	●			●			●	3
	M5	●			●			●	3
M11	●			●			●	3	
Lower capability	M4	●						●	2
	M6	●			●				2
	M8	●	●						2
	S5	●							1
	M2	●							1
			17	9	8	6	6	9	

		Product System Innovation			
		Innovative Marketing			
		Small and medium-sized hotels	Earn rewards and hotel privileges	Get access to partner discounts/rewards	Total
Higher capability	M1	●		●	2
	M2	●		●	2
	M4	●		●	2
	M7	●		●	2
	M8	●		●	2
	M9	●		●	2
	M10	●		●	2
	S1				0
	S2				0
	S3				0
Lower capability	S4				0
	S5				0
	S6				0
	M3				0
	M5				0
	M6				0
	M11				0
			7	7	

		Network Innovation					
		Innovative networking					
		Small and medium-sized hotels	shops	Airlines	Car rental company	Credit card company	Total
Higher capability	M7	●			●	●	3
	M8	●		●	●		3
	M9	●		●	●		3
	M1	●		●			2
	M2	●				●	2
	M4	●				●	2
	M10			●	●		2
	S1						0
	S2						0
	S3						0
Lower capability	S4						0
	S5						0
	S6						0
	M3						0
	M5						0
	M6						0
	M11						0
			6	4	4	3	

### 1. Product performance innovation

To offer customers with more responsive, advanced technology innovation was adopted to enhance the customer experience and satisfaction through offering convenience and responsive of services. In this context, product performance innovation refers to the product with distinctive features of offerings. That is, the capability to use technology as a value-added innovative facilities to heighten the customer satisfaction and experience.

To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product performance innovation, the results in Table 5.9 found that among 17 sampling hotels, 11 of them were above of mean scores categorized as a high capability group, while another small group of 6 hotels with under mean scores were classified into a lower capability group. This implied that the majority of samplings or 65% had high capability in adopting innovative technology. The innovative value creation capability was displayed according to the theme of customer-centric technological innovation.

*Customer-centric technological innovation.* In this context of study, customer-centric technological innovation aimed at offering customers with in-room technologies as value-added facilities to provide them with more responsive to enhance the customer satisfaction and experience. The superior practices reflected in the high scores of innovative technology adoptions in a higher capability groups (see Table 5.9). Under this theme, the findings found that most hotels attempted to create differentiation by leveraging technology into hotel in-room amenities. The higher capability group were well performed in two areas of in-room technologies which consisted of in-room services technology and in-room entertainment technology.

As for in-room services technologies, the findings revealed that the most popular in-room technologies presently and widely used by all 100% of sampling hotels was high speed internet access in the guestroom. This innovation has currently been productized and all of the hotels now provides internet access for free. Several hotels conducted the promotional video to personalized welcome customers, provide information about hotel promotions, hotel outlets and facilities, and the promotions of local venues or othe places that may be of the customers' interest. Furthermore, other comfort technologies such as the wake-up call set up, the master control panel provided

customers with more convenient and personalize to control their room amenities. Moreover, many hotels replaced the traditional in-room phone with the smart phone which provided as a complimentary service for customers to use in-house and in the city through out their stay. Hotel mobile application also innitiated for providing cutomers with more convenient and responsive as they could access to informtion and services with instantly response to requests. These innovative technologies enabled hotel service to be more personalize, convenient, and responsive to the customers.

*“The internet has influenced all aspects of our lives extend that the customer will not stay if a hotel cannot access the wi-fi.” (Interview informant S6, M1, M8, M9)*

*“We utilize the hotel application to make it easy for customers to reach our the hotel services. The customers can order food or request other services through our hotel app. This also minimized communication language restrictions especially for the elderly who may not be fluent in English languages by designing icons or images that are easy to use and commonly understandable.” (Interview informant M1, M5)*

In an aspect of in-room entertainment technologies, this allowed customers to access to various audio-visual forms of information and entertainment. The findings showed that free-to-guest TV or cable channels, a fixed line-up of TV programs offering to customers with free of charge, was the most commonly in-room entertainment facility implemented in all 100% of sampling hotels. By the same token, smart TV was the seconde most cited among the hotels as the innovative technology offering to the customers. It provided customers to access the internet on TV and enabled them to stream their favorite Netflix movies on in-room television which created a more personalized travel experience. While, in-room DVD player, music system, online newspapers and magazines, and in-room tablet were provided by some hotels to offer customers with more information and entertainment to enhance their staying experience.

*“We know that our customers want to feel connected while they are traveling, similar to what they do at home. Therefore, we are offering them seamless access to their favorite Netflix programs while on the trip.” (Informant interview M5, M7, M8, M9)*

Considering to the factors affecting their innovative value creation capabilities relating to product performance innovation under a theme of customer-centric technological innovation, the enabling factors which frequently cited by most of hoteliers can be indentified into four aspects as follows:

Ownership structure was cited by the respondents as a factor fostering technological innovation in the hotel. The findings revealed that 70% of the sampling hotels within the high capabiltiy group were under the chain affiliation. Respondents pointed out that one of the advantages of chain ownership was a greater access to capital and had power on bulk purchasing and bargaining powers with suppliers when investing on innovative technologies.

*“We are in the age of digital. The customers wants facility and practicality. Hence, the investment in technology is crucial for the fiscal health of the hotel. Moreover, as a membership of hotel chain, it allowed us to make possibly an investment on service-based technology.” (Interview informant M1, M9, M10)*

Then, most of respondents mutually agreed that customer orientation was one of the most significant factors affecting the hotel technoligical innovation. Deeply understanding of the customer trends and needs was important when condering technological amenities. Socio-demographic conditions were mentioned by respondents regarding to changes in customer’s characteristics or consumption habits and demands. Owing to the advancement of technology, hoteliers must keeping updated in latest technolical trends and customer needs. Offering modern technology facilities by making selection accordingly was mostly significant to respond to the current customer’s needs.

*“We focus on providing modern technological facilities or technology equipments that are user-friendly, not complicated, and not too extremely high tech. So the elderly customers can easily access and be convenient.” (Interview informant M6, M9)*

*“Today, the customers, especially elderly customers, do not want the totally superior or extremely high technologies. It is just necessary to provide them with in-room technologies that reflect the current customer’s trends and what they are using now at home.” (Interview informant S2, M1, M5, M9, M10)*

Next, competition orientation was also mentioned among the respondents as one of the best ways to encourage the technological innovation. Since the increasing competition in the hotel industry, the technological innovation was adopted among the hotels as a source of competitive advantage to create differentiation.

*“Do not stay behind in the competition. The cost of doing nothing might be more expensive than investing in innovative technology.” (Interview informant M1)*

Besides, technological factor was viewed by respondents as a major factor supporting technological innovation in the hotel. The emergence of new technologies possibly allowed the offerings of hotel technology-related products and services with more affordable cost.

*“...For example, today, customers want fast and free Wi-Fi. All hotels that want to remain their competitiveness know it is a compulsory requirement. Good tidings, it is more affordable and easy to apply.” (Interview informant M10)*

For the lower capability group, on the contrary, the results found that this group had less ability to perform product performance innovation under the theme of customer-centric technological innovation. Within this group, their distinctive implementations of innovative technologies were found similarly with the high capability group only in areas of providing of free hi-speed internet and cable channels. However, other distinguish technological implementations were rarely found.

The factors that constrained the lower capability group in creating customer-centric technological innovation can be identified into four main issues.

The first factor was about the ownership structure. The study found that the huge issue for smaller independent hotels in implementing innovative technology was the affordability of tech. As being independent hotels, hoteliers confronted more difficult challenge in the technological investment, while the chains or larger hotels care more about the cost of tech implementation as only a small issue. However, small independent hotels continued to emphasize on necessity and affordability when considering technology acquirement.

*“Affordability of technology is a biggest issue for smaller hoteliers since we have limited service and financial restriction. Investing on modern technology involves a large amount of money. We can offer our customers at least the basic technological amenities or the same level of facilities as they have at home such as WIFI or cable TV channels.” (Interview informant S4)*

The business concept also mostly mentioned by respondents. A business concept relates to an idea describing how a hotel captures value or its unique business proposition. Many small hotels emphasized their business proposition in offering a traditional or conservative of service design according their characteristic of hotels. Respondents viewed that the modern technology might not compatible with their service concepts which mostly emphasizing on uniqueness of traditional culture or lifestyle, unsophisticated, relax and peacefulness of hotel atmosphere.

*“In our guestrooms, we are not design or offer any high technology amenities to the customers, since we want them to peacefully relax and get away from their mundane lives.” (Interview informant S1)*

Next issue was related to management support. Most owners/managers of small hotels mentioned that the implementation of modern technological innovation was very challenge for them. They believed that technology was an expensive excessive since it concerned with the high cost involvement, cost of maintenance, and did not return much back.

*“Investing on technology is not only excessively expensive, but it also must be followed the current trends at all time which may not worth the money.” (Interview informant M4)*

Then, an aspect toward customer-orientation also affected on the view of technological innovation. Many respondents believed that mature travelers might not accept the modern technology and it was still not required by this aging cohort. And they also viewed that this market segment preferred a service with more human touch rather than technology. Consequent, modern innovative technology was not emphasized by this group of respondents.



*“We believe that high-tech technology is not necessary for the elderly at this time. They may prefer personal touch services rather than technology, such as not using an automatic alarm, but rather focusing on calling to the service staff.” (Interview informant S1, S6)*

## 2. Process innovation

In this study, process innovation refers to the superior working methods for doing tasks, and an ability to produce a working methods which changed from the usual operation to use functional efficiency. To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to process innovation, the results found that among 17 sampling hotels, 12 of them were above of mean scores caterized as a high capability group, while another 5 hotels with under mean scores were classified into a lower capablity group. The innovative value creation capabilities was displayed according to the theme of customer-centric process innovation.

*Customer-centric process innovation.* In this context of study, customer-centric process innovation was adopted to facilitate more seamless working process to provide customers with more service responsiveness in areas of check-out and payment processes. The innovative process innovation displayed in both areas of technological service-based and non-technological serivece-based. The superior process innovation practices reflected in the higher mean scores of innovative activities in a higher capability groups (see Table 5.9). This group had high abilities to conduct innovative activities in areas of technological innovation on property management, innovative operation, and alternative payments.

As for technological innovation on property management, the findings found that 100% of sampling hotels well performed in using of property management system. A hotel property management system (PMS) provided a centralized computer system that enable hotels to organize, manage front-office capabilities, minimize the risk of human error and make time available for service staff to take care of customers. PMS is currently a crucial business operations system that allows hoteliers to provide a seamless customer service experience.

*“PMS is one of the technologies in today’s hotel business for perfect customer service and enable the hotel’s operation run smoother.” (Interview informant S3, S5, M1, M9)*

For innovative operation, most hotels well-performed in innovative activities of conducting standard operating procedure, pre-billing process, speed up check-out process, and express check-out which aimed at enabling of seamless or speed of check-out process. To conduct standard operating procedure allowed hoteliers easily to follow the working instructions since it well identify and describe the operating procedures and minimize human errors. Pre-billing process, speed up check-out process (which related to initiatives in process innovation of non-technological service-based), and express check-out were largely implemented among this group by eliminating unnecessary working activities which consume timing or initiate alternative activities to speed up check-out process.

*“Staff need direction or guidelines to follow, it will help our staff understand what they have to do on a daily basis to reduce mishandling and errors. Especially, repeating a daily task basis enables them to increase their skill of doing work which resulted in reducing time consuming and more efficiency.” (Interview informant S2, S6, M1, M9)*

*“We focus on speed of service. By focusing on reducing the steps of work processes, for example, the in-room mini bar will be set up as the complementary service to reduce time for mini bar checking during the check-out process. Our room attendant just only rechecks the condition of the room upon checking out. So, customers do not have to wait a long time and can check out more quickly.” (Interview informant S6, M3, M9, M10)*

Regarding to alternative payment methods, most hotels expanded their payment methods as the technology had been making aspects of daily life easier. Nowadays, many customers recently use new or alternative payment technology to simplify the paying for products and services. The findings found that hotels attract customers and made their process of payment easier when using innovative technology to accept alternative payment methods. These alternative payment options provided customer more alternative for payment and let them to choose payment options that they were comfortable with.

*“Customers now are becoming more rely on mobile technology, customer-innovative mobile payment is an increasing trend throughout the hotel industry. It can offer hotel customers more convenient and easier to pay when they want without having to wait in a long queue.” (Interview informant M1, M4, M5)*

Considering to the factors affecting their innovative value creation capabilities relating to process innovation under a theme of customer-centric process innovation, the enabling factors which frequently cited by most of hoteliers can be identified into four aspects as follows:

Ownership structure was commonly cited as the enabling factor to stimulate innovative process innovation. Joining a hotel chain allowed the possibility to share knowledge among the property especially knowledge sharing of best practices in operations which foster to customer service responsiveness. Particularly, the hotel chains had their own standard operating procedures aimed at delivering the customer service and monitoring the unit of service delivery in order to attain the exceptional service delivery.

*“As a chain standard, there are common standard operating procedures implemented among the hotel chain members. Hotel SOPs are playing the role as the guidelines for staff to follow when conducting tasks and including minimum standard time in operating individual task. It allows staff to work more efficient and enable speed of service” (Interview informant S2)*

Employee engagement was mentioned by most respondents as a key success of exceptional customer service. Good teamwork with effective communication between departments such as front office, housekeeping, and food and beverage a play significant role in stimulating the coordinate working atmosphere which mutually aimed at providing better customer responsiveness. In addition, respondents also mentioned that employee's year of service also influenced on the ability of service providers, that is, an employee with a long year of working would have more skill and experience, and could realize themselves what they should do in their daily work without supervision. Furthermore, the intimacy between service staff and customers enabled more service responsiveness. From talking and observing customers, it allowed opportunities for service staff to know their customers and assertively react to customers' needs.

*“When a customer requests to check-out in the early morning, front desk staff will inform with housekeeping to acknowledge, and co-ordinate with food and beverage department to arrange the breakfast box and delivery to customers during their check-out time whether customers request or not. This small thing can impress the customers.” (Interview informant S1)*

*“Upon check-out time, the housekeeper waits in front of the guestroom to observe the customers and farewell to them. Then they turn quickly to recheck the guestroom and notify the front office staff immediately.” (Interview informant S1, S2)*

The next factor related to customer-orientation. The majority of respondents mentioned that understanding what customers want was critical. Many customers including mature travelers now desire for convenience and speed of service. This customer demand stimulated hoteliers to initiate process innovation to respond to the customer needs. It was also mentioned that the best way to determine which process innovation should be conducted was to determine by what interests their customers. Besides, keeping in customer's trend toward technology was also essential to facilitate the seamless responsive customer service.

*“Today's hotel customers want fast service. They do not want to stay in the line at the front desk and oftentimes expect a fast check-out experience. By gathering and understanding customer data before they arrive and during their staying, hoteliers can provide an efficient departure process.” (Interview informant M1, M9, M10)*

In addition, technological factor was seen by respondents as a major factor supporting technological innovation in the hotel. Technology-related innovations fostered the improvements in working process. Since the revolutionizing of technology, it allowed the possibility of hotel technology with more affordability than before which benefiting small and medium-sized hotels to access the technology to implement in their operational process.

*“As a small hotel, we can use the cloud-based hotel management software as a property management system to manage front office and back-of-the-house. It simplifies hotel operations and easy-to-use with more affordable cost.” (Interview informant S3, S4)*

In contrast, for the lower capability group, the results found that this group had less ability to perform process innovation under the theme of customer-centric process innovation. Actually, this lower capability group was only the minority since it contained only 30% of all samplings. Within this group, their distinctive implementations of innovative technologies were found similarly with the high

capability group only in an implementation of utilizing of property management system to facilitate their operations in front-of-the-house and back-of-the-house. However, other distinguish implementations of process innovation were seldom found.

From the interviews found that some obstacles influenced on the abilities of providing responsive service to facilitate speed of check-out process were mostly found in certain small and medium-sized hotels. Some respondents mentioned the management support as one of the main issues related to the inability of speedy check-out process. The issue about the budget constraint led to the hotel' ability to hire sufficient staff, which resulted in under staff and workload in certain hotels. This led to the delay of customer services. In addition, some owners/managers still had no policy to encourage innovative implementations since they did not perceive much advantage from such implementations.

*“With our restrictions on human resources and budgets, there may limit our ability to attract qualified staff and training opportunities. As a result, it leads to an inability of provide customers with service responsiveness.” (Interview informant S5)*

Besides, an issue of employee was found in lacking of employee engagement. Respondents revealed that in some case the existing staff still had insufficient skill and knowledge to perform task to meet hotel standard due to inadequate training. Furthermore, lack of cooperation and coordination between departments was also considered another factor affecting the ability to provide customer responsiveness.

### 3. Product system innovation

In this study, product system innovation related to a capability of firms to create additional value to their product offerings by adding other firm's products or services to clients. With the hotel loyalty program, it offered a combination of benefits including hotel privileges as well as to access to hotel partners' benefits.

To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product system innovation, the results in Table 5.9 found that among 17 sampling hotels, only 7 hotels were above of mean scores which categorized

as a high capability group, while another group of 10 hotels with under mean scores were classified into a lower capability group. This implied that the minority of samplings or only about 40% had a high capability in implementing this product system innovation. The innovative value creation capability was displayed according to the theme of innovative marketing.

*Innovative marketing.* In this context of study, innovative marketing related to offer customers with value-added or additional hotel privileges and of their business' partners which aimed at better addressing customer needs and enhancing hotel's sales. The superior product system innovation practices reflected in the higher mean scores of innovative activities in a higher capability group (see Table 5.9). This group had high abilities to conduct innovative marketing in areas of providing hotel privileges, and allowing customers to access to partners discounts or rewards. Innovative marketing in this study was employed as the marketing strategy by lodgings to offer customers with the innovative hotel loyalty programs in order to attract and retain customers at their properties.

As for providing the innovative hotel loyalty program, the findings found that 100% of sampling hotels in a higher capability group well performed in both areas of offering hotel privileges, and allowing customers to access to partner's benefits. The hotel loyalty program was a way to show the hotel's gratitude for their customers by offering rewards that enhance the customer's current stay such as discounts, room upgrades, or other privileges, and deliver them a better experience on their upcoming visit.

*"Members are offered some privileges, such as discounting, earning points which can be redeemed for free nights, welcome gift, free room upgrades, or bonus points." (Interview informant M7, M8, M9, M10)*

In addition, the hotel loyalty programs also linked to their partnerships' benefits. To illustrate, most leading major hotel chains were associated with branded credit card. When customer using the hotel-affiliated credit card, they could earn points and redeem for hotel rewards. Besides, some hotel loyalty programs linked to frequent flyer programs which allowed points to be accumulated for frequent flyer points and vice versa.

Importantly, respondents also mentioned that employing the hotel loyalty program enabled them to build rich customer profiles and track their interests, preferences, and purchasing behavior. And with more customer data, hoteliers could tailor the customer experience, communicate, and make special offerings to respond to their customer's individual needs.

*"We gather the preferences of our customers through the loyalty program databases, this allowed us to offer customized service. For instance, when customers arrive at the hotel, they will find their individual needs have already been awaited from the preferred room types and other specific favored amenities." (Interview informant M10)*

Considering to the factors affecting their innovative value creation capabilities relating to product system innovation under a theme of innovative marketing, the enabling factors which frequently cited by most of hoteliers can be identified into three aspects as follows:

The ownership management was mostly cited as an important factor influencing their ability to implement the hotel loyalty program. Nearly 70% of hotels in this group were under the chain management. Most respondents emphasized that being a member of the major chain hotel especially the global hotel brand allowed them a great advantage of conducting hotel loyalty program. Since most large hotel groups already operated their own type of hotel loyalty programs and offered more options to earn and redeem points to lure the customers which largely run by their hotel groups within properties over the world. The ability to leverage the advantages of scale into their rewards systems was a distinguish competitive advantage of chain hotels.

*"Large and major hotel chains allow their customers to gain and redeem points over their various brands and properties globally as well as their partner reward programs to offer more value to their customers." (Interview informant M8, M9, M10)*

*"...another customer benefit is that the individual booking with our global chains means not just only a customer of this hotel, but also become a customer of a global brand hotel." (Key Informant M9, M10)*

As for the independent hotels, their independent hotel rewards programs emphasized on customers' experience personalization with a human aspect. As independent hotel owners/managers were free to create their own privilege offerings or service delivery, they could shape experiences unique to fit to their local environment. Respondents also added that flexibility options are an important element for a recent loyalty program because customers presently want to use the rewards when it fit to them.

*"As an independent local hotel, we are better positioned than those larger hotels to execute innovative loyalty programs with more effectively and uniquely services. Service employees at independent hotels are more probably to recognize their regular customers, understand their needs and preferences, and provide more individualized service." (Interview informant M4)*

Additionally, the enabling factor also included an aspect of customer orientation. Respondents pointed out another key success of hotel's loyalty program implementation related to the ability to understand and well identify the customers' perceived value or benefits of memberships. To developing a loyalty program which tailored to its customer's needs was perceived most significant among hoteliers.

*"As long as customers perceive that their current needs and buying behavior are in line with the loyalty program requirements, they will see the program is desirable and rise their patronage of the hotel." (Interview informant M10)*

The next issue related to the competition orientation. It was mentioned that since the intense competition had been dramatically risen among hoteliers, it stimulated hoteliers of both chain and independent hotels to find the initiative strategy to survive in the competition. The loyalty program was considered as a tactic among hoteliers to enchant customers with the additional perks to attract and retain their customers. With the initiative of hotel loyalty program, hoteliers must also identify or distinguish themselves to puts them apart from the competitors.

*"When all hotels are equal, many customers prefer to choose a lodging accommodation that offers a hotel loyalty program over one that does not have, hence, it is necessary to know what our*



*competitors are offering now and how what should we offer to attract and retain our customers.”*  
(Interview informant M9)

By the way of contrast, for the lower capability group, the results found that this group lacked of ability to perform product system innovation under the theme of innovative marketing. Obviously, this lower capability group was the majority since it contained nearly 60% of all sampling groups. Within this group, the innovative marketing implementations of providing hotel loyalty programs and privileges were not found among this group.

From the interviews found that the factors that restricted the abilities of innovative marketing implementations can be identified into three issues.

The ownership structure was largely cited among respondents as their major constraint. The study found that most of large hotel groups could perform some type of hotel loyalty programs, while independent hotels (contained 60% of the lower capability group) and small chain groups (contained 40% of the lower capability group) did not. Because of disadvantage of ownership structure, most of independently owned hotels lacked of the volume of frequent customers and the resources as well as brand power like chain hotels needed to justify performing a program.

*“Loyalty programs are considered as a competitive advantage for chains since they can be scaled over a large portfolio of hotel properties and brands which allow them to provide remunerative offerings for their members. This is something that independent hotels are not able to make use of.”*  
(Interview informant S3, S5)

The next factor related to the management support. Many hotel owners/managers viewed that implementing the hotel loyalty program could be cost associated in terms of time-consuming, costly, and resource-intensive which required large investment in areas of technology, employee training and labor cost to manage and maintain the loyalty program. This was too costly for owners/managers especially for small and local independent hotels to afford such implementation.

*“A hotel loyalty program is obviously costly in creating and maintaining a loyalty program. It can be time-consuming and costly. To launching the program, it required appropriate*

*staffing, resources, and adequate financial investment in place to operate the loyalty program continuously.” (Interview informant S5)*

The aspect toward customer-orientation could be reflected from respondents' opinions. Some owners/managers believed that the 'customer loyalty is gone'. In the age of boundless information, customers are more concern of their alternative options. At last, a customer would select the best choice with the most perceived value. Furthermore, respondents also added that some customers simply did not come back to lodgings after one stay or one-time customers, the loyalty program did not necessary to be implemented. (The change of customer trend toward brand loyalty)

*“In a digital age, customers have more alternative options. Finally, they will choose the choice that mostly offer them with the most benefits. Today, the hotel loyalty program may not definitely be the best strategy to draw the customers to the hotels.” (Interview informant S5)*

#### 4. Network innovation

To perform effective product system innovation or innovative marketing strategy of hotel loyalty program, it is noteworthy to highlight the role of network innovation. In this context, network innovation related to connect with other firms to create additional value to their product offerings to clients. Network innovation has to be done together with innovative marketing to enable the hotel loyalty program to offer a combination of hotel privileges and hotel partners' benefits. In this study, the practices of network innovation were categorized under a theme of innovative networking.

To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to network innovation, the finding in Table 5.9 found similarly to the implementation of innovative marketing because such practice of innovative networking was an element of product system innovation. It was found that among 17 sampling hotels, only 7 hotels were above of mean scores which categorized as a high capability group, while another group of 10 hotels with under mean scores were classified into a lower capability group. This indicated that the minority of samplings or only about 40% had a higher capability in implementing the network innovation. The

innovative value creation capability was displayed according to the theme of innovative networking.

*Innovative networking.* The results revealed that the higher capability group had an ability in establishing tourism-related partnerships. Forming partnerships with shops were mostly found, followed by airlines, car rental company, and credit card company respectively. When customers join the hotel loyalty program, they will gain benefits across brands. To associate with other business partnerships could turn a hotel reward more enchanting and enhance customers' needs and satisfaction.

*"Nowadays, there are hotels working on partnerships in other travel related business such as car rental company, airlines, and other shops to share benefit across programs. With the shared benefits could make the loyalty program attractive due to the extensive perks." (Interview informant M8, M9, M10)*

With respect to the factors influencing the innovative value creation capabilities relating to network innovation under a theme of innovative networking, the enabling factors which frequently cited by most of hoteliers can be identified into two main aspects as follows:

The ownership structure was largely mentioned in relation to the advantage of chain affiliation. Being a member of chain hotel brand, it easily enabled hotels to acquire the business partners due to its brand advantages. The advantages of being a member of the major hotel chain included brand reputation, chain's brand recognition, economies of scale in terms of quantity of customer volume, common partners for the hotels within the chain. This had enough power for hotels to allure the tourism-related business to form partnership programs.

Another reason of why the hotels were at the higher score, the findings found the customer-orientation was a crucial concern. Respondents stated that the current customers are looking for more options of perks beyond hotel stays. Hotels in a position to partner with the travel related business and more were positioned to gain benefits the most. Hence, forming a partnership that shares advantages across programs, both business partnerships could attract new customers and maintain loyalty from their existing customers, while customers could also meet the benefits from more options of

perks offering by the hotel loyalty program. This innovative partnership shifts in the way that hotelier consider their loyalty programs.

*“If your hotel can only redeem points for your hotel stays, that is not enough to attract your customers and meet their satisfaction” (Interview informant M9)*

In contrast, regarding to the lower capability group, the results found that all of this group lacked of ability to perform network innovation which affected on the capability in conducting innovative marketing. Within this group, the innovative networking implementation was not found among this group.

From the interviews found that the key factor that restricted the ability of the innovative networking implementation was mentioned to the ownership structure and lack of innovation networks. This lower capability group was consisted of small and medium-sized hotels with independent and small local chain management. Disadvantage of ownership structure limited opportunities for independent and small local chain hotels to attract other tourism-related business to form partnerships. This disadvantage resulted in lacking of innovative partners or networks. And it also restricted options available for these hotels to make the hotel loyalty program more attractiveness to customers.

*“It is quite difficult for a small local hotel to establish tourism-related partnerships. Because of the disadvantage of small size and small volume of customers, the hotel become less attractive to other tourism-related business which limited ability for business return. This discourages them to join us for the partnership program.” (Interview informant S3)*

To sum up, the results of innovative value creation capability of small and medium-sized hotels toward a dimension of “More responsiveness” and the key factors’ determining the firms’ service innovation capability were summarized and grouped as displayed in Table 5.10.

Table 5.10 Summary of Innovative Value Creation Capability of Small And Medium-Sized Hotels toward A Dimension of “More Responsiveness” and the Key Factors’ Determining the Firms’ Service Innovation Capability

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
1. Product performance innovation <i>To offer in-room technologies as value-added amenities to enable customer service responsiveness</i>	Customer-centric technological innovation <i>- high capability to leverage technology to add value into hotel in-room amenities through implementing of modern technology in room services and in-room entertainment technology</i>	Firm factor <i>- Ownership structure - advantage of chain affiliation</i> Market orientation <i>- Customer orientation – customer focus</i> <i>- Competition orientation – threat of rivals</i> Other external factor <i>- Technological factor – emergence of new technologies</i>	Customer-centric technological innovation <i>- Lower ability in leveraging technology into hotel in-room amenities in areas of modern technology in room services and in-room entertainment technology</i> <i>- Can perform only at the level of basic technological amenity requirements</i>	Firm factor <i>- Ownership structure – disadvantage of independent hotel</i> Innovation management <i>-Management support – unaffordability of technological implementation</i> <i>- Business concept – business proposition and service design</i> Market orientation <i>- Customer-oriented – more emphasize on human touch</i>
2. Process innovation <i>To produce superior working methods to encourage more customer service responsiveness</i>	Customer-centric process innovation <i>- high capability to facilitate seamless working process to enable more customer service responsive through implementing of technological innovation on property management, innovative operation, and alternative payments</i>	Firm factor <i>- Ownership structure - advantage of chain affiliation</i> Employee factor <i>- Employee engagement – teamwork and communication, years of service, intimacy between staff and customers</i> Market orientation <i>- Customer orientation – customer focus environment</i> Other external factor <i>- Technological factor – emergence of new technologies</i>	Customer-centric process innovation <i>- Lower capability to facilitate seamless working process to enable more customer service responsive in areas of innovative operation, and alternative payments</i>	Innovation management <i>- Management support – budget and labor constraints</i> Employee factor <i>- Employee engagement – inadequate training, lack of cooperation and coordination</i>

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
<p>3. Product system innovation</p> <p><i>To offer additional value of customization to hotel product offerings by adding other firms' benefits to customers</i></p>	<p>Innovative marketing</p> <p><i>- High capability in offering hotel privileges together with access to partners' additional perks through the hotel loyalty program</i></p>	<p>Firm factor</p> <p><i>- Ownership structure – advantage of ownership structure (chain and independent management)</i></p> <p>Market orientation</p> <p><i>- Customer orientation – customer focus</i></p> <p><i>- Competition orientation – intense competition</i></p>	<p>Innovative marketing</p> <p><i>- Unable to offering hotel privileges together with access to partners' additional perks through the hotel loyalty program</i></p>	<p>Firm factor</p> <p><i>- Ownership structure – disadvantage of independent and small local chain hotels</i></p> <p>Innovation management</p> <p><i>- Management support – time, budget, labor, and resources constraints</i></p> <p>Market orientation</p> <p><i>- Customer orientation – change in customer trends toward brand loyalty</i></p>
<p>4. Network Innovation</p> <p><i>To connect with other firms to create additional value to product offering</i></p>	<p>Innovative networking</p> <p><i>- High capability in establishing tourism-related partnerships to enhance the additional privileges of hotel loyalty program</i></p>	<p>Firm factor</p> <p><i>- Ownership structure – advantage of chain affiliation</i></p> <p>Market orientation</p> <p><i>- Customer orientation – customer focus</i></p>	<p>Innovative networking</p> <p><i>- Unable to establish tourism-related partnerships to enhance the additional privileges of hotel loyalty program</i></p>	<p>Firm factor</p> <p><i>- Ownership structure – disadvantage of independent and small local chain hotels</i></p> <p>Innovation networks</p> <p><i>- Lack of innovative partners or networks</i></p>

### **5.2.6 Results of Innovative Value Creation Capability of Small and Medium-Sized Hotels Toward a Dimension of “Better Accessibility and More Affordable” and the Key Factors’ Determining the Firms’ Service Innovation Capability**

This section firstly investigated the innovative value creation practices and that hotel managers have implemented to respond to mature travelers’ differentiation value drivers of “Better accessibility and more affordable” and examined their innovative capabilities. Then, the key factors influencing the firms’ service innovation capability were identified.

5.2.6.1 Innovative value creation practices of small and medium-sized hotels toward differentiation value drivers of ‘Better accessibility and more affordable’.

The interviewees were asked to identify their implementations of innovative value creation to meet mature travelers’ differentiation value drivers of ‘Better accessibility and more affordable’. The results from the semi-structure interviews with the owners/managers of small and medium-sized hotels toward their practices on innovative value creation in response to mature travelers’ differentiation value drivers were summarized in Table 5.11.

Based on the content analysis, numerous recurring themes were emerged to present the critical innovative practices of small and medium-sized hotels in response to differentiation value drivers of ‘Better accessibility and more affordable’. Table 5.5 listed the frequent themes and their corresponding frequencies. According to the framework of Keeley et al. (2013), the set of incidents was resulted in two types of innovation; channel innovation and product performance innovation.

1) Channel innovation. Within channel innovation, two themes of innovative practices were classified in technological innovation in external communication and innovative marketing.

*Technological innovation in external communication.* To aim at better accessibility to service providers. Innovative practices found in areas of communication with hotel personnel, options of online reservations, and online advertising.

*a. Communication with hotel personnel* - With the rise in technology, the internet is recent one of the most preferred in terms of communication. Respondents

asserts that technologically innovative channels of communication provided customers the ease of contracting service providers, at the same time, it allowed hoteliers to reach the customers. Since the large numbers of the world's population use social media to decide about their vacation destination, social media has emerged as a critical tool for the hotel business to communicate to their potential customers. Hotels utilized social media via platforms like Facebook or Twitter to provide opportunities for customer to seek assistance from anywhere and allowed customers express their opinions about their experience they had at the hotel, and hotels can gather and analyze customers' feedback to improve their service and create customer satisfaction. Besides, hotel website or email was another communication channel which customers can contact for service or assistance, as well as the traditional communication option like telephone. Respondents informed that some mature travelers preferred to reach the hotel by this traditional method because they prefer more human contact.

*b. Options of online reservations* - Various options of online reservations provide customers with better convenience and accessibility. Online booking web sites such as Agoda, Trip Advisor, Expedia, and many more now feature an option where customers can make a booking. From interview found that all sampling hotels considered online travel agents (OTAs) as the current most considerable and influential reservation channels to reach the customers, and the majority of them relied on this source of booking. All hotels accepted that they utilized all of the main online distribution channels since their potential customers were currently using them. Furthermore, hotel website was another familiarize reservation option which allowed customers with hotel direct contact and some hotels also allured the customers with the best special deals to encourage direct hotel booking. Social media was an alternative booking platform available in many hotels. Apart from using social media as communication or promotional channel, some hotels allowed customers to make their bookings via social media options. Besides, many chain hotels offered the hotel mobile application to allow customer to access hotel information, and be able to make a booking within a couple of thumb-touches without making a phone call. Additionally, certain chain hotels had their own in-house central reservation center or corporate website for direct booking. The system of central reservation allowed hoteliers to easily and prompt find the proper property for the customers they had on the phone. Corporate



website also allowed customers to choose their preferred property from their various options of chain hotel properties.

*c. Online advertising* - Many hotels conducted digital marketing by driving more direct bookings through their website, increasing brand awareness and providing customers easier to access their online information to reaching new and potential customers on a worldwide scale. Respondent mentioned that advertising hotel online was an important way to get their hotels' message out to the masses. From the interviews, ways to advertise included hotel search engine marketing (SEM), and social media marketing (SMM). Search engine marketing is a form of digital marketing that relates to the promotion of websites by rising their visibility in search engine outcomes pages via paid advertising. While, social media marketing is the utilizing of social media platforms to promote the hotels' products and services.

*Innovative marketing.* To aim at more affordable price, hoteliers adopted various types of pricing strategies as innovative marketing implementations.

*a. Pricing strategies* - Hotels use the strategic price as a tool to enhance profit and customer satisfaction. According to the hoteliers, dynamic pricing or pricing according to supply and demand, and launching promotion were the primary examples of pricing strategies which generally implemented in all sampling hotels. Besides, room packaging, price discounting, competitive pricing, and advantageous pricing for returning clientele also grew importance for hotel products offering by small and medium-sized hotels. However, pricing strategies of best price guarantee and special rate for specific segment like mature travelers were rarely found.

2) Product performance innovation. Within product performance innovation, a theme of innovative practices was found value-added to product and service, with two sub-group of innovative practices.

*Value-added to product and service.* To aim at offering more value for money, hoteliers adopted two types of innovative practices: brand reputation, and complimentary and privilege offerings.

*a. Brand reputation* - Respondents viewed that a positive brand reputation created customer loyalty as well as increased customer confidence in their brand, and felt good about purchasing their products and services. Award recognition or becoming an award-winning hotel was one of the ways that many hotels shaped their

brand reputation. Award recognition implied that hotels attempted to provide their customers with the exceptional level of service and facilities, and showed that hotels were as much more than an ordinary hotel but more customer experience and elevate from other competitors. Respondents perceived that brand reputation or award recognition could add value to hotel' product and service which create customers senses of value for money and self-esteem when patronizing their hotels.

*b. Hotel freebies and perks* - To provide the best possible value for money, many hotels added augmented benefits to price by offering complimentary and privilege services to customers. Examples of value-added services found in offering free upgrading to a higher room category, small gift or souvenir, availability of late check-out, complimentary in-room minibar, free in-house cooking class, complimentary drink and welcome fruit basket, free mobile phone service, complimentary pick-up and drop-off service, and so forth.

Table 5.11 Results of Innovative Value Creation Practices of Small and Medium-Sized Hotels toward Differentiation Value Drivers of “Better Accessibility and More Affordable”

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Channel innovation</i>	Technological innovation in external communication	Communication with hotel personnel	Social media	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Hotel website/email	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Telephone/fax	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
		Options of online reservations	Online travel agents (OTAs)	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Hotel website	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Social media	S1, S2, S3, S5, S6, M1, M2, M6, M8, M10
			Hotel mobile application Corporate website / central reservation	M1, M7, M8, M9, M10 S2, S6, M9, M10
		Online advertising	Search Engine Marketing (SEM)	S2, S4, M1, M2, M3, M4, M8, M9, M10, M11
			Social Media Marketing (SMM)	M1, M2, M3, M4

Type of Innovation	Themes of Innovative Practices	Innovative Practices	Items	Key Informants
<i>Channel innovation</i>	Innovative marketing	Pricing strategies	Dynamic pricing	S1, S2, S3, S4, S5, S6, M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11
			Launching promotion	S1, S2, S4, S5, S6, M1, M4, M6, M7, M8, M9, M10, M11
			Room package	S1, S2, S3, M1, M2, M3, M4, M8, M9
			Price discounting	S2, S6, M1, M2, M5, M6, M8, M10, M11
			Competitive pricing	S3, S4, S5, S6, M2, M7, M8
			Advantageous pricing for returning clientele	S1, S2, S3, S4, S5, M10
			Best price guarantee	M8, M9
<i>Product performance innovation</i>	Value-added to product and service	Brand reputation	Special rate of seniors	M3, M6
			Awards and recognition	S1, S2, S3, S5, M1, M2, M3, M6, M8, M9, M11
		Hotel freebies and perks	Complimentary and privilege offerings	S6, M1, M2, M3, M4, M8

5.2.6.2 Innovative value creation capability of small and medium-sized hotels toward differentiation value drivers of 'Better accessibility and more affordable' and the key factors' determining the firms' service innovation capability

After the innovative value creation practices had been explored, this section investigated their innovative capabilities. To measure innovative value creation capability, the researcher decided to rank the data from 0 to 1 innovation point, whereby 0 point mean *not to innovate activity* and 1 point for *innovative activity*. In this study, a hotel with high frequency of activities could gain more innovation points. Then, the researcher classified the respondents into two groups. The respondents with the above of mean scores were categorized as a group of high capability, if under, they labeled as a low capability group as shown in Table 5.12.

From Table 5.12 displays the innovative practices of small and medium-sized hotels toward differentiation value drivers of 'Better accessibility and more affordable'. The samplings were categorized into two groups; a group of higher capability and a lower capability according to their innovative activities. To attain differentiation value drivers of 'Better accessibility and more affordable', the results found two main elements of innovation were identified: channel innovation and product performance innovation. The hotels conducted channel innovation under themes of technological innovation in external communication to provide customers with better accessibility to service provider, and implement the innovative marketing to offer customer with more affordable price. Whereas, product performance innovation were found in a themes of value-added to product and service to contribute to provide a better sense of more affordable or value for money. The qualitative results were identified under each innovative activity and presented visually in a form of percentage to clarify the innovative activities performing by small and medium-sized hotels.

Table 5.12 Results of Innovative Value Creation Capabilities of Small and Medium-Sized Hotels toward Differentiation Value Drivers of “Better Accessibility and More Affordable”

		Channel Innovation										
		Technological Innovation in External Communication										
		Small and medium-sized hotels										
		Social media	Hotel website/email	Telephone/fax	Online travel agents	Hotel website	Social media	Hotel mobile application	Corporate website/central reservation	Social Media Marketing (SMM)	Search Engine Marketing (SEM)	Total
Higher capability	M1	●	●	●	●	●	●	●	●	●	●	9
	M10	●	●	●	●	●	●	●	●	●	●	9
	S2	●	●	●	●	●	●	●	●	●	●	8
	M2	●	●	●	●	●	●	●	●	●	●	8
	M8	●	●	●	●	●	●	●	●	●	●	8
	M9	●	●	●	●	●	●	●	●	●	●	8
	S6	●	●	●	●	●	●	●	●	●	●	7
	M3	●	●	●	●	●	●	●	●	●	●	7
	M4	●	●	●	●	●	●	●	●	●	●	7
	M5	●	●	●	●	●	●	●	●	●	●	7
Lower capability	S1	●	●	●	●	●	●	●	●	●	●	6
	S3	●	●	●	●	●	●	●	●	●	●	6
	S4	●	●	●	●	●	●	●	●	●	●	6
	S5	●	●	●	●	●	●	●	●	●	●	6
	M6	●	●	●	●	●	●	●	●	●	●	6
	M7	●	●	●	●	●	●	●	●	●	●	6
	M11	●	●	●	●	●	●	●	●	●	●	6
	M5	●	●	●	●	●	●	●	●	●	●	6
	M1	●	●	●	●	●	●	●	●	●	●	5
	M10	●	●	●	●	●	●	●	●	●	●	5
		17	17	17	17	17	10	3	4	3	10	5

		Channel Innovation									
		Innovative Marketing									
		Small and medium-sized hotels									
		Dynamic pricing	Launching promotion	Room package	Price discounting	Competitive pricing	Advantageous pricing for returning clientele	Best price guarantee	Special rate for seniors	Total	
Higher capability	M8	●	●	●	●	●	●	●	●	●	6
	S2	●	●	●	●	●	●	●	●	●	5
	S4	●	●	●	●	●	●	●	●	●	4
	S5	●	●	●	●	●	●	●	●	●	4
	M2	●	●	●	●	●	●	●	●	●	4
	M6	●	●	●	●	●	●	●	●	●	4
	M9	●	●	●	●	●	●	●	●	●	4
	S1	●	●	●	●	●	●	●	●	●	4
	S3	●	●	●	●	●	●	●	●	●	4
	S6	●	●	●	●	●	●	●	●	●	4
Lower capability	M1	●	●	●	●	●	●	●	●	●	4
	M10	●	●	●	●	●	●	●	●	●	4
	M3	●	●	●	●	●	●	●	●	●	3
	M4	●	●	●	●	●	●	●	●	●	3
	M5	●	●	●	●	●	●	●	●	●	2
	M11	●	●	●	●	●	●	●	●	●	3
	M7	●	●	●	●	●	●	●	●	●	3
	M1	●	●	●	●	●	●	●	●	●	4
	M10	●	●	●	●	●	●	●	●	●	4
	M3	●	●	●	●	●	●	●	●	●	3
		17	13	9	9	7	6	2	2	2	3

		Product System Innovation			
		Value-added			
		Small and medium-sized hotels			
		Awards and recognition	Hotel freebies and perks	Total	
Higher capability	M1	●	●	2	
	M2	●	●	2	
	M3	●	●	2	
	M8	●	●	2	
	M9	●	●	2	
	S1	●	●	1	
	S2	●	●	1	
	S3	●	●	1	
	S5	●	●	1	
	M6	●	●	1	
Lower capability	M11	●	●	1	
	S6	●	●	1	
	M4	●	●	1	
	S4	●	●	0	
	M5	●	●	0	
	M7	●	●	0	
	M10	●	●	0	
			11	7	0

### 1. Channel innovation

In this study, channel innovation was adopted for two main purposes included to offer better accessibility to the service provider and to provide more affordable price.

First, to offer customers with better accessibility, information communication technology was adopted to enhance the customer responsiveness and satisfaction through offering convenience and ease in reaching the service provider. In this context, channel innovation refers to how the product/service offerings are delivered to customers.

To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product performance innovation, the results in Table 5.12 found that among 17 sampling hotels, 9 of them were above of mean scores categorized as a high capability group, while another small group of 8 hotels with under mean scores were classified into a lower capability group. The innovative value creation capability was displayed according to the theme of technological innovation in external communication.

*Technological innovation in external communication.* In this context of study, technological innovation in external communication aimed at offering customers with better accessibility to the service provider through the implementation of technologically innovative channels of communication. The superior practices reflected in the high scores of innovative technology adoptions in a higher capability groups (see Table 5.12). Under this theme, the findings found that innovative technological communication was largely adopted among hoteliers as an innovative channel of external communication. The higher capability group were well performed in three areas of communication with hotel personnel, options of online reservations, and online advertising.

As for communication with hotel personnel, the findings found that all hotels had high ability in providing various platforms of communication and revealed that social media, hotel website/email, and telephone/fax were totally employed by all 100% of sampling groups in both of the higher and lower capability groups. For social media, it became a vital for hotel business which provide platforms to globally reach the customers. It also provided hoteliers the opportunity to communicate and build their

customer relationships as well as to strengthen their hotel's online reputation. Variety forms of social media were utilized by hotels to enhance their communication platforms to provide customers with more channel of communication. Furthermore, some hotels employed live chat program or instant messenger applications to offer customers with faster responding. Apart from social media, other forms of electronic communication or e-communication also generally utilized, for example, hotel website/email, telephone/fax as another alternatives for customers who may not comfortable with the social media.

*“Recently, social media become one of the most cost-effective e-marketing tools to allow us to reach the customers and serves as a convenient communication channel. And it also greatly increases our brand recognition because it allows us to engage with a broad audience of customers.”*  
(Interview informant S6, M5)

*“It is a great satisfaction for customers from receiving an immediate reply from one of their comments on the hotel Facebook or website. It means not only that you care about their inquiries and opinions, but it also shows your hotel as a responsive and efficient service provider, and significantly, to hotels this means guarantee reservations.”* (Interview informant S2)

Besides, most hotelier also well performed in providing more options of online reservations which fostering to more convenient and accessible for customers. 100% of hoteliers utilized online travel agencies or OTA as their major external sources of online booking. While the hotel website also employed by 100% of hoteliers, and it functioned as another main internal source of reservation to stimulate direct booking. For the booking sources of social media and hotel mobile application were applied by some hotels, these innovative communication channels allowed customers to be more convenient to book their room on their mobile device. Then, corporate website or central reservation call center were widely implemented among the chain hotels to provide the convenient for customers to choose and book the room from their preferred property.

*“Social media influences the customer's decision making and reservation process, since they start to plan their trips by utilizing a search engine, search on social media for travel motivation and reading online comments and reviews. Therefore, social media is one of an essential marketing tool for the hotel.”* (Interview informant S1, S6, M1)



*“OTAs makes travelers easy find the information about hotels and then do the booking. Many customers prefer to make the hotel booking through the popular OTAs such as TripAdvisor, Expedia, Agoda and more. And now this channel become our most crucial source of reservation.”*  
(Interview informant S1, S4, S5, M2)

In addition, most hoteliers generally employed the online advertising to leverage benefits on the online channels since more customers increasingly surfed online for their information and purchases. Online advertising helped hoteliers to reach customers by promoting the marketing message to customers using the internet through various platforms such as Google, Facebook, Instagram, hotel individual online sites, and so forth. The most popular types of online ads using by nearly 90% of respondents was the search engine marketing or pay-per-click, and the social media marketing was also employed by some hotels.

*“There are a number of travelers, including mature travelers using the internet to browse search engines and social media, search for hotel, and make decision for purchasing. To reach the most customers possible, the hotel needs to invest in online advertising.”* (Interview informant M3, M4)

As regard to the factors influencing the innovative value creation capabilities relating to channel innovation under a theme of technological innovation in external communication, the enabling factors which frequently cited by most of hoteliers can be identified into four main aspects as follows:

The ownership structure was one of the considerable enabling factors mentioned by most respondents. Under the chain affiliation, the hotel members could leverage chain benefits such as centralized management of marketing activities and common reservation system implemented for the chain members. By leveraging these resources, it enabled hotels to operate the technological communication more cost-effective.

Next, most respondents mentioned the importance of customer orientation. Customer focused toward trends and behaviors were resulted when selecting effective channels of innovative technological communication to best respond to customer needs. To illustrate, changes in customer habits as increasing in use of the Internet allowed hotelier to focus on e-communication channels and innovative communication

technology to enable the prompt response of communication with customers. This incident was evidently supported by respondents as follows.

*“...customer service texting is now trending in hotel tech as a result of the customer behavior in preferring text strangers than call them.” (Interview informant M9)*

*“Nowadays, customers require an instant reply as 24/7 service staff and easily accessible to information on various digital channels. Consequently, artificial intelligence enabled communication and provide quick respond to enhance customer service.” (Interview informant M1)*

*“Hotels have to turn into the online world if we want to catch up with the customer’s trends. When customers change the way they communicate, hoteliers need to follow and adapt to that changing environment.” (Interview informant S6)*

In addition, the competitive orientation was viewed as a factor arousing initiatives. Dramatically rising of competition among the hotel industry forced hoteliers to survive by differentiate themselves by adopting e-innovation via technological communication channels that the customers had higher rate of adoption into their operations to reach out to the customers.

*“As a hotel manager, we do not just only to service customers, manage rooms occupancy and pricing. But we are now also anticipated to compete for customers in new digital communication that emerge today.” (Interview informant S6, M5)*

*“To stand out from the competition, we need to continuously keeping in pace with the latest digital trends and customer behaviors. The understanding of digital trend and customers will enable us to effectively manage our online marketing and provide the best possible results for our hotel.” (Interview informant M1)*

Technological development was mentioned by respondents in the role that changing the way hotels to market and operate their business, the innovation in technological communication provided more choices about the channels to deliver their products as well as to provide customers with more service responsiveness. Advancement of technology enabled hoteliers to implement the new and variety of technological communication channels with more practical and affordable. Technology is considered as one of the most vital components of enabling a hotel a competitive advantage over competitors.

*“Hoteliers now are increasingly looking to the new technologies to improve and increase efficiency as well as personalize customer service.” (Interview informant S6, M10)*

*“...for example, we utilize the Channel Manager software to monitor and control over the hotel room inventory. With this system, it enables us to operate the business effectively with more cost-effectiveness, and allows us to compete with OTAs and other large hotels.” (Interview informant S1, S5)*

As for the lower capability group, on the contrary, the results found that this group had lower ability to perform channel innovation under the theme of technological innovation in external communication only in certain areas. Actually, this group also relatively well-performed similarly to the higher capability group in relation to providing various communication channels to hotel personnel, and had ability to offer options of online reservations but just not found in much more variety of alternate options like the other one. However, the innovative implementations in conducting online advertising to provide customer with easier to access to their online information were seldom found among this group.

From the interviews found that the most mentioned obstacle that influenced on their abilities of delivering technological innovation in external communication was the ownership structure. Foremost, most of respondents viewed the ownership structure had effects on their innovative capability. Disadvantage of independent ownership structure reflected in lacking economies of scale, and especially when conducting more options of online reservations via OTAs, it costed hoteliers for a large amount of commission. Additionally, when encouraging direct bookings, focusing on various communication channels like mobile app, social media, or hotel website, as well as online advertising also involved with cost, labor, time, and resources consuming. Moreover, independent and small local chain hotels had experience difficulties to compete to win customers to book direct reservation instead of booking through large hotel chains and OTA.

*“As a small hotel, we have the time or resources limitations to become online marketing experts, particularly when the online marketing scenery is always constantly changing.” (Interview informant S3, S5, M4)*

In addition, to foster customers with ease of contacting service providers, some hotels are doubtful to allow their service staff to use mobile devices as a communication tools among staff and to facilitate customer service because they believed that staff might took their time playing with their social media, rather than concentrating on their daily tasks.

*“We are not allowing our employees to use their mobile phone during their work as they might not focus on their work or use it for checking their Facebook status or chat with their friends.”*  
(Interview informant S2, S4)

By the way, in this study, channel innovation was also adopted for another purpose of providing customers with more affordable price and value for money.

To offer customers with more affordable price and value for money, channel innovation was implemented to best deliver hotel products offering to the customers. To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to channel innovation, the results in Table 5.12 found that among 17 sampling hotels, the majority of the group or 12 of them were above of mean scores categorized as a high capability group, while another smaller group or only 5 hotels with under mean scores were classified into a lower capability group. The innovative value creation capability was displayed according to the theme of innovative marketing.

Innovative marketing. In this context of study, innovative marketing aimed at better in delivering hotel product offerings to customers with through utilizing of the strategic pricing. The strategic pricing served as a tool to enlarge firm's profit and customer satisfaction by setting a product's pricing grounded on the product's value to the customers. The superior practices reflected in the high scores of innovative marketing adoptions in a higher capability group (see Table 5.12). Under this theme, the findings found that innovative marketing was largely adopted among hoteliers as the channel innovation. The higher capability group were well performed in most areas of strategic pricing.

By the way of illustration, strategic pricing was adopted in various form of strategies. It was found that dynamic pricing was the most popular among 100% of hotelier to adopt, followed by launching promotion which contained more that 80% of

this group, then, room package, price discounting, competitive pricing, advantageous pricing for return guest, best price guarantee, and special rate for seniors, respectively. These innovative marketing implementations showed the ability of this group in applying a wide range of pricing strategies as a value creation to provide the most valuable products to the customers at the best price as well as the capability to capture customer value and turn it into stakeholder value, that is, the product's value to the customers or customer satisfaction and firm's profit.

*“For hoteliers, increasing revenue is a most priority, and to attain this goal generally needs the right strategic pricing, at the right time. Actually, creating room rate alternations based on customer demand and segmentation including other factors. This can be the path way to business success.” (Interview informant M8)*

As for the factors influencing the innovative value creation capabilities relating to channel innovation under a theme of innovative marketing, the enabling factors which frequently cited by most of hoteliers can be identified into three main aspects as follows:

The ownership structure was one of the considerable enabling factors mentioned by most respondents. Being under chain affiliation, advantages of branded chain hotels included economies of scale, centralized management of marketing activities and clearly defined process, and share of loyal customers. This fostered chain members possibly conduct effective innovative marketing by leveraging the shared knowledge and advantages of chain affiliation.

For independent hotels, hoteliers had greater extension for creativity without standardized brand instructions which may not fit in their local market environment. Besides, as a benefit of small size, it allowed them greater freedom on distribution and business strategies which enabled them more proactive in innovative marketing strategies.

The next factor related to customer orientation. Most hotelier emphasized the importance of understanding the customer as a key of success. To attain effective pricing, hoteliers need to apprehend the customer behavior and trends by segment, thus, they could build their room price appropriately to target customers under the demand-

based approach. Furthermore, this study found that most hoteliers emphasized on the customer-based strategy which pricing the room rate based on customer perceived value. This strategy enabled hoteliers to enhance both profit as well as customer satisfaction. Significantly, to research on what a customer would be willing to pay allowed hoteliers to better reach about their customers to effectively create the hotel product's value and increasing hotel profit at the same time.

*“When the customer definitely requires what you offer, they do not concern about your price. They concern more about the hotel product's value and benefit that you can offer to their lives.”*  
(Interview informant S5, M6)

The competitive orientation was also referred by many hoteliers as one of the significant factors enabling innovative marketing. Being competitively aware was emphasized by respondents when pricing their rooms to find out what rates their competitor offered. Hoteliers did not agree in reducing the room rate to compete with competitors as it would lead to the price wars. Competitive awareness allowed hotelier to see whether they could attract customers with the better pricing and deals. To observe the competitors could be a part of what fostered hoteliers' strategic decision-making process toward their pricing.

*“Monitoring the competitors allow us to observe when they increase or decrease their room price and how often they offer. We have to compare our rates with their rates and find out what we can offer value to our customers. This enables us to understand what a customer is currently paying and how much they are willing to pay.”* (Interview informant S5)

*“Keeping an eye on competitors is considerable, but they could make mistakes in their own pricing. To recognize what your customers value and offer them appropriately rather than competing on price with competitors”* (Interview informant S4, S5)

On the flip side, as for the lower capability group, the results found that this group had lower ability to perform channel innovation under the theme of innovative marketing in implementing more options of pricing strategies. This group contained only 30% of overall sampling group which are the minority. Actually, this lower capability group had well performed similarly to the higher capability group in

implementing dynamic pricing, and launching promotion. But it was rarely found other forms of innovative marketing activities among this group.

From the interviews found that the most mentioned the restriction that limited their ability of innovative pricing strategies was the ownership structure. 80% or the 4 of 5 respondents among the lower capability group commonly cited the disadvantage of independent ownership structure. Disadvantages of local independently owned hotels such as lower sale volume or lacking of economies of scale, resources restrictions influenced on effectiveness of innovative pricing strategies. Therefore, most of them were largely and totally relied on OTA channel. To be effective strategic pricing, it involved with certain marketing and communication activities which largely costed hoteliers for cost, time, labor, and resources consuming. Additionally, hoteliers found pricing challenging because they lacked a systematic process to translate inputs such as the customer value, costs, strategic objectives as well as competitor pricing into the right price.

*“The right pricing is considered challenge, sometimes we arose with prices which we thought it would be worked. But in fact, just only “gut feeling” is not a bright choice when concerning about the pricing.” (Interview informant M11)*

## 2. Product performance innovation

To offer customers with more affordable price and value for money, product performance innovation was adopted to enhance the customer experience and satisfaction through offering value-added to products and services. In this context, product performance innovation refers to the product with distinctive features of offerings. That is, the capability to use hotel distinctiveness or value as a value-added hotel's product to heighten the customer satisfaction and experience.

To evaluate innovative value creation capabilities of small and medium-sized hotels in relation to product performance innovation, the results in Table 5.12 found that among 17 sampling hotels, 13 of them were above of mean scores categorized as a high capability group, while another small group of 4 hotels with under mean scores were classified into a lower capability group. This implied that the majority of samplings or 76% had high capability in implementing product performance

innovation. The innovative value creation capability was displayed according to the theme of value-added to products and services.

*Value-added to products and services.* In this context of study, value-added to products and services aimed at offering customers with a better sense of affordability and value for money through adding hotel's distinctiveness or value-added privileges to enhance the customer experience and satisfaction. The superior practices reflected in the high scores of innovative practices in a higher capability group (see Table 5.12). Under this theme, the findings found that most hotels attempted to create differentiation by leveraging hotel distinctiveness to enhance value to hotel products and services. The higher capability group were well performed in two areas of creating brand reputation and complimentary and privilege offerings.

As for creating brand reputation, the findings revealed that 85% of respondents in the higher capability group received numbers of hotel excellent awards and recognition in their distinction of service. Labelling and certifying from related tourism and hospitality organization could support hotels in enhancing their business competitiveness. Importantly, brand reputation and award recognition were perceived by hoteliers as hotel's distinctiveness to guarantee their superior of hospitality service which could be added value to hotel's product and service to create customer senses of value for money and self-esteem when patronizing hotels.

*"A positive brand reputation and awards can increase the customers' confidence in our brand and feel good about purchasing our products and services." (Interview informant S1, S3, M6)*

Next, offering hotel freebies and perks through complimentary and privilege offerings were aimed offering customers with the best value for money. Many hotels added augmented benefits to price by offering free privileges such as free room upgrading, gifts or souvenir, complimentary in-room minibar, late check-out, and so on. These privileges offer customer with personalized and extraordinary service and lead to a better sense of value for money.

*"Providing customer with a little freebie can help attach customers to the hotel brand. Offering complimentary service is considered as an effective strategy to provide customer service which*



*make customers feel value of money they spent and when they go home, they will tell their friends about or share on the social media.” (Interview informant S6, M9)*

Regarding to the factors influencing the innovative value creation capabilities relating to product performance innovation under a theme value-added to products and services, the enabling factors which frequently cited by most of hoteliers can be identified into four main aspects as follows:

The ownership structure was one of the considerable enabling factors mentioned by most respondents. As for independently owned hotels, owners/managers stated independent hotels had their own autonomy. They had freedom in their operation and be quickly adapt to changing market circumstances. This enabled them for creativity in creating unique and exceptional customer service and experience. Besides, owners/manager also mentioned that the hotel which was own-managed impacted positively on their business.

*“As a hotel owner, since we are actively running of our business on a day-to-day basis, this provides us a competitive advantage”. (Interview informant S3)*

Additionally, most of the respondent stated that staff were an influential success factor in hotel service operations. It was the staff who engaging in the services in hotel and led to the overall guest experience and satisfaction, hence all hoteliers perceived their staff to be crucial to their operations. Earning awards showed that hotels and staff put their efforts to provide customers with the best possible exceptional level of service and amenities.

*“Staff are a critical component of the service operation to deliver customer service to the standard expected”. (Interview informant M6, M9, M11)*

Furthermore, all of respondents mentioned the importance of customer orientation. Customer focus or customer care was considered to be critical for repeating business and retaining customers. The respondents perceived this factor to be important since a hotel industry where customers were eminent. To emphasize on strong customer focus, it fostered to meet what customer needs, and bring hotel positive customer feedbacks which enhance hotel reputation and encourage referrals.

*“Customer care is the crucial component of our service operations as it allows us to getting closer to what our customers need and responds them. It can use as a tool to encourage loyal customers and referrals”. (Interview informant M1)*

On the other hand, for the lower capability group, the results found that this group had low ability to perform product performance innovation under the theme of value-added to products and services in implementing brand recognition and complimentary and privilege offerings. This group contained only 23% of overall sampling group which are the minority. The results revealed that the implementation of innovative value-added to products and services was not found among this group.

From the interviews found that the most mentioned the restriction that limited their ability of innovative practices was ownership structure. As the disadvantage of being independently owned hotel, this limited hotel’s capability to create additional value-added benefits to customers. Since implementing complimentary or privilege offering resulted the hotel in rising cost of expenses, time and labor consuming which required hoteliers carefully focus on cost containment to balance the business.

*“Freebies are good for customers, but they also come with the cost, things that do not always involve customers’ bills” (Interview informant S4)*

Furthermore, small volume of customers in small independent hotels reflected their disadvantage in economies of scale which made them less attractive when encouraging other business company to establish innovative partners or networks.

The results of innovative value creation capability of small and medium-sized hotels toward a dimension of “Better accessibility and more affordable” and the key factors’ determining the firms’ service innovation capability were summarized and grouped as displayed in Table 5.13.

Table 5.13 Summary of Innovative Value Creation Capability of Small And Medium-Sized Hotels toward a Dimension of “Better Accessibility and More Affordable” and the Key Factors’ Determining the Firms’ Service Innovation Capability

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
1. Channel innovation <i>1.1 To best deliver the product/service offering to provide customers with better accessibility to the service provider</i>	Technological innovation in external communication <i>- high capability to provide better accessibility to the service provider through implementing of providing various forms of communication channels, more options of online bookings, and online advertising</i>	Firm factor <i>- Ownership structure - advantage of chain affiliation (more cost-effective)</i> Market orientation <i>- Customer orientation – customer focus</i> <i>- Competition orientation – threat of rivals</i> Other external factor <i>- Technological factor – technological development</i>	Technological innovation in external communication <i>- Low capability to provide better accessibility to the service provider through implementing of providing more options of online bookings, and online advertising</i>	Firm factor <i>- Ownership structure – disadvantage of independent hotel</i> Employee factor <i>- Employee engagement – underutilize of employee-facing technology ability</i>
<i>1.2 To best deliver the product/service offering to provide customers with more affordable price and value for money</i>	Innovative marketing <i>- high capability to implement various alternatives of strategic pricing which based on the customer value</i>	Firm factor <i>- Ownership structure - advantage of ownership structure (chain and independent management)</i> Market orientation <i>- Customer orientation – customer focus</i> <i>- Competitive orientation – competitive awareness</i>	Innovative marketing <i>- low capability to implement various alternative of strategic pricing which based on the customer value</i>	Firm factor <i>- Ownership structure – disadvantage of independent hotel</i>

Elements of Innovation	Higher capability group		Lower capability group	
	Areas of well perform	Enabling Factors	Areas of less perform	Unable Factors
2. Product performance innovation <i>To utilize hotel's distinctiveness or value as a value-added hotel product to provide customers with more affordable price and value for money</i>	Value-added to products and services <i>- High capability in adding distinctiveness of hotel reputation and value-added privileges to hotel products and services</i>	Firm factor <i>- Ownership structure – advantage of independent management</i> Employee factor <i>- Employee engagement – engaging staff in service operations</i> Market orientation <i>- Customer orientation – customer focus/customer care</i>	Value-added to products and services <i>- Low capability in adding distinctiveness of hotel reputation and value-added privileges to hotel products and services</i>	Firm factor <i>- Ownership structure – disadvantage of independent hotels</i>



## 5.4 Discussion of Data and Research Results

The chapter 5 purposes to answer the research question 3. This section displays the finding results with a discussion regarding to the research questions as follows.

*Research question 3: What are the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and what are the key factors determining the firm's service innovation capability?*

The finding results with a discussion were described according to dimensions of differentiation value drivers.

### 5.4.1 Discussion in Responding to Research Question 3 Regarding to Differentiation Value Drivers of “Better Health and Security”

*Research question 3.1: What are the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers of “Better health and security” and what are the key factors determining the firm's service innovation capability?*

To answer the research question 3.1, semi-structure interviews were conducted to study the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers of “Better health and security” and the key factors determining the firm's service innovation capability.

To attain the differentiation value drivers of “Better health and safety”, the set of innovations was implemented to create differentiation value to mature travelers which consisted of process innovation and product performance innovation according to the framework of Keeley et al. (2013).

5.3.1.1 The innovative value creation capability in terms of process innovation and the key factors determining the firm's process innovation capability

*a) The innovative value creation capability in terms of process innovation*

In this study, first, process innovation was adopted to generate superior methods for doing task to deliver better senses of health and security. Innovative process management was labeled as a theme of process innovation practices. From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capability to product superior methods of performing task to aim at better health and security of mature travelers.

This group had a high level of capability in implementing *innovative cleaning* through the implementations of quality assurance and eco practices aimed at increasing efficiency and productivity of cleanliness and hygiene outcomes. Since the importance of cleanliness had been underlined by numerous studies as the most desired hotel value drivers that influence mature travelers when selecting an accommodation (Anuar et al., 2017; Caber & Albayrak, 2014), cleanliness is a critical hotel attribute which adds value to the hotels and reflects their image and reputation. Besides, eco practices in housekeeping by utilizing eco-friendly amenities and practices also perceived as one of the most sensational trends in hotel housekeeping (Singh, 2015b). Keep upgrading hotel cleanliness and eco-practices can foster hoteliers to meet the customers need not only for mature travelers, but means for other customers as it becomes a global trend that more and more customers focus on eco-friendly issues.

Next, *innovative kitchen operating* was distinctive among the high capability group. Food service technology was implemented to ensure the cuisine quality assurance aiming at better health and sanitation. Implementing of innovative kitchen operating can best serve the needs of mature travelers in terms of health and sanitation. Since the current mature travelers become more health-conscious (Vojvodic, 2015a). Increasing the age made them less resistant to disease and more vulnerable. Consequently, cleanliness and hygiene were critical to them.

In addition, high capability in *innovative sourcing* of the hotels help to source the products with distinctive characteristics that can add value to hotel's product

offering or facilitate hotel's working activities more efficiency. As for sourcing sustainable products, it involves social and environmental aspects into consideration parallel to financial issues in making sourcing decisions. Sourcing sustainable products provide hoteliers benefits in reducing the unhealthy impact of pollution and waste, minimizing hazardous substances on health and environment, and importantly, encouraging innovation (United Nations, 2012). For sourcing of premium products and brands, this implementation is not only resulted in enhancing mature travelers' satisfaction in terms of quality of product providing, but also helps hoteliers to differentiate their hotel's product offerings from their competitors. Moreover, hoteliers will be able to charge a premium price for their products as well.

Besides, *innovative security patrolling* was largely well performed by most of sampling hotels in adopting security technology equipment to ensure safety and security to customers during their stay. Nowadays, because of crimes and terrorism, mature travelers prioritize the safety and security concerns when selecting a hotel. The study of Anuar et al. (2017) found that majority of mature travelers did safety research on the hotels before finalizing their hotel selection. Hence, it is necessary for hoteliers to emphasize and keep upgrade their safety and security implementation in their property to proving mature traveler's differentiation value drivers that make them feel more comfortable safety and security.

On the other hand, the lower capability group was less performed in four aspects of innovative process innovation. To illustrate, this group totally less performed in innovative kitchen operating and innovative sourcing. As for innovative cleaning and innovative security patrolling, this group less perform in only certain areas. For innovative cleaning, the lower capability found in areas of implementing standard quality assessment and ability to utilize new approaches of cleaning techniques, while innovative security patrolling found under capability in an area of conducting safety procedures. These findings further discussed in the session of the factors influencing firm's abilities.

*b) The key factors determining the firm's process innovation capability*

From the results, factors supporting the firm's process innovation capability can be grouped into five key factors including firm factor, innovative management, employee factor, market orientation, and innovation networks. For firm factor, advantages of ownership structure were mentioned in both ways of chain and independent management. By the way of illustration, experiences of chain operation and its support of knowledge sharing, standard operation or guidelines, as well as monitoring procedures can nourish the chain members efficiency and effectiveness of firm's innovative capability. Whereas being independent hotels allows owners/managers the flexibility to initiate superior process of their work to create more service customization to meet the customers' demand. These findings are in accordance with Getz and Carlsen (2005) that forms of management influence on the potential of organizational innovation. Next, the advantage of small sized hotels with limited and enclosed space allow hotels to better control the accessibility to the hotel and easy to monitor in areas of property. With this advantage of size, it enables hoteliers to best meet mature travelers regarding to their safety and security needs.

Regarding to the factor of innovative management, the results found the management support through sufficient resources related to process operation such as budget, equipment, technologies, and initiative policies resulted in the ability of organization in process innovation. This can confirm the crucial role of management support in innovation efforts according to De Jong et al. (2003). As for the employee factor, hotels tried to engage their employees by providing training and knowledge sharing. These implementations are able to increase staff's abilities which foster innovative efforts within a hotel (Grissemann et al., 2013). Next, market orientation in terms of customer orientation and competition orientation also played significant role in stimulating process innovation in attempting to reach customer needs. The importance of the customer orientation in hotel industry was empirically confirmed by Sundbo et al. (2007). The customers' behaviors, needs, and motives are positive factors of back-office innovation. By the same token, competitor comparisons can bring hotels to be better and more distinct from their competitors (Akman & Yilmaz, 2008). Lastly, the study found that firm's ability to form innovative networks enables hotels to utilize external resources to enhance their effectiveness of process innovation in facilitating



product/service differentiation offerings, which agreed with (Tejada & Moreno, 2013) that collaborative networks positively impacted on firm's innovation capability.

On the other hand, as regard to factors hindering the lower capability group from innovative process management, ownership structure was the issue mentioned by hoteliers. As every coin has two sides, the ownership structure for chain and independent management also had its disadvantages. The study found that being independently-owned hotels, limitations of organization resources such as fund, knowledges, manpower, technology, suppliers lead to the possibility of management support in innovative policy resulted in firm's innovative capability which evidently confirmed with the findings of Wan et al. (2005) that lacking of firm resources impacted on failure of innovative implementation. This can evidently support the findings of why this group had lower capability in innovative housekeeping, innovative cuisine, and security innovation because of cost restriction and resources. For chain management, standardization of chain hotels can limit hotel members' freedom and creativity in initiating new ideas. Since the chain standardized operations lead to lack of diversity, hinder members from personalizing their hotels and adapting to local environment.

Next, lacking of innovation networks are considered as a factor which restricted hoteliers especially small independent hotelier to perform innovative process management. Absence of economies of scale and underutilizing of economies of scope hindered their opportunity to attract business partnerships and had a lower bargaining power to suppliers. Therefore, hoteliers should form their own networked partnerships as a set of independent hotels joining together for mutual benefit from the relationship by sharing each other skill, knowledge, resources, and strengthen their bargaining power toward suppliers. Furthermore, the external factor of law and registration of the building control act also perceived as an important obstacle for the hotels with historical buildings in reinvent their building structure to facilitate universal design building. This hinders them in responding to mature travelers or disable customers' physical needs in terms of basic infrastructure such as installing elevator or enlarging space of hotel buildings.

5.3.1.2 The innovative value creation capability in terms of product performance innovation and the key factors determining the firm's product performance innovation capability

*a) The innovative value creation capability in terms of product performance innovation*

In this study, product performance innovation was adopted to offer distinctive product offerings aiming at better health and safety. Innovative designed product was labeled as a theme of product performance innovation practices which resulted in two approaches including health and gastronomic cuisine and comfort and sleep-friendly bedroom.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities in developing distinctive values of hotel product offerings through health and gastronomic cuisine and comfort and sleep-friendly bedroom.

Firstly, the innovative value creation capability of higher capability group reflected in their implementation of *health and gastronomic cuisine* which aimed at offering better health dietary options and gastronomical experience. Since the current mature travelers resemble not to accept physical deterioration and have attempted to improve their physical looks and had increasing in health awareness. When they are on vacation, they also looking for healthier food options (Hudson, 2010). Firm capability in offering vary choice of value-added health dietary products can reach this aging cohort's personalized demand. Besides, implementing of health and gastronomic cuisine by creating added-value through the storytelling combined with the image of exotic oriental food and its nutrition, and the gracious royal Thai cuisine, cordial mom's recipes, or even the excellence award recognition, were perceived as innovative value-added products which heightened mature travelers' health and gastronomical experiences. This also supported by Lehto et al. (2002) that mature travelers seemed to unanimously value the local cuisine and new foods. Since this segment now is placing more important on authenticity and experiences when traveling (Hudson, 2010), hence, such innovative cuisine can well respond to mature traveler's trends and needs.

Besides, with innovative designed product, this group also had high capability in creating *comfort and sleep-friendly bedroom* to comfort customers with distinctive hotel attributes to attain better product personalization. Innovative product design in this study reflected that the attempting of hotels to build supportive environment of sleep quality. According to Huber et al. (2018) emphasized the difficulty of mature travelers in terms of sleep disorder which is a common dilemma among this cohort. As a result, hotels' ability to provide the supportive environment of sleep and comfort can directly respond to mature travelers' health related quality of life.

In contrast, the lower capability group had lower capabilities in developing distinctive hotel's product customization suit to customer needs. This group less performed the innovative designed product in both areas of health and gastronomic cuisine and *comfort and sleep-friendly bedroom*. These findings further discussed in the session of the factors influencing firm's abilities.

*b) The key factors determining the firm's product performance innovation capability*

From the results, factors supporting the firm's product performance innovation capability can be grouped into four main factors including firm factor, innovation management, employee factor, and market orientation.

For firm factor, it was found that advantages of ownership structure for chain affiliation reflected in the possibility in sharing resources and activities among the chain members. The chain hotel can benefit from know-how, best practices, and guidelines from their chained-brand hotels which enabled them easier to conducting innovation. While small independent hotels can benefit from their freedom to innovate and lack of standardization control which allow them be able to initiate products/service with more customizable. In this study, innovation management regarding to management support found a significant role in creating a peer support environment encouraging employees to participate in the innovation process. Morrison (2002) confirmed that owners/managers who had a great interest of innovation was recognized as a primary supporting factor of innovation development. Besides, employee factor in terms of employee engagement also was resulted from the management support toward innovation policy. Initiate incentive programs can draw employee to participate in the

innovation practices and contribute to firm's innovative performance. Last but not least, market orientation in relation to customer focus allows hoteliers to expand the organizational innovative capability which agreed with the findings of Kahn (2001) confirmed a positive relationship between customer orientation and firm's innovative capability.

On the flip side, regard to factors that restricted the lower capability group from producing product performance innovation in areas of health and gastronomic cuisine and comfort and sleep-friendly bedroom can be identified into two main factors; firm factor and innovation management.

For firm factor, ownership structure was cited as one of disadvantages of being an independently-owned hotel. The findings from this study discovered that the restriction of firm's resources among small independent hotels also resulted in their absence of incentives to innovation which limited owners/managers consideration of innovative implementations. Next, the innovation management in terms of management support also mentioned as a significant factor which unable employee's innovative performance and firm's capability. Since the absence of incentive innovation among owners/managers, it also affected on the management supporting policies toward innovative implementation. Lacking of support can lead to failure of firm's innovativeness since employees are acknowledged as an underlying source of innovation activities according to Grisseman et al. (2013).

### 5.4.2 Discussion in Responding to Research Question 3 Regarding to Differentiation Value Drivers of “Better Atmosphere”

*Research question 3.2: What are the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers of “Better atmosphere” and what are the key factors determining the firm's service innovation capability?*

To answer the research question 3.2, semi-structure interviews were conducted to study the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers of “Better atmosphere” and the key factors determining the firm's service innovation capability.

To attain the differentiation value drivers of “Better atmosphere”, the set of innovations was implemented to create differentiation value to mature travelers which consisted of three elements; service innovation, process innovation and product performance innovation according to the framework of Keeley et al. (2013).

5.3.2.1 The innovative value creation capability in terms of service innovation and the key factors determining the firm's process innovation capability

#### *a) The innovative value creation capability in terms of service innovation*

In this study, service innovation was performed to heighten the value of product and service offerings. Customer-oriented innovation was labeled as a theme of service innovation practices. Service innovation capability is considerable for hotels to attain competitive advantage as it enables hoteliers to meet to customer expectations of better or novel products and services (Tang, Wang, & Tang, 2015).

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities in providing better service customization and pleasant service atmosphere through implementations of service flexibility and customization of service.

The distinctive capabilities of hotels toward implementation of providing service flexibility and customization of service aimed and resulted in better service

customization and service atmosphere. These findings were in accordance with numerous studies reflected the mutual characteristics of small and medium-sized hotels especially boutique hotels were apparently to share the provision of individualized and personalized services (Khosravi et al., 2014). By the same token, McIntosh and Siggs (2005) emphasized that personalized attention was not only as a supportive factor driving customers to stay at small and medium-sized hotels, but also perceived as a benefit and highlight of their stays. Moreover, Firat et al. (2014) further added that customization in service was one of reasons of loyal customers preferring small and medium scale accommodation. Hence, The higher capability to perform service innovation in terms of customer-oriented innovation can contribute to better service personalization and heighten their staying atmosphere.

On the contrary, the lower capability group can perform well in proving service flexibility, but had lower competence to perform offering more customization of service which further discussed in next session.

*b) The key factors determining the firm's service innovation capability*

From the results, factors supporting the firm's service innovation capability can be concluded into two main factors including firm factor and innovation management.

For firm factor, advantage of small size was perceived by hoteliers as a competitive advantage which allowed them with the intimate relationship to customers and enabled them to provide more service personalization. This study found in line with various studies which has been largely confirmed advantage of size allowing more friendly and warm ambiance and help to create homely atmosphere (Khosravi et al., 2014). Firm age, Freel (2003) argued that older hotels clung on their products/services or procedures that resulted in a resistance of changes or innovation. However, this study conversely found that older small and medium-sized hotels had more collectable knowledge to perform innovation and participate in innovative activities than the younger hotels. The findings were totally conformed to the study of Sørensen and Stuart (2000) emphasizing on the advantage of learning curve. As for ownership structure, the results found both advantages of chain and independent management supporting firm's innovative capability which complied with Getz and Carlsen (2005) indicated that the

form of management significantly influenced on the innovative competence of firms. In relation to the factor of innovation management, management support through innovative policies was found as a crucial factor to support firm's innovative performance. This supportive management had found positive relationship to organizational innovative competence according to (Murat Ar & Baki, 2011).

In different circumstances, the unable factors that hindered the lower capability group from initiating service innovation to provide more customization of service can be identified into two main factors; firm factor and innovation management.

Regarding to firm factor, the study found that the chain standardization could be disadvantages of chain structure. Standardization caused to invariability, which was not preferable by customers searching for product/service novelty and diversity. To provide customers with more customization of service, initiating or changing the ways they serve the customers, such as informal style of service, or certain ways of wowing the customers, may irrelevant or 'off the track' to the chain standard procedures. Consequently, the lack of localization and authentic touch repulses customers who are questing something new. Current customers have high expectations for service quality and lodging experiences. To remain hotel's competitive advantages, hotelier must try hart to meet customer demands for product personalization and unique services.

5.3.2.2 The innovative value creation capability in terms of process innovation and the key factors determining the firm's process innovation capability

*a) The innovative value creation capability in terms of process innovation*

In this study, process innovation was conducted to produce superior ways of back-office working process to facilitate better service personalization. Innovative management was identified as a theme of process innovation practices.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities to access to customer needs and encourage staff's ability to take initiative to meet customer needs.

To better access to customer needs, the study found that hotelier had high competence in gathering customer insights. Nowadays, customer insights are

recognized as both the brain and the heart of business. Understanding customers' demands toward their behaviors and trends are essential when developing and applying to reach the heart of customers which can be comparable as the key to unlock customers. For encouraging staff' ability to take initiative to meet customer needs by engaging staff in empowering, training, and incentives can help hoteliers to motivate staff and enhance their innovative capability to provide friendly and personalized services and more responsive service to customers. According to Khosravi et al. (2014) emphasized the distinguished characteristics of hotel staff members that small and medium scale hotels had amiable and multitasking employees who can handle their customers in a friendly way with more responsive and well recognize their customer names which is an experience that distinctly difficult to gain in the large hotels.

Whereas the lower capability group had lower capability in both areas of accessing to customer needs and encouraging staff's ability to take initiative to meet customer needs which further discussed in the next session.

*b) The key factors determining the firm's process innovation capability*

From the study, factors encouraging the firm's process innovation capability can be defined into four main factors including firm factor, innovation management, employee factor, and market orientation.

For firm factor, in regard to advantage of small size, the findings found similar to Van Hartesvelt (2006) that it enabled hoteliers to develop the positive relationship between customers and hotel staff members. This makes possible for staff to gain customers insights from customers' behaviors, preferences, and needs from their intimate relationships. Besides, it found that hoteliers leveraged their advantages of ownership structure as a competitive advantage in implementing process innovation. That is, the benefit of independently-owned hotels in having freedom to initiate and improve their back-office process to foster service personalization. While the chain hotels can leverage benefits from their existing chain knowledge and expertise such as sharing of best practices, standard operating procedures, systematic management, and especially customer data which was acknowledged as the source of competitive advantage.



Furthermore, the management support in providing sufficient resources necessary to innovate as well as supporting policies to encourage staff innovativeness was merited to the high performance in the firm's innovation. This finding can confirm the critical role of management support in innovation attempts as explained by De Jong et al. (2003). By the same token, the management style or leadership found significant by hoteliers as a critical factor influencing on the effectiveness of process innovation. A wide vision of hotel leaders toward innovation and their characteristics such as proactive risk-taking, open minded play a vital role in shaping an appropriate working atmosphere which directly relating to the success of organization's ability innovate as mentioned by Dess and Picken (2000).

Next, employee factor in relation to employee engagement was well conducted through the process of human resources management. Training, empowering, co-creation, and reward system are emphasized to encourage employee engagement in innovation. Giving example to the empowerment, according to Ottenbacher (2007) mentioned that empowerment of employees in hotel industry in unavoidable since they need flexibility in adapting their behaviors to customer demands in each stage of service encounter to meet customer needs effectively. Next, the ability of hotels to draw the qualified personnel or hire creative people, motivate their employees by creating an innovative work atmosphere were encouraged creativity. To obtain the creative people, the study found that hotels, especially chain hotels leveraged their brand image of their property as a magnet to attract the quality candidates.

Market orientation, customer orientation and interfunctional co-ordination were at the heart of back-office process innovation. Customer focus was perceived as a key to access to customer needs. As mentioned by Narver and Slater (1990) that understanding customers adequately help hoteliers to create superior value to customers. While the interfunctional co-ordination of teamwork and effective communication enabled hotels to coordinate working department and to inform all related departments regarding to customers' need. This factor encouraged a working atmosphere to facilitate innovative process management which positively affecting to firm' innovative capability (Akman & Yilmaz, 2008).

On the contrary, the factors that restricted the lower capability group from initiating process innovation in accessing to customer needs and encouraging staff's ability to take initiative to meet customer can be categorized into three main factors including firm factor, innovation management, and employee factor.

In relation to firm factor, the study found the restriction of ownership structure among the respondents of chain hotels. To assess to customer needs, the results revealed that this group had less optimized alternative channels of technological communication to facilitate the effective internal communication within their organization. Within the chain hotels, the process of introducing new technologies and management methods may take considerable time due to the complexity of the administrative process. This take hotels for opportunity cost in utilizing benefits of innovative implementation. In an aspect of innovation management, organizational resources constraints regarding to budget, labor, time, and other resources restricted management support of innovative implementation as confirmed by Wan et al. (2005) that lack of organizational resources resulted in the failure of innovation.

As for employee factor, to encourage staff's ability to take initiative to meet customer needs, inadequate in supporting initiate human resources activities resulted in lower innovative performance among employees. Especially in an area of empowerment. According to Ottenbacher (2007) emphasized the necessary of employee empowerment as an inevitable issue. To provide effective personalized service with more responsive, empowerment is considerable to allow employees to be flexible and adaptable to customer demands. Besides, the empowerment is recommended by several studies as a mechanism to improve the service delivery. Besides, lack of qualified employee and creative environment negatively affected to firm's innovation since innovation is viewed as a result of creativity (Puccio & Cabra, 2010). Alternatively, hoteliers should encourage teamwork environment to stimulate innovation for work groups.

5.3.2.3 The innovative value creation capabilities in terms of product performance innovation and the key factors determining the firm's product performance innovation capability

*a) The innovative value creation capability in terms of product performance innovation*

In this study, product performance innovation was conducted to offer distinctive product offerings aiming at better unique atmosphere of a stay. The product performance innovation practices were conducted under two themes including specific experience offerings, and innovative architecture and design.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities to offer distinctive product offering in both areas of specific experience offerings and innovative architecture and design.

First, for *specific experience offerings*, the results found distinctive innovative performance of the high capability group in providing customized learning experiences through the creation of leisure and learning activities. Many hotels performed well in offering customers with variety of innovative products or activities for customers to participate during their stay. Since mature travelers anticipate their increasing age as a time of revivification and opening to learn new things, consequently, it leads to a rising trend of mature travelers demanding for 'educational vacation' or learning experience on their vacationing (Hudson, 2010; Moscardo, 2006). The findings found the attempts of hotels in providing activities related to health and well-being to enhance customers' physical and mental health. While recreational activities featuring, including culture and tradition, art, cuisine, spirituality, and environmentally concerning programs were arranged to provide customers with learning and enriching experiences. These innovative activities can enable hotelier to enrich mature travelers' experiences and meet their demands. The findings were supported by Mungall et al. (2010) suggested that tourism products aim at enriching personal experience are not only possible to satisfy mature travelers for today, but also will be more required by this cohort in the future. Furthermore, engagement mature travelers in sustainability activity or environmental programs can well respond to mature travelers' trend toward environmental awareness. As mentioned by Hudson (2010) that environmentally-consciousness are at "the heart of boomers" and this "green boomers" are tended to purchase environmentally brands. To respond to this green demand, hoteliers should increasing adopt green practices to operate in an eco-friendly manner.

Second, the innovative practices under the theme of *innovative architecture and design* were distinctively performed in integrating architectural and design elements with distinguish features to create customer unique experience. Since the current mature travelers are looking for unique and authentic experiences of lodging where they stay. Most hotels leveraged their distinctiveness of resources in terms of unique architectural or heritage buildings, advantage of charming location, and local culture resources to combined with its storytelling to allure customers with dramatic impression to create senses of place and authentic attachment. Besides, integrating components of specific theme-oriental designs to deliver the unique theme experiences. In addition, the specific interior design was emphasized on creating homely atmosphere to make customers feel comfortable, secure, personal and recall a nostalgic sense of home. These findings agreed with previous studies that small and medium-sized hotels can performed well in attach importance elements to adapt to architectural design and service design to provide a unique experience of place (Akođlan Kozak & Acar Gürel, 2015).

In contrast, the lower capability group had lower capability in both areas of specific experience offerings and innovative architecture and design which further discussed in the next session.

*b) The key factors determining the firm's product performance innovation capability*

In this session, the key factors determining the firm's product performance innovation capability were discussed by themes of innovation practices included specific experience offerings and innovative architecture and design.

Firstly, factors encouraging the firm's product performance innovation capability under the theme of *specific experience offerings* can be divided into three main factors including firm factor, innovation management, and market orientation.

For firm factor, to perform well in creating leisure activities, the study found that superior internal resources such as valuable unique buildings, skills and specialization of hotels were considered as the resource-based competitive advantage.

These superior internal resources foster hoteliers to leverage their distinctiveness to tailor products or activities to meet the customer's demands. The findings were in line with Wan et al. (2005) that internal organizational resources positively related to greater firm's innovation. In respect to innovation management, it was found that the initiative ideas, interest or specialization of hotel owners/managers influenced on the creation of leisure activities in hotels. While the chain hoteliers, creation of leisure activities or programs came from the support of chain management policy. Next, market orientation, customer focus plays a critical role in providing products/services suit to customers' needs. From the interviews found that most of hoteliers had deeply understanding of customers' needs, trends, and preferences reflecting from their recreational activities. Narver and Slater (1990) mentioned the firm's efforts to understand their customers were adequate in creating greater value to customers.

Conversely, the factors that limited the lower capability group from product performance innovation in providing specific experience offerings can be identified into two factors including firm factor and market orientation.

Firm factor, disadvantage of size was mentioned in terms of space. With small scale hotels, conducting activities required certain space or area to perform. Most of them renovated from old traditional houses or commercial houses, this limited their capability to arrange recreational activities. In addition, some of them also faced problems of minimum staff and budget constraint which discouraged them in providing special activities. Pine and Gilmore (2011) pointed out that customer value creation was defined by experience. Customers expected hotels were not only offer the comfort of lodging accommodations, but also provide them with a memorable staying experience. Therefore, hoteliers should emphasize on creating leisure values to meet customer expectations. On top of providing the services of accommodation and dining, the delivering of recreational activities was main to creating customer value. Hoteliers need to employ innovative ways to connect their existing services to meet the leisure requirements of customers. Building local partnerships can be another alternative for small hotels to form a common beneficial partnership with other businesses and attractions. Co-promoting with specialty shops, restaurants, cooking schools, museums, and so forth, can assist hoteliers to be easier to manage and meet customers' needs.

As for *innovative architecture and design*, secondly, factors encouraging the firm's product performance innovation capability in conducting innovative architecture and design can be classified into two main factors including firm factor and market orientation.

Regarding to firm factor, an advantage of size allowed small and medium-sized hotels for advantage to design and create a themed atmosphere by attaching their service design and architectural design to match their size, especially 'local features' also be taken into consideration to compete with large-sized or large chain hotels. By the same token, for ownership structure, freedom to innovate was viewed as a great advantage for owners/managers to run their freely creativity with hotel design. This encourages small scale hotels to be different and special since the ways they designed, furnished, and themed. Various studies highlighted the hotel attributes of unique architecture and unique interior design as one of distinctive characteristic of small and medium-sized hotels (Khosravi et al., 2014) which set them apart from traditional large hotels. Additionally, the uniqueness character of accommodation buildings justified by previous studies as an influential factor mature traveler when deciding for accommodation (Mcintosh & Siggs, 2005).

For internal resources, the superior location also proved as a significant factor in attracting customers and was a priority of their lists. It also meant for the chicness and trendiness of neighborhoods. The superior location benefits hoteliers as a value-added hotel attribute to draw the customers. In an aspect of market orientation, customer focus or understanding of customer's demands foster hoteliers to innovate value-added products best fit to customer's needs. The growth in customers' trend in seeking for a special or unique hotel or 'one-of-a-kind-stay' (Khosravi et al., 2014) that can deliver a staying experience tends to be beneficial to small and medium-sized hotels which in accordance with the unique characteristic of their hotel type. The hotel's acknowledgement of this was largely evident in several ways the hotels have designed and decorated their lodging accommodation.

In contrast, the factors that hindered the lower capability group from conducting innovative architecture and design can be identified into two factors including innovation management and other external factor.

For innovation management, the organization restrictions in terms of financial constraint generally found among the local, small independently-own hotels which resulted to lack of management support in hotel reinventing or renovation. Thus, only conducting small changes or refurbishing of the hotel seemed to be more possible for them. Next, it was found that law and restriction of the building control act was an external factor impacting on the hotels' ability to conduct innovative architecture. Small and medium-sized hotels which registered as an architectural heritage site or originated from old traditional building, and where located the specific areas such as the old town or historical areas, faced the restriction of building control acts when reinventing or renovating their property. However, rather than reinventing, hoteliers can conduct innovative design the way they furnished and theme to combine with the fascinated storytelling as a value-added attribute to enhance customer experience and create an authentic sense of place.

#### **5.4.3 Discussion in Responding to Research Question 3 Regarding to Differentiation Value Drivers of “More Responsiveness”**

*Research question 3.3: What are the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers of “More responsiveness” and what are the key factors determining the firm's service innovation capability?*

To answer the research question 3.3, semi-structure interviews were conducted to study the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers' differentiation value drivers of “More responsiveness” and the key factors determining the firm's service innovation capability.

To attain the differentiation value drivers of “More responsiveness”, the set of innovations was implemented to create differentiation value to mature travelers which consisted of four elements; product performance innovation, process innovation,

product system innovation, and network innovation according to the framework of Keeley et al. (2013).

5.3.3.1 The innovative value creation capability in terms of product performance innovation and the key factors determining the firm's product performance innovation capability

*a) The innovative value creation capability in terms of product performance innovation*

In this study, product performance innovation was performed to offer in-room technologies as value-added amenities to enable customer service responsiveness. Customer-centric technological innovation was labeled as a theme of product performance innovation practices.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities in leveraging technology to add value into hotel in-room amenities through implementing of modern technology in-room services and in-room entertainment technology.

Bilgihan et al. (2016) mentioned that technological advancement and guest-related amenities have the capability to enhance the customer experiences by providing more customization of service. The findings of this study reflected the attempts of small and medium-sized hotels in offering innovative in-room technologies. Previous recent studies indicates in-room technologies are one of useful facilities when they assess a hotel (Heo & Hyun, 2015) and are now recognized as the greatest contributor to the customer experience. In this study, hotels adopted technology as a value-added amenities to create differentiation. Most of them offered the technological in-room amenities at the same level as customers had at their home, and emphasized on easy-to-use function or user friendly technological amenities to provide customers with a sense of 'home away from home', that is, a feeling of more comfort and convenient.

Interestingly, it was found that some hotels were distinguished in providing the radical innovation or an innovation with a high degree of novelty, for instance, use of iPad, mobile application or free smartphone service to use in-house for assessing to



hotel information and services as well as use in the city throughout their stay, smart TV or Internet on TV which allowed customers to use their subscriptions for various services by utilizing a device in the room. While free in-room high speed internet access and satellite channels are now all becoming commonplace. Although this technological innovation adopted by small and medium-sized hotels was not the hottest hotel innovation as emerging in those large, brand 5-stars hotels, but most hoteliers found themselves respond sufficiently to the current customer's trends and needs.

For the lower capability group, actually, comparing to the higher capability group, they were sufficient to meet the mandatory customer requirements in providing the basic in-room technological amenities such as Internet and cable channels. However, other distinguish technological implementations were rarely found.

*b) The key factors determining the firm's product performance innovation capability*

The key factors supporting the firm's product performance innovation capability under a theme of customer-centric technological innovation can be identified into three main factors including firm factor, market orientation, and other external factor.

For firm factor, ownership structure was cited by the majority of hoteliers or 70% of a higher capability group who were under chain management. Advantages of chain affiliation were highlighted in terms of greater access to capital and benefits from economies of scale when investing on innovative technologies. For financing, chain hotels are easier to raise their capital and return it to invest in innovative technologies to enhance their efficiency of products and services. Besides, hotel members can share benefits from economies of scale in the higher bargaining power with suppliers when procuring innovative technologies.

Next, market orientation, customer orientation was one of the most considerable factors influencing the hotel technological innovation. Insights of customer trends and behaviors are critical for hoteliers when deciding innovative technological adoptions. Numerous studies have emphasized on truly understanding what customer really want to attain the customer satisfaction. To that extent, Brochado et al. (2016) suggested that it is necessary for hoteliers to provide technological in-room

amenities that are on the current market and customers are now using in order to decide the proper in-room technologies accordingly to meet customer desires. Beside, competition orientation is viewed as the best way to stimulate firm's technological innovation. According to Yilmaz (2008), competitor orientation fostered a firm in making innovation by imitating of competitor to develop their own innovative capabilities.

Furthermore, other external factor as technology also largely mentioned among hoteliers as the critical factor enabling a hotel to conduct technological innovation. The findings were in accordance with Brochado et al. (2016) insisted that the emergence of technology was greatly impact on hotel business. Since the increasing competitive market, hotels must differentiate themselves in offering the new things to capture customers' attention. Adopting of innovative technology was generally found among the hotel industry as value-added amenities to help hoteliers to create differentiation.

In contrast, the factors that hindered the lower capability group from conducting customer-centric technological innovation can be identified into three factors including firm factor, innovation management and market orientation.

Firm factor, the study found that the major concern for small independent owners/managers in implementing innovative technology related to the affordability of tech, while the chains perceived the cost of technology implementation as a small issue. Some hoteliers believed that technology was expensive unnecessary that may not give much in return. The issue of unaffordability of tech also impacted on the management supporting policy toward technological implementation which resulting in the lower rate of innovative technological adoptions among small hotels.

However, among the world of competitive business, it is essential for owners/managers should understand that technological investment means to invest in customer experience. And the customer experience has the power to allure customers and to maintain the loyal ones. Hence, to invest in technology is critical for the fiscal health of hotel business. Hoteliers should continue to focus on affordability and value when considering technology purchases. Propitiously, it becomes more affordable and simpler to implement.

In addition, certain hotels were reluctant in service-based technological implementations. Most hotels bestrode in between ‘high-touch’ and ‘high-tech’ elements. Some of them had their business concept to position themselves as ‘unplugged’ accommodations to release the customers from their tech-powered world in order to provide them with truly relax on their vacations. This concept also resulted in their aspect of customer orientation. That is, hotels strongly emphasized on human touch rather than technology components. With this business concept, hoteliers perceived the underutilizing of technology adoptions as their competitive advantage rather than disadvantage. For them, adopting hi-tech amenities may not compatible with their hotel’s business concept. However, it may suggest that the key to adopt service-based technology implementation is to retain the humanity aspect since the hotel industry is grounded on an interact between host and guest. Whereas modern technologies can enable processes more efficient, and the human element cannot be removed, and it has to ensure that it pervades all services developed. Eventually, technology can foster to connect customers by making their vacation more convenient and responsive.

5.3.3.2 The innovative value creation capability in terms of process innovation and the key factors determining the firm’s process innovation capability

*a) The innovative value creation capability in terms of process innovation*

In this study, process innovation was performed to produce superior working methods to encourage more customer service responsiveness. Customer-centric process innovation was labeled as a theme of process innovation practices.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities to facilitates seamless working process to enable more customer service responsive through implementing of technological innovation on property management, innovative operation, and alternative payment methods.

For technological innovation on property management, property management system (PMS) play significant role in facilitating hoteliers to provide a seamless customer service experience. 100% of hotels employed this innovative

technological system for perfect customer service and make their hotel's operation run smoother. As regards for innovative operation, the results found distinctive innovative process practices of hoteliers in initiating superior working process to facilitate front office operation to provide the service responsiveness to customers. The innovative operation reflected in conducting standard operating process, and initiating of working methods to speed up check-out process and eliminating unnecessary working activities as well as coordinating of front-of-the-house and back-of-the-house processes and effective interdepartmental communication. With this innovative operation, it allows hoteliers to operate more seamless and provide more service responsiveness to customers. Moreover, various payment methods through both traditional and modern technological forms can offer customers with more additional options to simplify customer's payment alternatives.

For the lower capability group, they had less ability to perform customer-centric process innovation. However, when comparing to the higher capability group, it was found that the lower capacity group performed well in employing technological innovation on property management or PMS. Anyway, other distinguish implementations of process innovation were rarely found.

*b) The key factors determining the firm's process innovation capability*

The key factors supporting the firm's process innovation capability under a theme of customer-centric process innovation can be identified into four main factors including firm factor, employee factor, market orientation, and other external factor.

For firm factor, almost 60% of respondents in the higher capability group were under the chain hotels. They emphasized the ownership management or chain affiliation as a major supportive factor enabling their process innovation. Advantages of joining a hotel chain allowed them to share knowledge especially best practices in hotel operations as well as share of operating techniques which were beneficial to foster the exceptional customer service delivery. This aspect of chain benefits agreed with previous studies that transmission of know-how and information flows as well as access to different techniques of process management were the explicit advantages of the chain members (Orfila-Sintes et al., 2005; Pikkemaat, 2008).

Next, employee factor related to employee engagement was recognized by respondents as a key success of exceptional customer service. Effectiveness of coordinating teamwork and communication within and between related departments allowed seamless and responsive of customer service delivery. Besides, the employee's year of service also positively impact on the increasing of employee's experiences and skills which allowed them to show the initiate capability to organize themselves toward their daily task operation. Furthermore, the intimacy between staff and customers allowed hoteliers an opportunity to know and learn about their customers which enabling them to get closer and possibly respond to customers' needs.

In relation to market orientation, customer orientation was emphasized by respondents as a heart of service initiative. Understanding the current customer demand was considerable. Hudson (2010) mentioned the next generations of customers including mature travelers are increasing demand for convenience and speed which impacting on their behavior when traveling. This customer desire reflected in efforts of hotels to initiate process innovation both in areas of technological and non-technological practices to provide customers with more service responsiveness to best satisfy customers' needs. This finding was supported by Grisseman et al. (2013) that hotels that traced and responded to customers' needs could have a higher performance of customer service which attaining success and remaining their competitiveness.

For technological factor, the rising technical advances increase opportunities for hotels to adopt technological innovations to change or improve their landscape of process operations, such as providing hassle-free check-out via express check-out, e-payments, or utilizing of property management software to facilitate the seamless workflows of in-house operations. These findings were confirmed by Grisseman et al. (2013) that technology fostered process innovation and positively affected on innovation in customer service. In addition, to provide customer with better service responsive, continuously focusing on update technology and customer technological trends were necessary to improve the hotel's operational process. This also supported by many studies that adopting hotel technological implementation into their process management helped an organization to increase productivity and reduce costs of time, labor, and cost consuming which resulting in a competitive advantage of hotel business (Brochado et al., 2016).

Contrarily, for the lower capability group, the factors that hindered their capability from conducting customer-centric process innovation can be identified into two factors including innovation management and employee factor.

For innovation management, the findings found conforming to Wan et al. (2005) that a lack of firm's internal resources especially budgeting constraint related to firm's innovation. As the financial constraint resulted in the management support in an ability to hire sufficient and/or qualified staff. This also led to hotel's understaff and workload and eventually caused the delay of customer service. Besides, some owners/managers had no supporting policies to encourage innovative implementation due to an absence of incentive from innovative implementations. Again, this can be confirmed the role of management support which directly influenced on the hotel's innovation behavior. It also reflected that providing responsiveness of service is not an easy task to implement because of the limitations of firm's operational abilities.

As for employee factor, employee engagement was underlined as a basic of innovative activities. The findings revealed that an absence of employee engagement was came from the insufficient skill and knowledges of service staff due to inadequate trainings. Besides, lack of cooperation and coordination between departments also negatively impacted on firm's innovative performance. It is critical to place importance on the employee's qualities , employee training, and facilitating the proper working environment such as teamwork and effective communication to engage employee to work efficiently since numerous literatures empirically reported the results of innovation in service based on service employees which significantly affected on firm's productivity (Subramanian et al., 2016).

5.3.3.3 The innovative value creation capability in terms of product system innovation and the key factors determining the firm's process innovation capability

*a) The innovative value creation capability in terms of product system innovation*

In this study, product system innovation was performed to offer additional value of customization to hotel product offerings by adding other firm's benefits to

customers. Innovative marketing was labeled as a theme of process innovation practices.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities in offering hotel privileges together with access to partners' additional perks through the hotel loyalty program.

Since mature travelers are self-indulgence Moschis and Ünal (2008), they consider the lodgings that show the understanding and caring about their individual needs. When they think of returning to a lodging, they do as a result of value customization. For hoteliers, to offer customers with more responsive to their individual needs, product system innovation needs to be employed to create additional value of customization to hotel product offering. The hotel loyalty program is considered as an initiative that could bring a customer with a sense of being exclusive and recognition that is the way to enhance their experience.

For a higher capability group, to provide the innovative hotel loyalty program, the study found that hoteliers performed well in combing their own hotel privileges with providing additional perks from hotel's partners to tie up together and offered through a loyalty program. With the hotel loyalty program, it allows hotels to have systems and procedures established for acknowledging their frequent customers and making sure that no customers are ignored when patronizing the hotel. Since hotels can build valuable customer profiles and trace their needs, interests, preferences, and purchasing behavior. And with these customer data, it allows hoteliers to better understand their customers' usage patterns and product and service requirements and eventually, can facilitate hoteliers to shape their products and services to fit individual needs and interests.

On the other hand, regarding to innovative marketing implementation, almost 60% of all 17 sampling hotels were fall into the category of lower capability group. The resulted revealed that there were not found any innovative marketing implementations related to loyalty program among this group.

*b) The key factors determining the firm's product system innovation capability*

The key factors supporting the firm's process innovation capability under a theme of customer-centric process innovation can be identified into two main factors including firm factor and market orientation.

In an aspect of firm factor, nearly 70% of the higher capability group were under chain affiliation. As the chain members, hotels can generally access to their corporate hotel loyalty programs. Advantages of being a member of the major or global chain hotel enabled them to take part in the benefits of chain loyalty programs by sharing of marketing activities, business partnerships, and loyal customers as a complete advantage to supporting them to conduct effective loyalty programs. Besides, hotel members can also leverage the advantages of scale into their chain reward system which lure customers with more options of earning and redeeming points. Whereas another 30% of respondents who were owners/managers of independent hotel emphasized the freedom in creating their own privilege offerings and focusing on customer personalization aspect. This allows owners/managers to mold the unique experiences to fit their local context. Since today's customers desire the rewards that suit to their needs, the independent hoteliers are easier to adapt to provide flexibility options to meet the customer requirements. Therefore, hotels require dynamic marketing approaches to attract the potential and existing members.

As for market orientation, customer orientation or customer focus was recognized as the organizational ability to understand their customer adequately to create value to customers. The finding found hotel's efforts focusing on the customer orientation to facilitate the loyalty program which resulted in their ability to deliver the loyalty program benefits. Customer-oriented hotels are likely to emphasize on prioritizing customers' interests. These hotel's attempts toward customer orientation is a key to drive customer satisfaction and positively effects on their innovative capability (Yilmaz, 2008). Furthermore, competitor orientation influenced hoteliers as a driving force to innovate. As the rising of fierce competition among hotels, it arouses hoteliers to initiate the strategy to remain in the competition. Competitor orientation concludes being better and differ from the competitors by comparing hotels' own abilities with their competitors. It leads the hotels to develop their own ability. Thus, it can be said



that competitor orientation positively effect on firm's innovative capability according to Kahn (2001).

By the way of contrast, the results found that the lower capability group was lacked of potential to conduct innovative marketing. Consequently, this group was not able to providing additional perks through implementing of the hotel loyalty program. The results found that factors limiting their innovative marketing implementations can be classified into three factors; firm factor, innovation management, and market orientation.

As regard to firm factor, the finding revealed that the lower capability group consisted the independent hotels and small chain hotels. This implied the disadvantage of small-scale hotels impacted on their innovative capability. Most respondent argued an absence of the volume of return customers, organizational resources, and brand power as their limitations of innovative marketing implementations. These restrictions are recognized by various studies as the common characteristics of small and medium-sized hotel's disadvantages which directly affect their innovative capability and competitiveness (Martinez-Roman et al., 2011). Next, innovative management, many owners/managers did not perceive the benefits of loyal program and viewed as an unnecessary issue. To implement, it brought them with high cost, time and resources consuming such as administration costs, marketing and operational costs, costs of redemption, and costs of maintain loyalty program. Therefore, it was too costly for small hotels to afford this marketing implementation. Furthermore, for market orientation, the issue was related to the aspects of owners/managers toward customer orientation. some of them viewed that 'the customer loyalty is gone'. Owing the fact that there is a variety selection and easier possibly to access to hotels products and services than before. Customers can choose the best choice which they most perceived value, they may not come back to hotels and keep searching for other experience from staying in various hotels. This finding conformed with Ferguson and Hlavinka (2007) argued that today's competitive hotel market, a hotel loyalty program was seemingly considered as the minimum requirement to attain and maintain customers in the hotel business. As this case, whether or not implementing the hotel loyalty program, deeply

understanding customer psychology and knowing what are customers expected of that hotel is a key factor of building and creating customer loyalty.

5.3.3.4 The innovative value creation capability in terms of network innovation and the key factors determining the firm's process innovation capability

*a) The innovative value creation capability in terms of network innovation*

In this study, network innovation was performed to connect with other firms to create additional value to customer product offerings. Innovative networking was labeled as a theme of network innovation practices.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities in establishing tourism-related partnerships to enhance the additional privileges of hotel loyalty program.

The results found that the higher capability group performed well in establishing tourism-related partnerships to offer customer with additional benefits across brands. The development in loyalty programs raises to chances for innovative cross-marketing how the hotel's loyalty members can access to hotel partners' benefits. This network innovation allows small and medium-sized hotels to leverage advantages from collaboration with stakeholders to provide mutual benefits between customers and business providers (Bailey et al., 2012). To establishing network with tourism-related partners can return a hotel reward in appealing and enhancing customers' needs and satisfaction. Hence, forming network partnerships are critical for promoting innovations in hotel business.

On the other hand, the findings revealed that the lower capability group lacked of capability to conduct network innovation. There was no innovative networking implementation found among this group.

*b) The key factors determining the firm's network innovation capability*

The key factors supporting the firm's network innovation capability under a theme of innovative networking can be identified into two main factors including firm factor and market orientation.

For firm factor, advantages of chain affiliation allow hotel members an ease to acquire the business partnerships. Because advantages of brand reputation, economies of scale in terms of customer volume, sharing of chain hotel's common partners bring hotels with sufficient bargaining power and attractive enough to enchant other tourism-related business to form partnership programs. This innovative arrangement supported in line with previous studies stated a positive relationship between innovative networks and innovation capability of the hotel establishment (Tejada & Moreno, 2013).

In addition to market orientation, it was said that innovative products may not successful because a firm did not understand their customers' need correctly and completely. Hence, understanding of customer needs and implementing innovation suits to their needs are critical for firms to respond to market successfully. In this case, respondents acknowledged the current customers' demands in searching for more alternatives of privileges beyond hotel stays. Establishing partnerships to share advantages across program, both hoteliers and their business partners can gain mutual benefits from acquiring new customers and retain their loyal customers, at the same time, customers can also gain the benefits from more various options of perk offering by the hotel loyalty program. The innovative network can bring much and more benefits if it is well-designed. The well-designed program needs to anticipate customers' needs as a center of innovative implementation.

On the flip side, in relation to the lower capability group, the factor hindering this group to perform innovative marketing was related to firm factor. The respondents among this group consisted of owners/managers of independent hotels and small local chain hotels, most of them mentioned disadvantage of ownership structure. Comparing to chain hotels, these hoteliers perceived that lacking of chain benefits in terms of organizational resources, brand power, and economies of scale or customer volume made them less attractive and discouraged them from establishing business partnerships which eventually resulting in lacking of innovative networks.

Accordingly, hoteliers should form their own network partnerships as a set of independent hotels joining together for mutual benefit from the relationship to create their own loyalty programs or to strengthen their volume of economies of scale to attract

other business to establish partnership program. Furthermore, optional channels such as Epoque Hotels or Voila Hotel Rewards, which play a role as “one-stop-shop” in offering loyalty rewards and reservation platforms for independent boutique hotels, are now becoming an alternative for independent hotels to allure the bookings away from large chain hotels. Alternatively, due to the increasing trend in customer desire of local products (Jayawardena, Jarvis, et al., 2013), hoteliers may consider the local stakeholders to be their potential business partners as a matter of choice to offer customers with more optional privileges and more localization. From such implementation, hoteliers can collaborate with local stakeholders which contributing to a creation of an appealing sustainability identity for their hotel establishments.

#### **5.4.4 Discussion in Responding to Research Question 3 Regarding to Differentiation Value Drivers of “Better Accessibility and More Affordable”**

*Research question 3.4: What are the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers’ differentiation value drivers of “Better accessibility and more affordable” and what are the key factors determining the firm’s service innovation capability?*

To answer the research question 3.4, semi-structure interviews were conducted to study the innovative value creation capabilities of small and medium-sized hotels in response to the mature travelers’ differentiation value drivers of “Better accessibility and more affordable” and the key factors determining the firm’s service innovation capability.

To attain the differentiation value drivers of “Better accessibility and more affordable”, the set of innovations was implemented to create differentiation value to mature travelers which consisted of two elements; channel innovation and product performance innovation according to the framework of Keeley et al. (2013).

5.3.4.1 The innovative value creation capability in terms of channel innovation and the key factors determining the firm’s channel innovation capability

In this study, channel innovation was adopted to best deliver the hotel's product/service offerings. Channel innovation was conducted for two mains approached which consisted of providing customers with better accessibility to the service provider and offering customers with more affordable price and value for money. Technological innovation in external communication was labeled as a theme of channel innovation for providing customers with better accessibility to the service provider. Whereas innovative marketing was implemented to aim at offering customers with more affordable price and value for money.

5.3.4.1.1 The innovative value creation capability in terms of channel innovation and the key factors determining the firm's product performance innovation capability under a theme of technological innovation in external communication

*a) The innovative value creation capability in terms of channel innovation under a theme of technological innovation in external communication*

Within a theme of technological innovation in external communication, from assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities to provide better accessibility to the service provider through implementing of providing various forms of communication channels, more options of online bookings, and online advertising.

The findings of this study unveiled that to provide customers with an ease of reaching service provider, all samplings of hotels perform well in putting their efforts to adopted Information Communication Technology to facilitate and communicate their tourism service offerings, including social media, website, as well as telephone and facsimile. As for social media, it is considered as one of the most significant platforms for small and medium sized hotels especially for independent hotels, since it enables a hotel's brand personality to be very noticeable, and allow hotelier to interact with customers. Besides, a hotel website is a way for hoteliers to display their individuality and put out the representation of their hotel online. Whereas traditional communication channels like telephone and facsimile also remained as another options for customers who prefer to direct contact to hotel. These multichannel

of communication reflects the hotels' efforts in providing customers the convenience in reaching the service provider.

To date, the Internet has changed the current customers' behavior, they are searching for travel information from the travel websites, hotel websites, communicate via social media and also book their rooms via online channels. This implies that customers view and make decision from hotel marketing messages through various different online channels. Since the popularity of Internet utilization, hotels generally adopted online marketing and communication as an effective tool to reach the customers. To provide convenient online booking channels, the study showed that hoteliers well-performed in providing more options or variety channels for online reservations. The results found that 100% of sampling hotels utilized online travel agencies (OTA) as a major external source of online booking. While the hotel website also employed by 100% of hoteliers as a main internal source of reservation to stimulate direct booking. Similarly, the channels of social media also adopted as an alternative to allowed customers not only for inquiry, but some hotels also allowed them to make a booking. Furthermore, hotel mobile applications were largely implemented particularly in chain hotels to provide customers more convenient to book their rooms on their mobile devices. By the same token, Central reservation call center or corporate website also employed among the chain hotels to offer customers with more options of room booking of their preferred property.

Furthermore, to allow customers ease to access hotel information online, online advertising was implemented by hoteliers as a tool to help them to reach customers. Most hoteliers performed well in employing various platforms of online advertising via social media marketing, for instance, Instagram, Facebook, Google, and search engine marketing such as PPC or Pay Per Click and SEO or Search Engine Optimization. With the implementation of online advertising, it helps hoteliers to reach more wider customers with less expensive when comparing to the traditional advertising costs.

For the lower capability group, actually, this group also performed well in most areas of providing more communication channels to hotel personnel and certain areas in offering options of online booking channels but not in obviously variety forms.

Nevertheless, the innovative implementations in conducting online advertising to provide customer with easier to access to their online information were seldom found among this group.

*b) The key factors determining the firm's channel innovation capability under a theme of technological innovation in external communication*

The key factors supporting the firm's channel innovation capability under a theme of technological innovation in external communication can be identified into three main factors including firm factor, market orientation, and other external factor relating to technology.

For firm factor, advantages of chain ownership structure were considered as one of the supporting factors for chain hotels. As chain hotel members, hoteliers could leverage the competitive advantages of chain corporations in terms of economies of scale, centralized management of marketing activities, management proficiency and technology, particularly networking of distribution channels, as well as centralized reservation systems, which can direct to customers worldwide. Chain groups access to greater information and know-how resources that enable them employ and utilize new communication technologies (Vadell & Orfila-Sintes, 2008).

As regard market orientation, among the intense competition in the hotel marketplace, customer orientation is at the heart of the hotel's competitiveness (Tajeddini, 2010). To date, hotel industry has experienced major transformations due to the dramatically rising of customer base available on the Internet. Recognizing customer trends, behavior and what influences their hotel selection, whether off or online, can foster hoteliers to focus on innovative communication channels to communicate their hotel brand and products accordingly. Besides, regarding to competition orientation, since the fierce competition in the hotel industry, it is crucial to stay ahead of the competition. It forces hoteliers to drive themselves differentiate from their competitors to attain market success and maintain a competitive advantage. Another way is through adopting e-innovation via innovative technological communication channels where has rapidly come to be a necessity for hotel business to reach their target customers. This innovative technological innovation is more

accessible and more affordable than traditional marketing and advertising methods, together with allowing hoteliers to reach customers more geographically broader.

Moreover, technological factor perceived as another external factor influencing firm's e-innovation. Information Communication Technology (ICT) has been transforming tourism industry globally and it is considerable as the backbone of countless process innovations. The utilization of information technology has thrived from the customers' viewpoint which changed the behavior of current customers. Similar to hotel industry, advancement of technology has changed the way hotels to market and operate their business. Today, the innovation in technological communication provides hoteliers with more choices of communication channels to delivery or communicate their products and services with more affordable than ever. Moreover, the advancement of room inventory management technology facilitates hoteliers to manage their inventory to all channels of online distribution, including their own property's website. It can be said that technology plays a key role in improving and facilitating tourism service offerings regarding efficiency, flexibility, and responsiveness.

By the way of contrast, for the lower capability group, it was found that the firm factor relating to ownership structure was an obstacle that affected their capability of delivering technological innovation in external communication. Disadvantage of independent ownership was viewed by owners/managers of independent hotels as their major constraint. Owing to lacking of economies of scale, to reach the broader potential customers, smaller independent hotels generally work with various channels of online travel agents (OTAs) to tap into an abundance of markets. However, hoteliers may reluctant to do this due to the cost of commission fee. Alternatively, to focus on increasing direct bookings through other communication channels as hotel website, mobile app, social media, and online advertising, some hotels may lack the technical expertise, resources in terms of money, time, skilled employees to manage and maintain these communication channels. These obstacles found in common with several studies related to the restricted adoption of e-marketing innovation in small and medium-sized hotels (Buhalis & Kaldis, 2008).



Though, smaller independent hotels do not have much of marketing financial budget as the large hotels, or even no marketing budgets at all. But it is salient that smaller hotels can take advantage of every chance they can get to promote their hotel property, commencing from digital marketing. The golden era of digital marketing can be a great advantage for independent small and medium-sized hotels as there is fruitfulness that can be done with digital marketing.

Furthermore, utilizing technology of mobile phone, the mobility allows service staff to move around and have more personal interactions with customers, and ease to contact which can provide services anywhere the guests are. However, some hotels hesitate to allow their service staff to use mobile devices since they believe that staff might use it for their own sake, rather than concentrate on customer services. Lacking of employee engagement in technology results in underutilize capabilities of the new technology. Employee-facing technology has the considerable abilities to enhance employees' daily task operations and the productivity as well as can provide customers with better accessible and customer services.

5.3.4.1.2 The innovative value creation capability in terms of channel innovation and the key factors determining the firm's product performance innovation capability under a theme of innovative marketing

*a) The innovative value creation capability in terms of channel innovation under a theme of innovative marketing*

In this context, channel innovation was implemented to best deliver the product/service offerings to provide customers with more affordable price and value for money through innovative practices under a theme of innovative marketing.

Within a theme of innovative marketing, from assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had distinctive ability to implement various alternatives of strategic pricing which based on the customer value.

The strategic pricing is a tool for firms to enhance their profit and customer satisfaction by setting a product pricing based on the product's value to the

customers. The results reveal varied forms of pricing strategy implemented by hoteliers, including dynamic pricing, launching promotion, room packaging, price discounting, competitive pricing, advantageous pricing for return guest, best price guarantee, and special rate for seniors. Most of these pricings reflect the viewpoint customer-based strategy which is about pricing rooms regarding to the customer perceived value. Among these pricings, dynamic pricing is known as a common practice in hospitality and tourism businesses which also found similarly as the most popular pricing strategy employed among hoteliers in this study. While launching promotion, room packaging, price discounting, advantageous pricing also largely implemented. According to Mungall et al. (2010) suggested that customer-oriented price strategies as dynamic pricing or pricing based on supply and demand, advantageous pricing for loyal customer growing importance as strategic pricing for the market of mature travelers in the future as well as price discounting and particularly for aged group (Marvel, 1999; Moschis & Ünal, 2008).

As for the lower capability group, the findings revealed that this group was able to perform well in an area of dynamic pricing, however, other forms of innovative marketing pricings were rarely found.

*b) The key factors determining the firm's channel innovation capability under a theme of innovative marketing*

The key factors supporting the firm's channel innovation capability under a theme of innovative marketing can be identified into three main factors including firm factor, market orientation, and other external factor relating to technology.

Firm factor, ownership structure was mentioned in both terms of chain and independent management. For advantages of chain affiliation, hoteliers can leverage economies of scale, sharing of centralized management of marketing activities and reservation systems, operational process and technical expertise and sharing of loyal customers. These benefits enabled hotel members to conduct innovative marketing effectively. Whereas independent hoteliers had more flexibility and freedom in choosing the way they managed their own distribution and marketing strategies.

Together with the increasing expansion of digital economy through the Internet and Web technologies as well as software applications, it facilitates small hoteliers to enter to the market worldwide to reach customers at relatively lower cost and enables them to compete with those large and chain hotels (Hojeghan & Esfangareh, 2011).

Regarding to market orientation, to create more affordable price and value for money, the strategic pricing was employed by setting a product pricing based on the product's value to the customers. Therefore, customer orientation is considerable when executing pricing strategies. Focusing on customer behavior, trends, value as well as social media as a channel that customers engage enables hoteliers to capture the attention of customers using online digital marketing can be beneficial for implementing innovative marketing. Next, competitive orientation, since the intense competition in the market has increasing more aggressive, particularly in an era of comparison shopping. Being competitively aware was perceived considerable by hoteliers when executing the pricing strategies to attract customers. That is to say, hoteliers must keep an eye on their competitors' pricing strategies to get more competitive edge. Comparing prices and products and services which competitors offer are critical when setting competitive prices and allows hoteliers to attract customer with the better pricing to allure the customers.

In contrast, for the lower capability group, the results found that the ownership structure of independent management was perceived by hoteliers as a factor restricting their capability in performing innovative marketing or pricing strategies. The common characteristics of disadvantages of local independently owned hotels were mentioned, including lower sale volume or lacking of economies of scale, resources restrictions influenced on effectiveness of innovation pricing strategies. Hoteliers viewed that conducting effective strategic pricing, it involved marketing and communication activities which challenged them in terms of cost, time, labor, and other resources consuming.

5.3.4.2 The innovative value creation capability in terms of channel innovation and the key factors determining the firm's product performance innovation capability

*a) The innovative value creation capability in terms of product performance innovation*

In this study, product performance innovation was performed to utilize hotel's distinctiveness or value as a value-added hotel product to provide customers with more affordable price and value for money. Value-added to products and services was labeled as a theme of network innovation practices.

From assessing innovative capability of the samplings, it can categorize into 2 groups of higher and lower capability groups. The study found that the higher capability group had high capabilities in adding distinctiveness of hotel reputation and value-added privileges to hotel products and services.

In this study, value-added to products and services aimed at offering customers with a better sense of affordability and value for money through adding hotel's distinctiveness or value-added privileges to enhance the customer experiences. The results found hotels' distinctive abilities in areas of creating brand reputation and complimentary and privilege offerings.

For creating brand reputation, hotel awards perceived by hoteliers as their distinguished competitiveness enhancing a hotel' value and reputation. Winning awards, labelling or certifying from tourism and hospitality organizations were viewed as a 'status confirmation' to guarantee or establish immediate credibility of the firm in terms of high level of exceptional hospitality service, hoteliers leverage awards to spread their brand recognition and build trust with customers. From such advantages, some of them can go further to develop themselves by leveraging awards and their unique identity to become a desired tourist destination. With the hotel brand recognition, it is considered as a value-added attribute to hotel's product and service which possibly allure more customers and also create them with senses of value for money and self-esteem when patronizing a hotel.

Besides, apart from loyalty programs, hotel freebies and perks also have value of loyal customers and attract new customers. To provide customers with best value for money, complimentary and privileges were offering as augmented benefits to price customer paid. Particularly for independent hotels with the absence of loyalty programs which may not make sense for a small single hotel, offering freebies and perks was in place the loyalty programs. Small and medium-sized hotels are recognized

as the best value for money lodging accommodation (Khosravi et al., 2014). Generally, hoteliers put their efforts to combine the distinctive style of the accommodation, comfort atmosphere with augmented services with an affordable price.

Conversely, among the samplings, this lower capability group presented only 23% of overall sampling group. It implied that only minority of hotels did not perform well enough to initiate value-added to hotel's products and services.

*b) The key factors determining the firm's product performance innovation capability*

The key factors encouraging the firm's product performance innovation capability under a theme of value-added to products and services can be identified into four main factors including firm factor, employee factor, Innovation management, and market orientation.

With respect to firm factor, advantages of independent management were largely mentioned by owners/managers. Autonomy, flexibility, and superior service with personalization are widely mentioned as common characteristics of small scaled hotels' advantages. One of their best advantage is being able to offer a more personalized service and total experience to their customers. While chain hotels are more likely to emphasize on the facilities. Small-scaled hotels should focus on the augmented attributes which fostering customers' experiences and memories to make them feel best value for money. Next, employee engagement, hoteliers recognized that staff are important as the backbone of the hotel business. Without them, it would be impossible to provide excellent customer experiences and unable to contribute to the success of business. Hoteliers need to ensure that their staff has a positive viewpoint towards providing customer experiences. This will enable a creation of customer culture and show a team effort contributing to hotel's success.

As for market orientation, it was found that strongly customer focus was critical factor to enable hotel to gain insights of customers and best respond to their needs. Customer insights allows hotelier to personalized customers' stays. It is crucial to make customers feel like more than an accommodation, as they want to receive the best value for their spend by creating superior value for customers. Because customer

requirements and expectations toward service are inconstant, hoteliers need to continually develop valuable products services for generating customer value and remaining their competitive advantage. Providing customers with services that creating a perceived value that is greater than its price, hotels must keep implementing innovation.

On the other hand, the study found that the factors restricting the lower capability group from initiating value-added to products and services were related to firm factor, and lacking of innovative networks.

For ownership structure, respondents emphasized the most disadvantage of being independently-owned hotel was about the restriction of organizational resources. Providing complimentary or privilege offerings involved directly to cost expenses, and other resources consuming which resulting hoteliers in lower rate of innovative implementation since an absence of interest. This finding was in accordance with Wan et al. (2005) that failure of innovative implementing related to lacking of organizational resources. However, creating value does not always mean to price. Alternatively, hotelier can provide customers with more intangible things apart from complimentary or augmented benefits. Since customer do not check-out from a hotel with a product, rather, they leave with an experience or memory. By initiating a localized approach, providing outstanding service with details, this enable small and medium-sized hotel contributing to success.

To conclude, the overall picture of the innovative value creation capability and the key factors determining the firm's service innovation capability was summarized and portrayed in Table 5.14. The results found that the innovative value creation capability in response to mature travelers' differentiation value drivers involved six type of innovation. The firm factor (factor (ownership structure) and market orientation (customer orientation) were mostly cited as the influential factors affecting firms' positive innovative performances, on the other hand, the factors of firm structure(ownership structure) and innovative management (management support) played the critical roles in affecting the failure or underperformance of firms' innovation implementations.

Table 5.14 Summary of Innovative Value Creation Capability of Small and Medium-Sized Hotels and the Key Enabling Factors’  
Determining the Firms’ Service Innovation Capability Regarding to “*The Higher Capability*”

Elements of Innovation	Areas of Distinctive Innovative Performance (Themes of Innovative practices)	Firm factor				Innovation Management		Employee Factor		Market Orientation			Innovation Networks	External Factor
		Firm size	Firm age	Ownership structure	Internal resources	Management support	Management style	Employee engagement	Creativity	Customer orientation	Competition orientation	Interfunction co-dination	Innovation networks	Technology
Better health and security														
1. Process innovation	Innovative process management	✓		✓		✓		✓		✓			✓	
2. Product performance innovation	Innovative designed product			✓		✓		✓						
Better atmosphere														
1. Service innovation	Customer-oriented Innovation	✓	✓	✓		✓								
2. Process innovation	Innovative management	✓		✓		✓	✓	✓	✓			✓		
3. Product performance innovation	Specific experience offering				✓	✓				✓				
	Innovative architecture and design	✓		✓	✓					✓				
More responsiveness														
1. Product performance innovation	Customer-centric technological innovation			✓						✓	✓			✓
2. Process innovation	Customer-centric process innovation			✓				✓		✓				✓
3. Product system innovation	Innovative marketing			✓						✓	✓			
4. Network innovation	Innovative networking			✓						✓				
Better accessibility and more affordable														
1. Channel innovation	Technological innovation in external communication			✓						✓	✓			✓
	Innovative marketing			✓						✓	✓			
2. Product performance innovation	Value-added to products and services			✓				✓		✓				
Total		4	1	12	2	5	1	5	1	11	5	1	1	3

Table 5.15 Summary of Innovative Value Creation Capability of Small and Medium-Sized Hotels and the Key Enabling Factors’  
Determining the Firms’ Service Innovation Capability Regarding to “*The Lower Capability Group*”

Elements of Innovation	Areas of Lower Innovative Performance (Themes of Innovative practices)	Firm Factor		Innovation Management		Market Orientation	Employee Factor		Innovation networks	External Factor
		Firm size	Ownership structure	Management support	Business concept	Customer orientation	Employee engagement	Creativity	Innovation networks	Law and regulation
Better health and security										
1. Process innovation	Innovative process management		✓	✓					✓	✓
2. Product performance innovation	Innovative product design		✓	✓						
Better atmosphere										
1. Product performance innovation	Customer-centric technological innovation		✓	✓						
2. Process innovation	Innovative management		✓	✓			✓	✓		
3. Product performance innovation	Specific experience offering	✓				✓				
	Innovative architecture and design			✓						✓
More responsiveness										
1. Product performance innovation	Customer-centric technological innovation		✓	✓	✓	✓				
2. Process innovation	Customer-centric process innovation			✓			✓			
3. Product system innovation	Innovative marketing		✓	✓			✓			
4. Network innovation	Innovative networking		✓						✓	
Better accessibility and more affordable										
1. Channel innovation	Technological innovation in external communication		✓				✓			
	Innovative marketing		✓							
2. Product performance innovation	Value-added to products and services		✓							
Total		1	10	8	1	2	4	1	2	2



For the next step, the qualitative data of innovative value creation capability from the research objective 3 further employed in the qualitative data analysis to identify the value proposition employing a technique of need analysis. It was found that to attain mature travelers' differentiation value drivers, six types of innovation implementations were required, including network innovation, process innovation, product performance innovation, product system innovation, service innovation, and channel innovation according to the framework of Keeley et al. (2013). To describe, Table 5.16 below illustrated a matrix consisting of the listing of mature travelers' expectations toward differentiation value drivers and the listing of service innovation required to achieve the mature travelers' expectations. In addition to the matrix, Figure 5.1 was described the relationships between the expected differentiation value drivers and the required innovations and its dimensions of innovative practices. With this insight, it further employed to develop as the desirable innovative implementations to attain mature travelers' differentiation value drivers to a proposed service innovation model according to the research objective 4 in the next chapter.

Table 5.16 Mature Travelers' Expected Differentiation Value Drivers and the Required Service Innovation

<b>Expected Differentiation Value Drivers</b>	<b>Better Health and Security</b>	<b>Better Atmosphere</b>	<b>More Responsiveness</b>	<b>Better accessibility and more affordable</b>
<b>Required Innovation</b>				
Network innovation			●	
Process innovation	●	●	●	
Product performance innovation		●	●	●
Product system innovation	●		●	
Service innovation		●		
Channel innovation				●

Better health and security

Better atmosphere

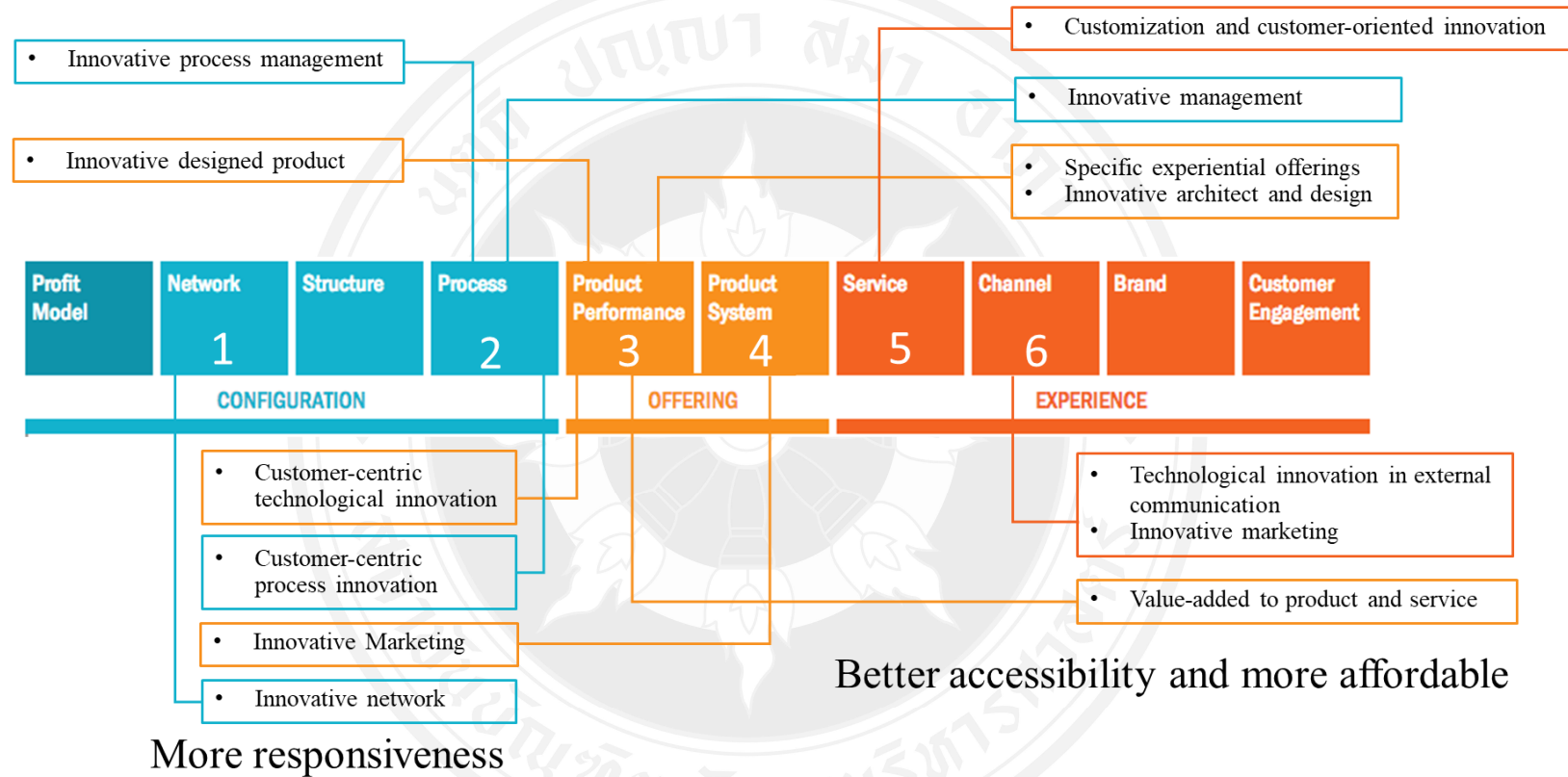


Figure 5.1 The Desirable Service Innovation in Respond to Mature Travelers' Differentiation Value Drivers

Source: Adapted from Keeley et al. (2013)

## 5.5 Summary of Chapter Five

This chapter has presented the qualitative results from questionnaires of owners/managers' perceptions on their innovative value creation capability and the key factors determining the firms' service innovation capability to respond the research question 3. The finding data further employed to analyze for accomplishing a proposed service innovation model for small and medium-sized hotel business focusing on the mature travelers according to the research objective 4.

The qualitative results are presented in two main aspects. First, Section 5.2 described a variety set of service innovation implemented by owners/managers of small and medium-sized hotels according to four components of mature travelers' expected differentiation value drivers. The innovative implementations were categorized by using a framework of Keeley et al. (2013) and themes of innovative practices were identified. Then, the innovative capability and the key factors determining the firm's service innovation capability were analyzed and identified.

Finally, the discussion of qualitative data and research results is explained in the second section 5.3 to respond to research question 3. Four components of differentiation value drivers were discussed to describe and interpret the significance of the findings. The next following chapter 6 presents the proposed service innovation model, recommendations, model verification, and conclusion of the research.

## CHAPTER 6

### PROPOSED MODEL AND VERIFICATION

#### 6.1 Introduction

This research is aimed to propose a service a service innovation model for small and medium-sized hotel business focusing on the mature travelers (the research objective 4). The model is designed to provide as the guidelines for small and medium sized hoteliers by proposing a set of service innovation model in approaching each dimension of mature travelers' differentiation value drivers.

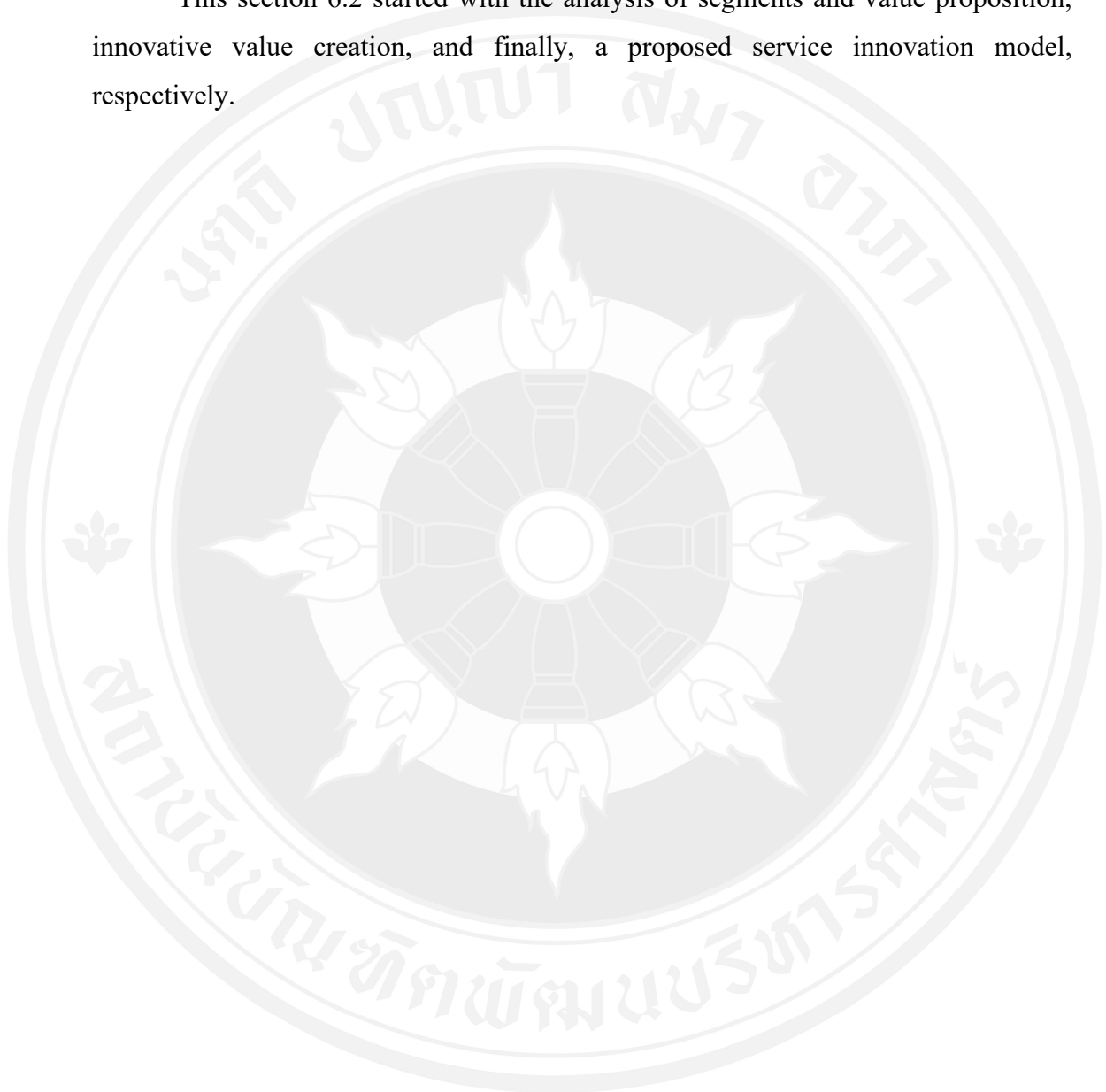
The chapter begins with the proposed service innovation model which consists of the analysis of segment and value proposition and recommendations, innovative value creation and recommendations, and a proposed service innovation A-R-H-A mode which illustrated by each dimension of mature travelers' differentiation value creation. This chapter also presents the model verification which employed the qualitative research method to verify the draft service innovation model. Then, the results of in-depth interview are summarized. Finally, the final service innovation A-R-H-A model is identified.

#### 6.2 A Proposed Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on The Mature Travelers

The main goal of the research is to create a service innovation model for small and medium-sized hotel business focusing on the mature travelers according to the research objective 4. The data for developing a service innovation model was derived from the integration of research results of the research objective 1, 2, and 3. As exhibited in Figure 6.1, the results of factor analysis from the research objective 1 and quantitative results and discussion from the research objective 2 were employed to analyze the mature travelers' segments and their value propositions (demand side).

Whereas, qualitative results and discussion from the research objective 3 were applied to analyze the small and medium-sized hotels' innovative value creation (supplied side). Then the results of segments and value propositions were integrated with the innovative value creation to create a proposed service innovation model.

This section 6.2 started with the analysis of segments and value proposition, innovative value creation, and finally, a proposed service innovation model, respectively.



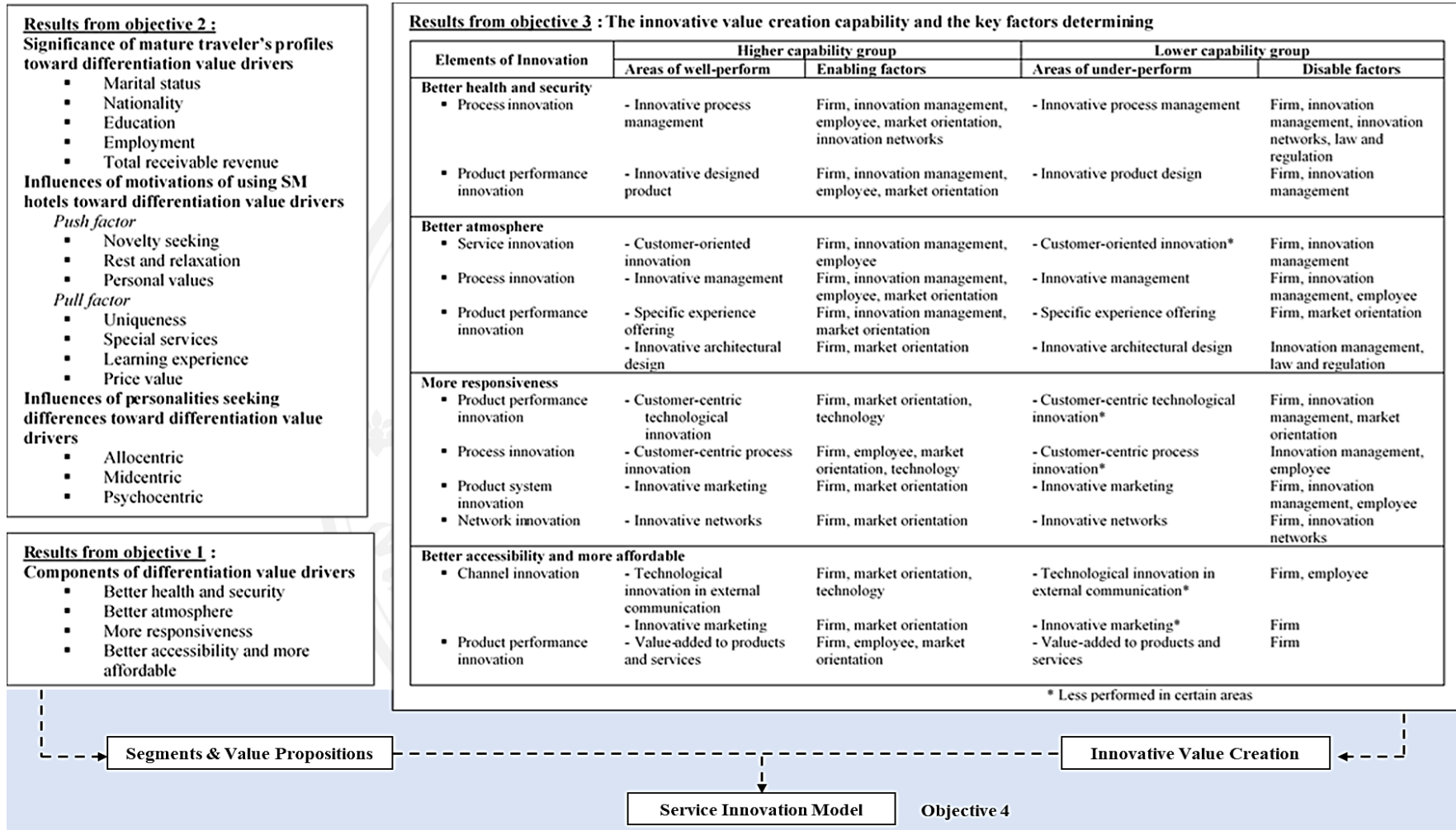


Figure 6.1 The Data of the Service Innovation Model for Small and Medium-sized Hotel Business Focusing on Mature Travelers

### 6.2.1 Segments and Value Propositions

The results from the research objective 1 revealed the four components of mature traveler's differentiation value drivers, including better health and security, better atmosphere, more responsiveness, and better accessibility and more affordable. Segments and value propositions were derived from the quantitative results and discussion of the research objective 2 which presented according to these four aspects as follows. As shown in Figure 6.2, this section illustrates mature travelers' value propositions, value required to be delivered to achieve differentiation value drivers, and recommendations for segments, respectively.

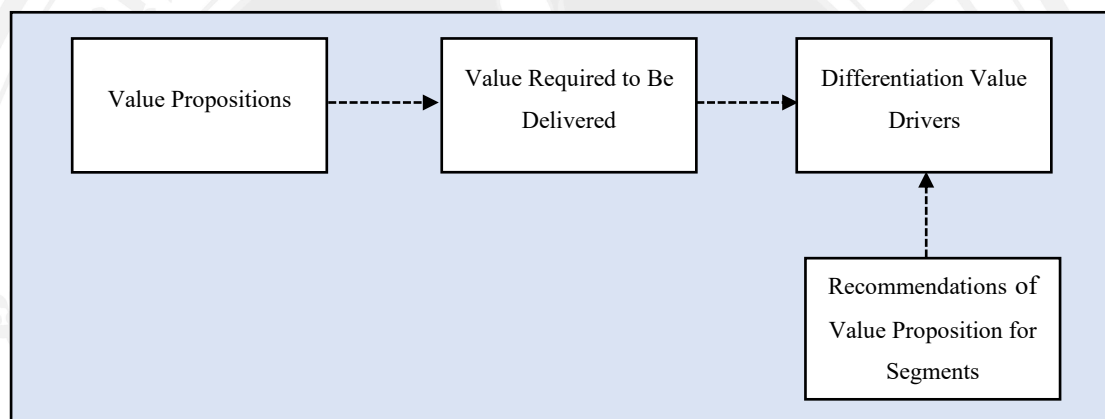


Figure 6.2 Mature Travelers' Segments and Value Proposition

#### 6.2.1.1 Segments and Value Propositions in Relation to a Differentiation Value Driver of Better Health and Security

According to a dimension of better health and security, it was found that value propositions of mature travelers consisted of three main elements, namely, health and sanitation, comfort, and safety and security.

For health and sanitary, mature travelers perceived high standards of hygiene and cleanliness as the most desired and critical hotel value driver when patronizing a hotel. Owing the fact that today's mature travelers tend to be more active travelers with health-conscious, taking care of their physical and mental health. As their age increasing, they have less resistance to disease and more vulnerable than the younger people, this leads to the formation of their needs of disease prevention and

their perceived physical risk of being ill while on holiday. As a result, cleanliness become more critical for them terms of hotel environment in areas of guestroom, public areas, and food cleanliness. In this regard, mature travelers value a really clean and sanitary hotel room which can protect them from picking up disease, hygienic food which minimizing the risk of food intoxication, healthy food for maximizing nutritional benefits and dietary needs, or even the authentic food that included cultures and food traditions in healthy eating to enrich their physical and mental health and experiences. Therefore, hoteliers should deliver mature travelers with a better health and clean environment in areas of guest room, public areas, as well as the culinary aspect.

Regarding to comfort, mature travelers requires a high level of comfort when staying in an accommodation. Aging is occurred with physical and psychological which influence the ability to participate in tourism activities. At the age of mature travelers, they have to face with deterioration of body functions. Sleep disorder is a common dilemma withing this ageing group. Either they need less sleep or unable to get enough sleep as they need, this poor sleep quality negatively impacts on their health-related quality of life, hence, an issue of sleep quality become a major concern among the aging tourists. Mature travelers require the comfort of hotel in-room facilities and atmosphere to foster their sleep quality to take a rest. Besides, the deterioration of health also causes their physical ability, the mature travelers with health limitations more concern about the difficult problems might arise if the hotel amenities or facilities are not user-friendly as they are hotel customers who spend more time in a hotel than others. This reflects their feeling of fear and a concern of comfort and safety as they are comfort-sensitive, in this case, mature friendly attributes are perceived importance for them. Consequently, hoteliers should design the product or service elements that enhance the supportive atmosphere of sleep quality, and the level of in-room comfort and safe environment to fulfill their needs of better health and security.

As for safety and security, mature travelers place their prioritize on the issue of the provision of safe and security in a hotel accommodation which provide them ‘a worry-free stay’. In the wake of crimes and terrorism, it has been increased for security and safety concerns in all travelers’ minds, especially mature travelers who are more vulnerable and have more disposable income to spend on their holiday. Safety and security are perceived by mature travelers as critical attributes when selecting an



accommodation. Since hotels are public place, mature travelers may feel insecure or unsafe when comparing to their home environment. On top of that, mature travelers perceived risk about to be in danger, get hurt during their stay as their major concern. Mature travelers need to be protected in terms of the safer guestroom and hotel environment that can safeguard their life and assets. Therefore, it is crucial to focus on the safety and security concerns of their customers by maintain a condition of wellbeing, protect of life and premises, and minimize risk of crime to make them feel being protected, comfortably safe and better security to meet their basic requirement of safety need.

To deliver the differentiation value driver of better health and security, the study suggests six recommendations of value propositions for segments as follows (as exhibited in Table 6.1).

1) Sanitary standard – focus on continuous improving and upgrading hotel cleanliness to meet sanitary standards in areas of hotel rooms and environment, and food aspect. As the findings revealed that mature travelers, particularly, mature travelers with the highest total receivable revenue had a higher expectation on a dimension of better health and security. This affluent segment are discerning customers of hospitality products and services including the view point of health and safety, designing working procedures that ensure the high standard of hygiene and cleanliness, personal health and safety can response to this demographic segment.

2) Food experience – as the increasing trends of mature travelers in ‘educational vacation’ and ‘health consciousness’, to deliver mature travelers with food experience under the labels of learning experience and health enrichment with featuring themes of health, culture, traditional, or authentic food fostering them with healthier and fulfil their sense of learning experience from their vacation. This suggestion is based on the research findings that mature travelers who perceived importance of a differentiation value of better health and security had a pull motive of learning experience as their motivation of using small and medium-sized hotels.

3) Comfort of personalized guestrooms – provide mature travelers with comfort of personalized guestrooms, facilities, and services with extra touch can nourish them the supportive environment with the element of home to enhance their sleep quality to rest and relax, comfortable, and safety. Mature travelers perceived

importance on the comfort of room since the findings found that they had a push factor of rest and relaxation, and pull factors of convenience and special services which influencing on their motivation of using small and medium-sized hotels. Thus, offering comfort of personalized guestroom can best target mature travelers with those motivations.

4) Hotel privacy and safe environment – provide mature travelers with a tranquil and relaxing atmosphere through distinctive features of privacy, safe environment. This can be done by adopting and keep upgrading new technology of security and ensuring safety programs in place in parallel with the surveillance by hotel staff can heighten the level of hotel security and privacy. The finding results showed that mature travelers who had a push motive of rest and relaxation, and pull motive of price value placed more importance on to a dimension of health and safety. Offer these segments with aspects of hotel privacy and safe environment can respond their motive of rest and relaxation, as well as a sense of value for money as price value is a trade-off between benefit gain and monetary cost of using.

5) Hotel image – promote a hotel image of safe environment in areas of hotel's physical security environment and surroundings, and particularly in in-room comfort and safety to highlight a better safe place to stay when executing the hotel marketing promotional activities. The study found that mature travelers with psychocentric personality and midcentric personality placed importance on a dimension of better health and safety. Because psychocentrics and midcentrics share the common characteristic of 'safety-oriented' and are sensual indulgences to prefer comfort, safety, and security when traveling. Hence, the hotel image of a more comfortably safe place can allure these personality segments.

6) Reassurance staying experiences – reassure mature travelers' experience during their stay by developing the characteristics of product and service through designing features that present the high standard of hygiene and cleanliness, personal health and safety. The findings revealed that mature travelers with the highest total receivable revenue had a high expectation on products and services related to health and safety. Since this affluent segment are sensitive to image and status of products and services, thus, to reassure their staying experiences emphasizing on aspects of better image of products and services to ensure its quality can target this lucrative segment.

In a nutshell, to respond mature travelers' a differentiation value driver of better health and security can meet their requirements in terms of physical and mentally needs and enhance their quality of life. Mature travelers will unconditionally revisit to the hotel if they satisfy during their stay.

The overall picture of segments and value propositions in relation to a differentiation value driver of better health and security was displayed in Table 6.2 to illustrated elements of mature travelers' value propositions, value required to be delivered, and value propositions for segments.

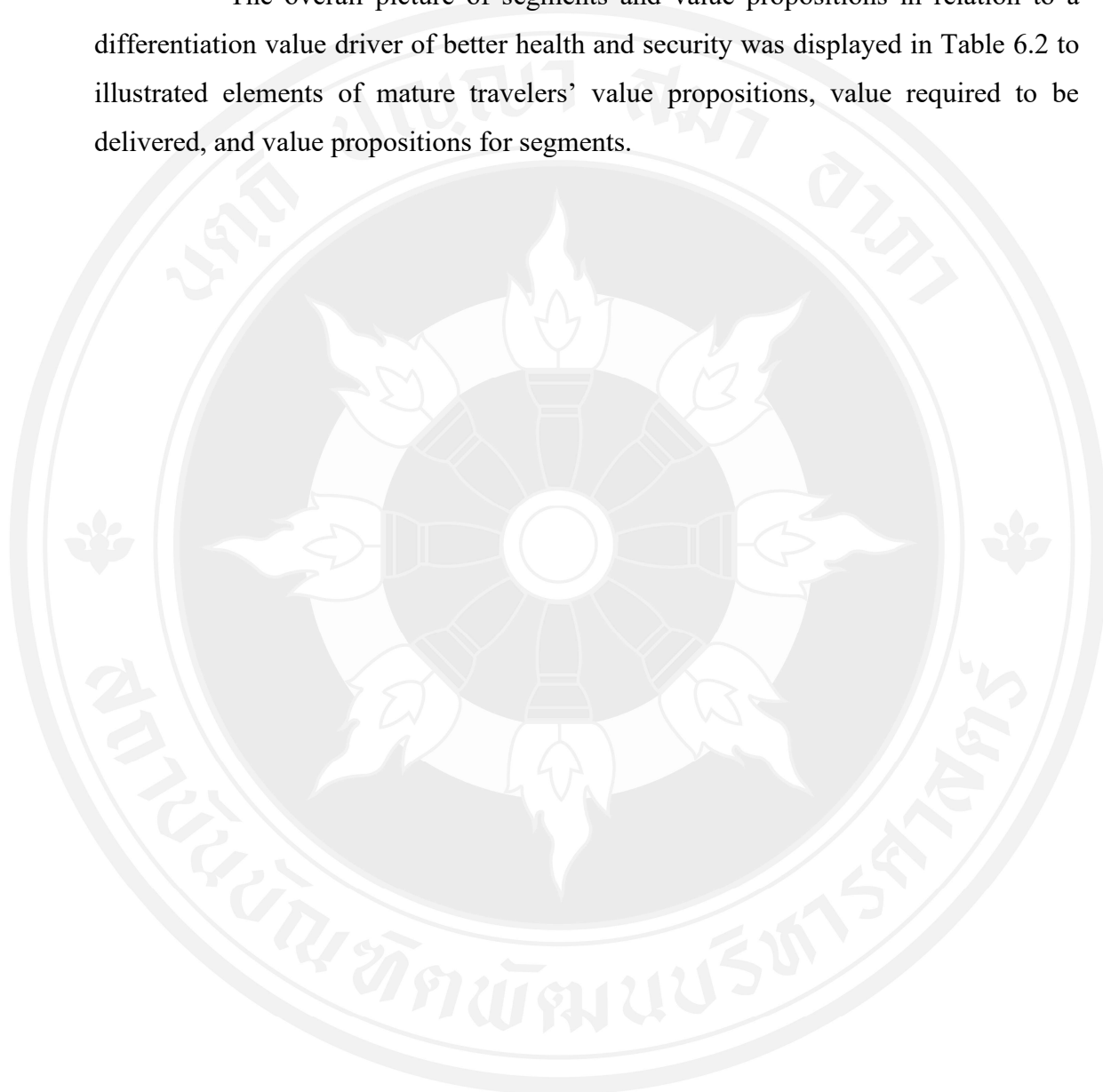


Table 6.1 Summary of Recommendations of Value Propositions for Market Segments in Relation to a Differentiation Value Driver of Better Health and Security

Recommendations of Value Propositions for Market Segments		
Recommendations	Research Results (from mature traveler survey)	Market Segment
1. Sanitary standard – focus on continuous improving and upgrading hotel cleanliness to meet sanitary standards in areas of hotel rooms and environment, and food aspect. (for mature travelers with the highest total receivable revenue)	1.1 Total receivable revenue – mature travelers who earned highest total receivable revenue had a higher expectation on differentiation value drivers of better health and security than those with the lower revenue earning.	Market segment by demographics
2. Food experience – deliver mature travelers with food experience under the labels of learning experience and health enrichment with featuring themes of health, culture, traditional, or authentic food fostering them with healthier and fulfil their sense of learning experience from their vacation. (for mature travelers with a pull motive of learning experience)	2.1 Learning experience – a pull motive of learning experience had a positive effect on a dimension of better health and security.	Market segment by mature travelers' motivations of using small and medium-sized hotels
3. Comfort of personalized guestrooms – provide mature travelers with comfort of personalized guestrooms, facilities, and services with extra touch can nourish them the supportive environment with the element of home to enhance their sleep quality to rest and relax, comfortable, and safety. (for mature travelers with a push factor of rest and relaxation, and pull factors of convenience and special services)	3.1 Rest and relaxation – a push motive of rest and relaxation positively affected on a dimension of better health and security. 3.2 Convenience – a pull motive of convenience had a positive effect on a dimension of better health and security. 3.3 Special services – a pull motive of special services had a positive effect on a dimension of better health and security.	Market segment by mature travelers' motivations of using small and medium-sized hotels
4. Hotel privacy and safe environment – provide mature travelers with a tranquil and relaxing atmosphere through distinctive features of privacy, safe environment. (for mature travelers who had a push motive of rest and relaxation, and pull motive of price value)	4.1 Rest and relaxation – a push motive of rest and relaxation positively affected on a dimension of better health and security. 4.2 Price value – a pull motive of price value had positive affected on a dimension of better health and security.	Market segment by mature travelers' motivations of using small and medium-sized hotels
5. Hotel image – promote a hotel image of safe environment in areas of hotel's physical security environment and surroundings, and particularly in in-room comfort and safety to highlight a better safe place to stay when executing the hotel marketing promotional activities. (for mature travelers with psychocentric personality and midcentric personality)	5.1 Psychocentric personality – mature travelers with psychocentric personality showed the positive effect to a dimension of better health and security 5.2 Midcentric personality – mature travelers with midcentric personality had a positive effect to a dimension of better atmosphere.	Market segmentation by mature travelers' personalities seeking differences
6. Reassurance staying experiences – reassure mature travelers' experience during their stay by developing the characteristics of product and service through designing features that present the high standard of hygiene and cleanliness, personal health and safety. (for mature travelers with the highest total receivable revenue)	6.1. Total receivable revenue – mature travelers who earned highest total receivable revenue had a higher expectation on differentiation value drivers of better health and security than those with the lower revenue earning.	Market segment by demographics

Table 6.2 Summary of Segments and Value Propositions in Relation to a Differentiation Value Driver of Better Health and Security

Elements of Value Propositions	Value Required to be Delivered	Value Proposition for Segments
<p><i>Health and sanitation</i> – enhance health quality</p> <ul style="list-style-type: none"> <li>▪ A clean and sanitary hotel room which protecting from picking up disease</li> <li>▪ Hygienic food which minimizing the risk of food intoxication</li> <li>▪ Healthy food for maximizing nutritional benefits</li> <li>▪ Authentic food that included cultures and food traditions in healthy eating</li> </ul>	<p>- Assurance of clean and sanitary guestrooms, hotel environment, and culinary</p> <p>- Hygienic and healthy food, and options of cuisine in healthy eating</p>	<ol style="list-style-type: none"> <li>1. Sanitation standard</li> <li>2. Food experience</li> <li>3. Comfort of personalized guestroom</li> <li>4. Hotel privacy and safe environment</li> <li>5. Hotel image</li> <li>6. Reassurance staying experiences</li> </ol>
<p><i>Comfort</i> – comfort of stay</p> <ul style="list-style-type: none"> <li>▪ The comfort of hotel in-room facilities and atmosphere to foster their sleep quality</li> <li>▪ The comfort room with mature friendly attributes</li> </ul>	<p>- In-room facilities with design elements that enhance the supportive atmosphere of sleep quality, ergonomic comfort, and safe environment</p>	
<p><i>Safety and security</i> – worry-free stay</p> <ul style="list-style-type: none"> <li>▪ The safer guestroom and hotel environment that safeguard their life and assets</li> <li>▪ Provision of safe and security systems</li> </ul>	<p>- Maintain a condition of wellbeing, protect of life and premises, and minimize risk of damage and crime in guestrooms and hotel environment.</p>	

### 6.2.1.2 Segments and Value Propositions in Relation to a Differentiation Value Driver of Better Atmosphere

According to a dimension of better atmosphere, it was found that value propositions of mature travelers consisted of three main elements, namely, personalized services, products aimed at mature travelers' experiences, and the hotel ambience. With these elements, it allows small and medium-sized hotel business become distinguish in terms of better service atmosphere which set them apart from the large traditional hotels.

For personalized services, mature travelers value personal attentions and expected to be treated as individual. Since they are customers with 'self-indulgence' who are not looking for 'cookie cutter' offerings, instead, they want something different, flexible and more personalized. For mature travelers, personal attention is perceived as a benefit of staying at small and medium-sized hotel as they value the importance of personal contact and intimate relationship between guest and host, they need to be nurtured by the service staff with a more personalized approach but not in an obvious conduct. To deliver effective and flexible personalized service, empathetic and sympathetic of staff toward customers are critical concerns for hoteliers. Thus, train staff to the specific needs for differences of the aging customers become essential.

Regarding to products aimed at mature travelers' experiences, mature travelers place value on products and services aimed at specially at mature aged-group. As they expect their increasing age to be a time for rejuvenation and learning new things, consequently, there is an increasing trend of mature travelers focusing on learning experiences as a part of their vacation as an opportunity for self-development when traveling. Therefore, hoteliers should encourage the creation of specific programs for enriching mature travelers' holiday experiences by considering their intelligence and psychological awareness. Besides, hoteliers should emphasize youth, and show how products or activities improve their lives, promote the experience when targeting mature travelers.

In relation to the hotel ambience, it is perceived by mature travelers as a significant element affecting their choices of hotel selection. Ambience mentioned to architecture design, stylish interior, and exterior décor, aesthetic, color harmony and atmosphere that create a special and unique environment to satisfy mature travelers'

travel motivation in aspects of rest and relaxation, escape from daily life, and unique experience of stay. Nowadays, mature travelers are now looking for unique and authentic experiences of lodging they stay which perceived as their staying benefit. On top of that, since mature travelers are comfort-sensitive, the hotel ambience in terms of welcome, warm, and cozy, and home-like setting are considerable for hoteliers when furnishing their hotels to meet mature travelers' needs and minimize their fear of feeling unease away from home. To combine the small-scale accommodation with the welcoming personalized nature of small accommodation with elements of comfort, restful, relaxing, charming, and a certain sort of security can create a feeling of home-away-from-home.

To deliver the differentiation value driver of better atmosphere, the study recommends five aspects of value propositions for segments as follows (as exhibited in Table 6.3).

1) Enriching learning experiences and socialization – the recommendations include:

1.1) Offer products and special activity programs or events to enable mature travelers to participate and provide them for social opportunities to learn new things and meet new people. Mature travelers who retired and employed part-time have more free time and more flexible with time, most of them perceived the benefit of time as an opportunity for learning and rediscovery and trying new things. Particularly for retirees, they need to adapt to changes in their normal flow of life by filling the time with new activities to compensate and balance their life. Furthermore, the single mature travelers are likely to seek opportunities to meet others or social interaction when traveling because of their single status or loneliness. The study found these demographics of the retired and single mature travelers had more expectation on a differentiation value driver of better atmosphere than other groups.

1.2) Provide mature travelers' vacation experiences with the label of 'educational vacation' through a supportive learning atmosphere to enable them take part in special activities that offering new learning experiences and spend their quality time. As an increasing demand of mature travelers to have more learning experiences as a part of their vacation, allowing them to take part in leaning activities can fulfil

mature travelers' motivation of learning experience since the study found a motive of learning experiences had positive effect on a differentiation value driver of better atmosphere.

1.3) Offer mature travelers with the differentiation value of authentic experiences through initiating special activities that allow them to engage with local at more emotional level and participation in local culture and communities. This recommendation is fit to the mature travelers with allocentric personality since they are adventurous who are active in their life and focus on seeking new experiences. This segment is motivated by learning and culture, hence, offering them with special activities that engage them in emotional level can meet their psychology needs. The findings of this study supported that allocentrics had positively effect on a differentiation value driver of better atmosphere.

1.4) Craft leisure and recreational activities that encourage mature travelers to be a bit more venturesome in their vacation and identify factors that can make things special for them. Mature travelers with midcentric personalities are in line with this suggestion since this segment are not only enjoys pleasure and relaxation of stay but also receptive to new experiences, and looking for a bit of extraordinary experience during stay. The findings found that midcentrics had positively effect on a differentiation value driver of better atmosphere. To attract this segment can make sense of business since this personality type portrays a large portion of mature travelers.

## 2) Promotional marketing

2.1) Promote or emphasize mature travelers with the images of youth, energetic, and active lifestyle when marketing mature travelers. Marketers should avoid emphasizing them with old age or the work 'seniors' in the marketing message since they want to maintain their youthful image and a state of 'young at heart'. This marketing message is appropriate to advertise to all boomers especially for the segment of retirees. Since retirees value their retirement as an opportunity for rejuvenation and rediscovery to new experiences.

2.2) Become customer-centric and exceed customer expectations by engaging their psychological awareness and a sense of intelligence with marketing the mature travelers. This suggestion aims at how to effectively market the segment of mature travelers especially the segment of affluent mature travelers. Because the



affluent mature travelers are discerning consumer with experiences and sophisticated, this suggestion can be useful to targeting this segment. The findings also found that the affluent mature travelers had a higher expectation on a differentiation value driver of better atmosphere. Even the affluent mature travelers are sophisticated and high demanding but it is worth to respond this lucrative segment as it makes sense of business.

### 3) Homely ambiance

3.1) Provide an accommodation with home-like environment in terms of both physical environments, and highly personalized and intimate services. This suggestion can capture the single mature travelers since the study found the positive relationship between the single mature travelers and expectation on a differentiation value driver of better atmosphere. As a single and loneliness, they are likely to seek out for social interaction, they value the intimate relationship or interaction between guest-host during stay as their benefit of staying. Besides, the setting of home-like environment also minimizes their feeling of away from home. Furthermore, the results also found the positive relationship between a push motive of rest and relaxation, and psychocentric personality on a differentiation value driver of better atmosphere. The homely ambiance reflects feelings of a home-away-from-home and the accommodation that are being restful, relaxing, comfortable, and secure, therefore, this characteristic of homely atmosphere can fulfill the needs of mature travelers who had a push motivation of rest and relaxation and psychocentric personality.

### 4) Product and service design

4.1) Highlight the aspects of the availability of individualized and personalized services aimed at mature travelers and the quality service of attentive and friendly service staff in a cordial atmosphere when designing service. This suggestion is in line with the psychological needs of mature travelers with a pull motive of special services, single mature travelers, and retirees which found positive effect on a differentiation value driver of better atmosphere.

4.2) Consider benefits of service attributes in both functional and emotional value by providing customers with high-value staying experiences through high-quality services and a pleasant environment at a reasonable price to create a better sense of best value for money in both functional and emotional levels. The study found

that a pull motive of price value had positive effect on a differentiation value driver of better atmosphere. Since mature travelers expect the price as its value and benefits they gain more than they pay for that price. In this sense, price value does not only mean for pricing, but for service quality and experience of a stay. When design new products and services, it is necessary to consider both terms of functional value and emotional value, as mature travelers are very value-oriented.

4.3) Highlight the uniqueness of architecture and interior design together with its fascinated storytelling to add hotels' value. The results found that a motive of uniqueness had a positive effect on a differentiation value driver of better atmosphere. To appeal this segment, hence, integrating the unique characteristic of physical buildings with experiential marketing can create product differentiation to offer unique experiences engaging customers at the emotional level.

#### 5) Service staff

5.1) Emphasize on increasing employee's skills to the specific needs and difference of mature travelers by providing adequate employee trainings and insights to handle with this mature segment. Employees play a critical role in providing exceptional individualized, personalized services, and create a unique service differentiation. Mature travelers are self-indulgence who need to be pampered by the friendly and attentive service staff, particularly for single mature travelers, affluent mature travelers, and mature travelers with psychocentric personality. Therefore, well-trained staff with the positive attitude are the desirable qualification of service staff to provide the unique service to the customers.

The overview of segments and value propositions in relation to a differentiation value driver of better atmosphere was displayed in Table 6.4 to illustrated elements of mature travelers' value propositions, value required to be delivered, and value propositions for segments.

Table 6.3 Summary of Recommendations of Value Propositions for Market Segments in Relation to a Differentiation Value Driver of Better Atmosphere

Recommendations of Value Propositions for Market Segments		
Recommendations	Research Results (from mature traveler survey)	Market Segment
<i>1. Enriching learning experiences and socialization</i>		
1.1 Offer products and special activity programs or events to enable mature travelers to participate and provide them for social opportunities to learn new things and meet new people. (for mature travelers who retired/employed part-time, and single mature travelers)	1.1.1 Employment – mature travelers who were retired and employed part-time had more expectation on an aspect of better atmosphere than those who were employed full-time. 1.1.2 Marital status – mature travelers who were single had more expectation on differentiation value drivers of better atmosphere than those who were married.	Market segment by demographics
1.2 Provide mature travelers' vacation experiences with the label of 'educational vacation'. (for mature travelers with a pull motive of learning experience)	1.2.1 Learning experience – a pull motive of learning experience had a positive effect on a dimension of better atmosphere.	Market segment by mature travelers' motivations of using small and medium-sized hotels
1.3 Offer mature travelers with the differentiation value of authentic experiences through initiating special activities that allow them to engage with local at more emotional level and participation in local culture and communities. (for mature travelers with allocentric personality)	1.3.1 Allocentric personality – mature travelers with allocentric personality had a positive effect on a dimension of better atmosphere	Market segment by mature travelers' personalities seeking differences
1.4 Craft leisure and recreational activities that encourage mature travelers to be a bit more venturesome in their vacation and identify factors that can make things special for them. (for mature travelers with midcentric personality)	1.4.1 Midcentric personality – mature travelers with midcentric personality had a positive effect to a dimension of better atmosphere.	Market segment by mature travelers' personalities seeking differences
<i>2. Promotional marketing</i>		
2.1 Promote or emphasize mature travelers with the images of youth, energetic, and active lifestyle when marketing mature travelers. (all mature travelers, especially for retirees)	2.1.1 Employment – mature travelers who were retired and employed part-time had more expectation on an aspect of better atmosphere than those who were employed full-time.	Market segment by demographics
2.2 Become customer-centric and exceed customer expectations by engaging their psychological awareness and a sense of intelligence with marketing the mature travelers. (for affluent mature travelers )	2.2.1 Total receivable revenue – mature travelers who earned highest total receivable revenue had a higher expectation on differentiation value drivers of better atmosphere than those with the lower revenue earning.	Market segment by demographics
<i>3. Homely ambiance</i>		

<b>Recommendations of Value Propositions for Market Segments</b>		
<b>Recommendations</b>	<b>Research Results (from mature traveler survey)</b>	<b>Market Segment</b>
3.1 Provide an accommodation with home-like environment in terms of both physical environments, and highly personalized and intimated services. (for single mature travelers, mature travelers with a push motive of rest and relaxation, and psychocentric personality)	3.1.1 Marital status – mature travelers who were single had more expectation on differentiation value drivers of better atmosphere than those who were married. 3.1.2 Rest and relaxation – a push motive of rest and relaxation had positive affected on a dimension of better atmosphere. 3.1.3 Psychocentric personality – mature travelers with psychocentric personality showed the greatest positive effect to a dimension of better atmosphere	3.1.1.1 Market segment by demographics 3.1.2.1 Market segment by mature travelers' motivations of using small and medium-sized hotels 3.1.3.1 Market segment by mature travelers' personalities seeking differences
<i>4. Product and service design</i>		
4.1 Highlight the aspects of the availability of individualized and personalized services aimed at mature travelers and the quality service of attentive and friendly service staff in a cordial atmosphere when designing service. (for single mature travelers, affluent mature travelers, and mature travelers with a pull factor of special services)	4.1.1 Marital status – mature travelers who were single had more expectation on differentiation value drivers of better atmosphere than those who were married. 4.1.2 Employment – mature travelers who were retired and employed part-time had more expectation on an aspect of better atmosphere than those who were employed full-time. 4.1.3 Special services – a pull motive of special services had a positive effect on a dimension of better atmosphere.	4.1.1.1 Market segment by demographics 4.1.2.1 Market segment by demographics 4.1.3.1 Market segment by mature travelers' motivations of using small and medium-sized hotels
4.2 Consider benefits of service attributes in both functional and emotional value by providing customers with high-value staying experiences through high-quality services and a pleasant environment at a reasonable price to create a better sense of best value for money (for mature travelers with a pull factor of price value)	4.2.1 Price value – a pull motive of price value had positive affected on a dimension of better atmosphere.	4.2.1.1 Market segment by mature travelers' motivations of using small and medium-sized hotels
4.3 Highlight the uniqueness of architecture and interior design together with its fascinated storytelling to add hotels' value. (for mature travelers with a pull factor of uniqueness)	4.3.1 Uniqueness - a pull motive of uniqueness had positive affected on a dimension of better atmosphere.	4.3.1.1 Market segment by mature travelers' motivations of using small and medium-sized hotels
<i>5. Service staff</i>		
5.1 Emphasize on increasing employee's skills to the specific needs and difference of mature travelers by providing adequate employee trainings and insights to handle with this mature segment.( for single mature travelers, affluent mature travelers, and mature travelers with psychocentric personality)	5.1.1 Marital status – mature travelers who were single had more expectation on differentiation value drivers of better atmosphere than those who were married. 5.1.2 Employment – mature travelers who were retired and employed part-time had more expectation on an aspect of better atmosphere than those who were employed full-time. 5.1.3 Psychocentric personality – mature travelers with psychocentric personality showed the greatest positive effect to a dimension of better atmosphere	5.1.1.1 Market segment by demographics 5.1.2.1 Market segment by demographics 5.1.3.1 Market segment by mature travelers' personalities seeking differences

Table 6.4 Summary of Segments and Value Propositions in Relation to a Differentiation Value Driver of Better Atmosphere

Elements of Value Propositions	Value Required to be Delivered	Value Proposition for Segments
<p><i>Personalized services</i> – high level of personalized services</p> <ul style="list-style-type: none"> <li>▪ Personal attention and extra touch</li> <li>▪ To be treated as individual</li> <li>▪ Intimate relationship between guest-host</li> <li>▪ Service customization and flexibility</li> </ul>	<p>- More personalized approaches and services</p>	<ol style="list-style-type: none"> <li>1. Enriching learning experiences and socialization</li> <li>2. Promotional marketing</li> <li>3. Homely ambience</li> <li>4. Product and service design</li> <li>5. Service staff</li> </ol>
<p><i>Products aimed at mature travelers</i> – highlight on learning and enriching experiences</p> <ul style="list-style-type: none"> <li>▪ A vacation with opportunities for learning and enriching experiences</li> </ul>	<p>- Products or activities that enhance mature travelers' lives and experience</p>	
<p><i>Hotel ambience</i></p> <ul style="list-style-type: none"> <li>▪ A hotel with ambience that create special and environment to allow them to rest and relax, escape from daily life, and unique experience</li> <li>▪ Welcome, warm and cozy, and homelike setting to minimize the fear of feeling unease away from home</li> </ul>	<p>- An accommodation with elements a home-like environment and unique experience of stay</p>	

### 6.2.1.3 Segments and Value Propositions in Relation to a Differentiation Value Driver of More Responsiveness

According to a dimension of more responsiveness, it was found that value propositions of mature travelers consisted of three main elements, namely, in-room technologies, speed and convenience of services, and privilege offering through loyalty programs.

For in-room technologies, mature travelers require a guestroom with in-room technologies that allow them to stay more convenient and gain personalized experiences. Since mature travelers are convenience-oriented, they require the convenience of services provided by hotels including the technology offers. The new generation of current mature travelers are not simply access to IT equipment and the Internet, but also considered the technology as their lifestyle advantages, and prefer to try new things to seek for new experiences. Innovative technologies allow them to stay conveniently and enhance their experiences. The findings of this study also supported that mature travelers cited the availability of modern in-room technologies as a 'very important' level. However, mature travelers do not expect entirely different experiences with high technology that very far away from their home. Instead, they just expect hotels to offer them with the technologies they usually enjoy at home. Thus, hoteliers should provide in-room technologies that are now on the market and currently use and perceived value by the customers. Besides, hoteliers also should become early adopter of technology by keeping pace with the technological trend and make selection accordingly to meet the customers' needs.

Regarding to speed and convenience of services, mature travelers desire service with convenience and speed as they are convenience-minded. It is said that mature travelers have plenty of free time, however, they perceive time is precious to them so they are willing to pay more for convenience and hassle-free. Faster check-out process including convenience and speed of payment method and billing process are 'very important' attributes rated by mature travelers which confirmed by numerous studies and the findings of this study. These attributes are also perceived as significant hotel value drivers leading to customer satisfaction. Thus, providing better responsiveness in customer service requires constant attention from hoteliers.

In an aspect of privilege offering through loyalty programs, incentive privileges are concerned among the mature travelers in their hotel patronage decision. The finding showed that mature travelers cited availability of privilege offerings through loyalty programs as 'very important' when selecting an accommodation. Additional benefits or privileges can respond to value-minded of mature travelers as mature travelers expect the price as its value and benefits they gain more than they pay for that price. On top of that, mature travelers are self-indulgence, they consider the lodgings that show the understanding and caring about their individual needs. When they think of returning to a lodging, they do as a result of value customization. For hoteliers, to offer customers with more responsive to their individual needs, the hotel loyalty programs need to be implemented to create additional value of customization and a sense of value for money to hotel product offerings. The hotel loyalty program is considered as an initiative that could bring a customer with a sense of being exclusive and recognition that is the way to enhance their experience.

To deliver the differentiation value driver of better atmosphere, the study recommends five aspects of value propositions for segments as follows (as exhibited in Table 6.5).

- 1) Emphasize Hi-tech in different aspects of segments

- 1.1) Emphasize mature travelers with attributes of 'convenience' and value of 'core benefits' of in-room technological amenities. This suggestion can employ to the target segments of Asian mature travelers and mature traveler with psychocentric personality. The study found that these segments showed a greater expectation to a dimension of more responsiveness. For Asian mature travelers, many studies mentioned that they concentrate on tangible attributes of the convenience of in-room amenities especially technological facilities, and prefer to access to the Internet and IT equipment as well as enjoy benefits of technological facilities. This study also found interestingly that psychocentric was the most positively affected on a dimension of more responsiveness which opposed to Plog (2001) in terms of a technological aspect. However, some mature travelers fear of new technology since they do not perceive that new technologies have not clear benefit for them. This reflects that they are 'selective innovative' as they tend to accept innovation when they feel that they will gain value.

Thus, offering innovative technological amenities that mature travelers perceive value and core value of benefits can allure this segment.

1.2) Emphasize novelty seekers with the thrilling experience of ‘up-to-date’ technological amenities to fulfill their needs of differentiation experiences during their stay. The results showed that a pull motive of novelty positively affected on a differentiation value driver of more responsiveness. As novelty relates to the degree to individual’s desires to experience new things which is compatible with personal accepting innovativeness. Offer novelty seekers with modern technological offerings can sustain their psychological need of new experiences.

1.3) Designing and promoting experience through the offering of in-room modern and comfort technological amenities to enrich a ‘tech savvy’ experience. This recommendation fits to the characteristics of mature travelers with a push motive of personal values. The findings display that mature travelers with a push motive of personal values in terms of status and prestige had a positive effect on a dimension of more responsiveness. This distinguish features of hi-tech amenities can offer mature travelers with a thrilling experience and allow them to capture and share their holiday experience to family and friends which enable them to gain status or attain their self-esteem.

1.4) Highlight the label of ‘educational vacation’ by providing the attractiveness of modern technology experience of in-room comfort and entertainment amenities to provide mature travelers an opportunity to learn to use new tech to nourish their motive of learning experience. A pull motive of learning experience found as a key factor affecting mature travelers’ differentiation value driver of more responsiveness. Mature travelers with a motive of learning experience expect their vacation to be a time for learning and trying new things. They are now the fast-group of internet users and recognize technology development as a route to education. Consequently, providing this segment with value-added amenities relating to modern technology facilities can nourish their motive of learning experiences.



## 2) Balance Hi-tech & Hi-touch

2.1) Offer the segments of European mature travelers and mature travelers with allocentric personality with an adequate level of technological amenities and place more highlight on the esthetic elements of the unique and authentic of personalized services of small-scale accommodation to thrill their experiences. Opposite to Asian mature travelers, European mature travelers less perceived on the significance of modern technologies, instead, they emphasized on the intangible aspect of service experiences. By the same token, mature travelers with allocentric personality were found least positive affected on a dimension of more responsiveness in this study. Allocentrics are venturers who quest unspoiled and unusual location, hence, hi-tech may not what they are really searching for when traveling to the exotic destination of Thailand as these modern technologies can be found from anywhere in their country. They just require adequate-to-good hotels, and not necessarily modern hotels. Hence, in both cases, the basic technologies should be met to provide them with convenience as necessary, on top of that, the esthetic elements of personalized services or human touch need to be highlighted to create their memorable experiences.

2.2) Satisfy affluent mature travelers with value-added hi-tech amenities to create differentiation in parallel with highly personal touch – ‘hi-tech & hi-touch’ services. The finding revealed that mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of more responsiveness than those who had lower revenue. Since the affluent mature travelers are more discerned consumers and very demanding, “cookie-cutter” service is not what they looking for. Instead, they require more personalized choices, thus, hoteliers need to meet their discrete demands. These affluent travelers are willing to pay a premium for convenience and distinguish experiences. Hoteliers should adopt hotel technology as a value-added amenity to create differentiation and personalize customer experience and improve service responsiveness. However, hoteliers should also put accent on human interaction to compliment technology because the human touch is a critical aspect enabling a differentiation travel experiences. Therefore, “hi tech & hi touch” service - integrating high technology amenities with highly personal touch are the perfect combination of hotel service to reach this affluent segment.

2.3) Promote mature travelers with midcentric personality with the thrilling experience of modern technologies. The result found that mature travelers with midcentric personality showed the greatest positive effect to a dimension of more responsiveness. Midcentrics share the similarity of psychocentrics in preferring heavy hotel development and a high level of comfort and convenience of stay. As the same time, they also seek at least some variety or new experience which similar to the allocentrics. Thus, to target this segment, hoteliers should promote them with the thrilling experience of modern technologies to fulfil their travel motivation of learning new experiences as well as satisfy their convenient oriented which provide them extraordinary experiences of stay.

### 3) High-tech as a differentiation strategy

3.1) Initiate the contemporary design and brighten up with high-tech facilities as a differentiation strategy to create the uniqueness. This suggestion can target the segment of mature travelers with a pull motive of uniqueness. The result showed that a pull motive of uniqueness was positively affected mature travelers on dimension of more responsiveness. Mature travelers with a motive of uniqueness are different-seeking customers. The hotel's characteristic of modernization of technology can allure this market segment. The contemporary design with high-tech facilities are the innovative differentiation feature can capture the attention from this segment. With this differentiation strategy, it also allows small and medium-sized hotels to be unique and enable them to compete with large branded hotels.

### 4) Designing in-room technologies

4.1) Emphasize on easy-to-use or use-friendly functions of technological amenities to allow them the feelings of more comfort and convenience when designing in-room technology amenities. This recommendation is considerable when targeting all personality types of mature travelers particular on mature travelers with psychocentric personality. The finding also confirmed the positive effect between mature travelers with psychocentric personality and a differentiation value driver of more responsiveness. This segment is 'selective innovative', they tend to accept innovation that they feel that they will gain value. Hence, when designing in-room technological amenities, easy-to-use or user-friendly functions need to be emphasized

to allow them to enjoy the benefits of technology and create feelings of more comfort and convenience during their stay.

#### 5) Enabling speed and convenience of services

5.1) Initiate superior working methods to facilitate seamless and more customer service responsiveness by considering technological and non-technological approaches. This recommendation aims at satisfying all mature travelers, and especially for the affluent segment. As the results found this affluent segment had more expectation on a dimension of more responsiveness, convenience and speed of services should be prioritized when target this segment. To promote the hassle-free hotel stay and speed of service, it requires the effective process of back office to produce an efficient working method of work. Adopting new technology or encouraging employees for initiate ideas to facilitate their working process should be taken into account in order to facilitate the seamless and more responsive customer service.

#### 6) Enhancing customization through loyalty program

6.1) Offer hotel loyalty programs as an additional value of customization to hotel product offerings. This suggestion can particularly target on affluent and psychocentric segments. The results showed that affluent mature travelers and psychocentrics were place more importance on a differentiation value driver of more responsiveness. The affluent mature travelers are more discerning and demanding customers as they have more experiences in tourism products and services, they require more personalized choices and willing to pay a premium for convenience and distinguish experiences. For psychocentrics, they prefer a high level of comfort, familiar atmosphere, having routine or non-varying lifestyle, so that, this segment is unsophisticated and predictable. Hotel loyalty programs allow hotels to have systems and procedures established for customer profiles with the insights of customer needs, interests and purchasing behavior which enabling hoteliers to shape their products and service to fit individual needs and interests. With this valuable customer data, the loyalty program can adopt as a tool to satisfy the more demanding customers as the affluent mature travelers with more responsive and more personalized ways, at the same time, it can simply direct to the needs of unsophisticated and predictable needs of psychocentrics to allow them to be pampered with personalized and familiar services.

Hoteliers should adopt hotel technology as a value-added amenity to create differentiation and personalize customer experience and improve service responsiveness.

The overview of segments and value propositions in relation to a differentiation value driver of better atmosphere was displayed in Table 6.6 to illustrate elements of mature travelers' value propositions, value required to be delivered, and value propositions for segments.

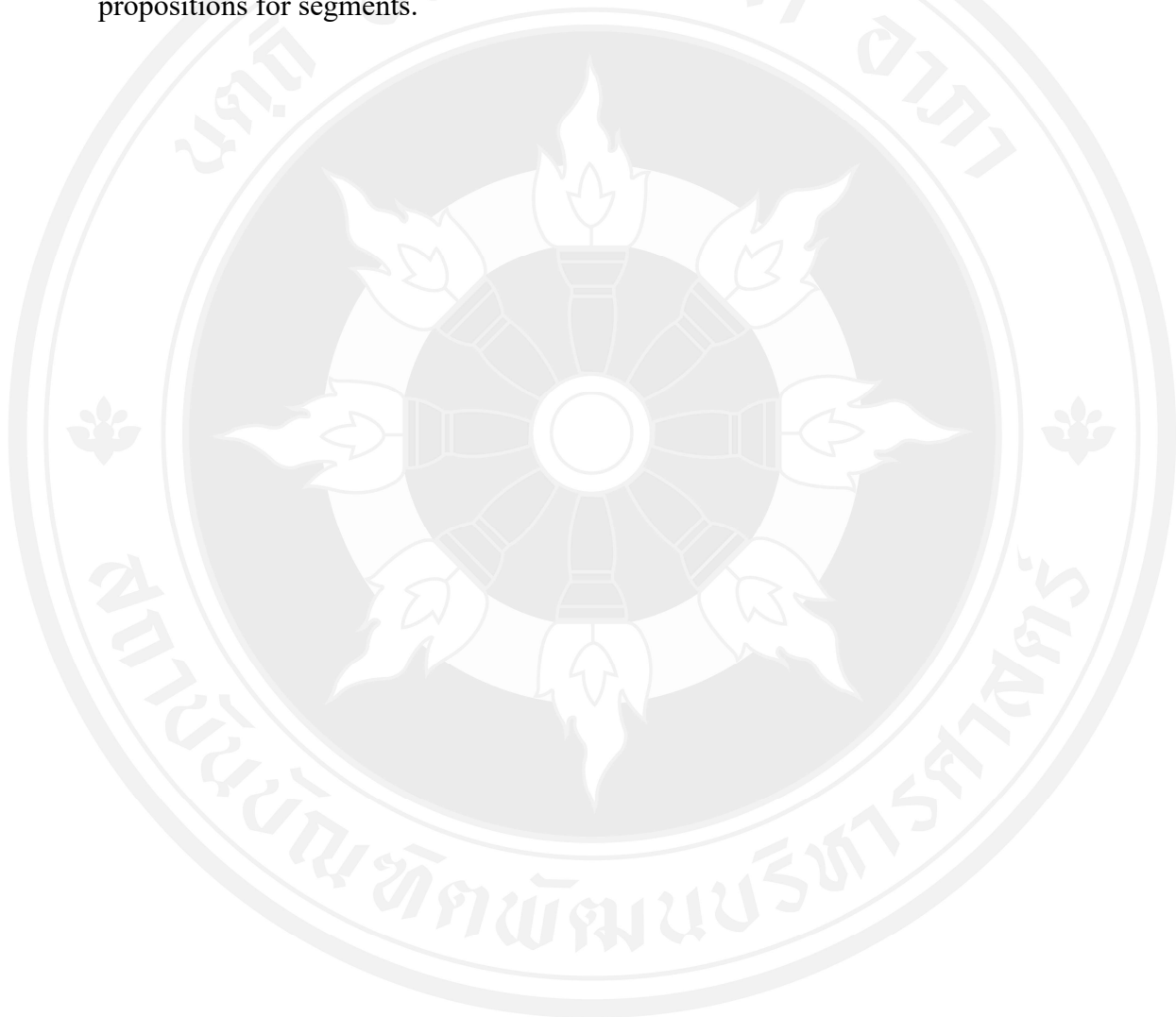


Table 6.5 Summary of Recommendations of Value Propositions for Market Segments in Relation to a Differentiation Value Driver of More Responsiveness

Recommendations of Value Propositions for Market Segments		
Recommendations	Research Results (from mature traveler survey)	Market Segment
<i>1. Emphasize Hi-tech in different aspect of segments</i>		
1.1 Emphasize mature travelers with attributes of 'convenience' and value of 'core benefits' of in-room technological amenities. (for Asian mature travelers and mature traveler with psychocentric personality)	1.1.1 Nationality - Asian mature travelers had a greater expectation on a dimension of more responsiveness than mature travelers from Europe.	1.1.1.1 Market segment by demographics
	1.1.2 Psychocentric personality – mature travelers with psychocentric personality positively affected on a dimension of more responsiveness.	1.1.2.1 Market segment by mature travelers' personalities seeking differences
1.2 Emphasize novelty seekers with the thrilling experience of 'up-to-date' technological amenities to fulfill their needs of differentiation experiences during their stay.	1.2.1 Uniqueness – a pull motive of unique had positive affected on a dimension of more responsiveness.	Market segment by mature travelers' motivations of using small and medium-sized hotels
1.3 Designing and promoting experience through the offering of in-room modern and comfort technological amenities to enrich a 'tech savvy' experience. (for mature travelers with a push motive of personal values)	1.3.1 Personal values – a push motive of personal values relating to status and prestige had a positive effect on a dimension of more responsiveness.	Market segment by mature travelers' motivations of using small and medium-sized hotels
1.4 Highlight the label of 'educational vacation' by providing the attractiveness of modern technology experience of in-room comfort and entertainment amenities. (for mature travelers with a pull motive of learning experience)	1.4.1 Learning experience – a pull motive of learning experience had a positive effect on a dimension of more responsiveness.	Market segment by mature travelers' motivations of using small and medium-sized hotels
<i>2. Balance Hi-tech &amp; Hi-touch</i>		
2.1 Offer the segments of European mature travelers and mature travelers with allocentric personality with an adequate level of technological amenities and place more highlight on the esthetic elements of the unique and authentic of personalized services of small-scale accommodation.	2.1.1 Nationality - Asian mature travelers had a greater expectation on a dimension of more responsiveness than mature travelers from Europe	2.1.1.1 Market segment by demographics
	2.1.2 Allocentric personality – mature travelers with allocentric personality found least positive affected on a dimension of more responsiveness when comparing to other two groups of personality.	2.1.2.1 Market segment by mature travelers' personalities seeking differences
2.2 Satisfy affluent mature travelers with value-added hi-tech amenities to create differentiation in parallel with highly personal touch – 'hi-tech & hi-touch' service.	2.2.1 Total receivable revenue – Mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of more responsiveness than those who had lower revenue.	Market segment by demographics
2.3 Promote Midcentrics with the thrilling experience of modern technologies.	2.3.1 Midcentric personality – mature travelers with midcentric personality showed the greatest positive effect on a dimension of more responsiveness.	Market segment by mature travelers' personalities seeking differences

<b>Recommendations of Value Propositions for Market Segments</b>		
<b>Recommendations</b>	<b>Research Results (from mature traveler survey)</b>	<b>Market Segment</b>
<i>3. Hi-tech as a differentiation strategy</i>		
3.1 Initiate the contemporary design and brighten up with high-tech facilities as a differentiation strategy to create the uniqueness. (for mature traveler with a pull motive of uniqueness)	31.1 Uniqueness – a pull motive of unique had positive affected on a dimension of more responsiveness.	Market segment by mature travelers' motivations of using small and medium-sized hotels
<i>4. Designing in-room technologies</i>		
4.1 Emphasize on easy-to-use or use-friendly functions of technological amenities to allow them the feelings of more comfort and convenience when designing in-room technology amenities. (for all personality types, especially psychocentrics)	4.1.1 Psychocentric personality – mature travelers with psychocentric personality positively affected on a dimension of more responsiveness.	Market segment by mature travelers' personalities seeking differences
<i>5. Enabling speed and convenience of services</i>		
5.1 Initiate superior working methods to facilitate seamless and more customer service responsiveness. (for all mature travelers, especially for affluent mature travelers)	5.1.1 Total receivable revenue – Mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of more responsiveness than those who had lower revenue.	Market segment by demographics
<i>6. Enhancing customization through loyalty program</i>		
6.1 Offer hotel loyalty programs as an additional value of customization to hotel product offerings. (for affluent mature travelers and mature travelers with psychocentric personality)	6.1.1 Total receivable revenue – Mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of more responsiveness than those who had lower revenue.	6.1.1.1 Market segment by demographics
	6.1.2 Psychocentric personality – mature travelers with psychocentric personality positively affected on a dimension of more responsiveness.	6.1.2.1 Market segment by mature travelers' personalities seeking differences

Table 6.6 Summary of Segments and Value Propositions in Relation to a Differentiation Value Driver of More Responsiveness

Elements of Value Propositions	Value Required to be Delivered	Value Proposition for Segments
In-room technologies <ul style="list-style-type: none"> <li>▪ Convenient and personalized guestrooms with technologies they usually enjoy at home</li> <li>▪ In-room technologies with easy-to-use functions</li> <li>▪ Room with availability of IT equipment</li> </ul>	- A guestroom with in-room technologies that allows customers to stay more convenient and gain personalize experiences	<ol style="list-style-type: none"> <li>1. Emphasize Hi-tech</li> <li>2. Balance Hi-tech &amp; Hi-touch</li> <li>3. Hi-tech as a differentiation strategy</li> <li>4. Designing in-room technologies</li> <li>5. Enabling speed and convenience of services</li> </ol>
Speed and convenience of services <ul style="list-style-type: none"> <li>▪ Service with convenience and speed</li> <li>▪ Hassle-free of stay</li> </ul>	- Better responsiveness in customer service	<ol style="list-style-type: none"> <li>6. Enhancing customization through loyalty program</li> </ol>
Privilege offerings through loyalty programs <ul style="list-style-type: none"> <li>▪ Value for money</li> <li>▪ Value of customization (understanding and caring about their individual needs)</li> </ul>	- Hotel loyalty programs that create additional value of customization and value for money	

### 6.2.1.3 Segments and Value Propositions in Relation to a Differentiation Value Driver of Better Accessibility and More Affordable

According to a dimension of better accessibility and more affordable, it was found that value propositions of mature travelers consisted of two main elements, namely, convenience of reaching hotel service and value for money.

Convenience of reaching hotel service is perceived by mature travelers as 'very important' expected differentiation value drivers according to the results of this study. As mature travelers are convenience-oriented and emphasize on product or service that minimize problems and has elements of easy-to-use and hassle-free function. The results also revealed that mature travelers placed a high level of expectations on an ease of reaching service provider with multi-communication channels, easy-to-use, convenience and reliable online reservation systems, as well as easy to access hotel information online. Therefore, providing mature travelers with convenient accessibility, the differentiation features should be approached in areas of user-friendly online reservation systems, convenient online reservation systems, multi communication channels particularly on social media. Moreover, it is also necessary for hoteliers to carefully choose the appropriate reservation and effective communication channels to respond to the needs of customers by considering to the customer trends and their purchasing behavior.

Value for money or reasonable room rate is commonly found as the key consideration when selecting a hotel. This finding was in accordance with numerous previous studies. This implies that mature travelers are 'value-minded'. Since mature travelers are generally characterized as clients with significant purchasing power and spend more during their holiday. However, it does not mean that they are willing to pay for price without consideration because they are better educated and more experience in tourism products and services, and some of them perceived their savings and pensions as the most critical funds for all of their life. Consequently, they place importantly emphasize on value for money the spent. Moreover, as they are more experience in tourism products, lower price or discounting alone may not be able to successfully attract them, that is, price and quality must be come along. Besides, price with augmented benefits is also perceived as more value for money because mature travelers expect the price as its value and benefits they gain more than they pay for that



price. Therefore, customer-based pricing strategy or pricing rooms regarding to the customer perceived value is proposed as strategic pricing to approach mature travelers with a sense of value for money. Moreover, offering value-added products and services can make sense of more value for money as the benefit gain is greater than the cost they paid for.

To deliver the differentiation value driver of better accessibility and more affordable, the study recommends four aspects of value propositions for segments as follows (as exhibited in Table 6.7).

#### 1) Effective Communication channels

1.1) Use of both online and offline channels as key effective communication channels direct to the affluent mature travelers. The results revealed that mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of better accessibility and more affordable than those who had lower revenue. Since the affluent mature travelers tend to have more travel experiences and are more discerning customers and more sophisticated in their travel appreciations. To allow this segment better access to service provider and hotel information, social media including travel review websites serves as a key communication channels for the younger mature travelers with higher income level, while the older group tends to rely on travel agencies. Hence both online and offline communication channels are regarded as effective channels for this sub-segment.

1.2) Facilitate mature traveler with psychocentric personality with multi-communication channels to help them easier to access information and make decision toward the hotel selection. The result found that mature travelers with psychocentric personality positively affected on a dimension of better accessibility and more affordable. As psychocentrics are intellectually restricted as they do not search out new experiences and often rely on authority figures for guidelines their lives when deciding on their trips. Providing this segment with better accessible of hotel information through multi-communication channels can help them easier to access information and make decision toward the selection of accommodation.

It is always important to be in a position of identifying and distinguishing products based on their monetary value and the value itself.

## 2) Add more value to products and services

2.1) Emphasize on delivering products and services that enhance mature travelers' feeling of value for money by providing a personal holiday experience at a reasonable price and adding differentiation value to price. This suggestion proposed to all mature travelers particularly on the retirees and midcentrics. The finding revealed that that mature travelers who were retired and mature traveler with midcentric personality placed more importance on differentiation value drivers of better accessibility and more affordable. Retirees perceived their savings and pensions as the most critical funds for all of their life. Consequently, retirees tend to be price and value conscious, and concern about value for money when traveling. As for midcentrics, this segment sounds attractive to hotel business because of its size (representing about 60% of mature travelers according to Plog (2001), they are also value-oriented and stress on value for money, discounting alone may not appeal them since they naturally search at least some variety or a new experience of products and services. Hence, to attract these segments, hoteliers should stress on delivering products and services that enhance their feeling of value for money by providing a personal holiday experience at a reasonable price, adding differentiation value to price such as augmented benefits, complimentary and additional privileges, or factors that make their holiday special.

2.2) Offer products and services with distinctive and extraordinary features that inherent worth and provide advantages over the existing products or focus on the new products and services that sound gimmicky with quality. This recommendation fits to the affluent mature travelers and mature travelers with allocentric personality. The findings revealed that mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of better accessibility and more affordable which also found similarly in the segment of allocentrics. Since the affluent mature travelers are more travel experiences and more discerning customers, they are "value-minded", they prefer an accommodation that offer reasonable price with quality of products and services, and are willing to pay a premium for extraordinarily products and services which suitable for their needs. As for allocentrics, though this group normally account for 15% of mature travelers according

to Plog (2001), but they can be considered as an ideal market in terms of revenue contribution. Allocentrics are willing to pay for products and services that are novel, different, and authentic, they prefer to choose and try new products and services that sound gimmicky with quality. Therefore, to attract these lucrative segments, providing differentiation hotel features such as reputation of the hotel through hotel awards recognition, and positive electronic word of mouth marketing, unique and distinctiveness of site value, highly product and service personalization can be considered as the value creation which possibly target these high yield segments.

### 3) Promotional marketing

3.1) Use an experiential marketing approach rather than traditional communication techniques in order to engage customers at an emotional level. This suggestion is focusing on a segment of novelty seekers. The result showed that a push motive of novelty seeking had positive affected on a dimension of better accessibility and more affordable. Mature travelers who are novelty seekers show a need for novelty and quest for different experiences. Experiential marketing should be proposed rather than traditional communication techniques that stress on functional features of products, in order to engage novelty seekers at an emotional level. Telling the fascinating story of hotels and products, and promoting the unique experience of staying can stimulate and fulfill a motive of novelty seeking as well as create a better sense of value for money they spend.

3.2) Use well-known influencers or celebrities in the advertisement when targeting this segment of psychocentrics. The result found that mature travelers with psychocentric personality positively affected on a dimension of better accessibility and more affordable. According to Plog (2001), psychocentrics are intellectually restricted as they do not search out new experiences and often rely on authority figures for guidelines their lives. Due to the hesitation about their own abilities of decision making, they are prone to follow guidance of public personalities and rely on recommendation from others such as family, friends and relatives, influencers, and travel agency when deciding on their trips. Thus, using well-known influencer or celebrities in advertising is possible allure this segment.

### 4) Pricing strategy

4.1) Customer-oriented marketing should be approached than product-oriented when attracting mature travelers when pricing. This recommendation aims at all personality types of mature travelers, and particularly for midcentric and allocentrics. Since, mature travelers are “value-oriented”, they put accent on the value for money and are willing to pay a premium rate to gain a better-quality products or services. Pricing decisions must consider mature travelers’ needs and preferences. Customer-oriented marketing need to be approached than product-oriented when attracting mature travelers. Customer-oriented pricing strategies for mature travelers include a good quality-price ratio, dynamic pricing or pricing according to supply and demand, advantageous pricing for loyal customer, price reductions (when products and services are similar across sellers), premium pricing (for extraordinarily products and services which suitable for their needs).

4.2) Highlight on marketing promotion in areas of discounting price, discounting packaging holidays at the affordable price to lure the budget-minded segment. This recommendation targets on mature with psychocentric personality. Because psychocentrics are restrictive in spending discretionary income and pay more important on every dollar spend, thus, marketing promotion in areas of discounting price, discounting packaging holidays at the affordable price can appeal this budget-oriented segment.

The overview of segments and value propositions in relation to a differentiation value driver of better atmosphere was displayed in Table 6.8 to illustrated elements of mature travelers’ value propositions, value required to be delivered, and value propositions for segments.

Table 6.7 Summary of Recommendations of Value Propositions for Market Segments in Relation to a Differentiation Value Driver of Better Accessibility and More Affordable

Recommendations of Value Propositions for Market Segments		
Recommendations	Research Results (from mature traveler survey)	Market Segment
<i>1. Effective communication channels</i>		
1.1 Use of both online and offline channels as key effective communication channels direct to the affluent mature travelers.	1.1.1 Total receivable revenue – mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of better accessibility and more affordable than those who had lower revenue.	Market segment by demographics
1.2 Facilitate mature traveler with psychocentric personality with multi-communication channels to help them easier to access information and make decision toward the hotel selection.	1.2.1 Psychocentric personality – mature travelers with psychocentric personality showed the positive effect on a dimension of better accessibility and more affordable.	Market segment by mature travelers' personalities seeking differences
<i>2. Add more value to products and services</i>		
2.1 Emphasize on delivering products and services that enhance mature travelers' feeling of value for money by providing a personal holiday experience at a reasonable price and adding differentiation value to price (for all segment particular on retirees and midcentrics)	2.1.1 Employment - mature travelers who were retired or unemployed place more importance on differentiation value drivers of better accessibility and more affordable than those who were employed full-time. 2.1.2 Midcentric personality – mature travelers with midcentric personality showed the greatest positive effect on a dimension of better accessibility and more affordable.	2.1.1.1 Market segment by demographics 2.1.2.1 Market segment by mature travelers' personalities seeking differences
2.2 Offer products and services with distinctive and extraordinary features that inherent worth and provide advantages over the existing products or focus on the new products and services that sound gimmicky with quality. (for affluent mature travelers and allocentrics)	2.2.1 Total receivable revenue – mature travelers who earned higher total receivable revenue had a higher expectation on a dimension of better accessibility and more affordable than those who had lower revenue. 2.2.2 Allocentric personality – mature travelers with allocentric personality found least positive affected on a dimension of better accessibility and more affordable. when comparing to other two groups.	2.2.1.1 Market segment by demographics 2.2.2.1 Market segment by mature travelers' personalities seeking differences
<i>3. Promotional marketing</i>		
3.1 Use an experiential marketing approach rather than traditional communication techniques in order to engage customers at an emotional level. (for novelty seekers)	3.1.1 Novelty seeking – a push motive of novelty seeking had positive affected on a dimension of better accessibility and more affordable.	Market segment by mature travelers' motivations of using small and medium-sized hotels

<b>Recommendations of Value Propositions for Market Segments</b>		
<b>Recommendations</b>	<b>Research Results (from mature traveler survey)</b>	<b>Market Segment</b>
3.2 Use well-known influencers or celebrities in the advertisement when targeting the segment of psychocentrics.	3.2.1 Psychocentric personality – mature travelers with psychocentric personality showed the positive effect on a dimension of better accessibility and more affordable.	Market segment by mature travelers' personalities seeking differences
<i>4. Pricing strategy</i>		
4.1 Customer-oriented marketing should be approached than product-oriented when attracting mature travelers when pricing. (for midcentrics and allocentrics)	4.1.1 Midcentric personality – mature travelers with midcentric personality showed the greatest positive effect on a dimension of better accessibility and more affordable. 4.1.1 Allocentric personality – mature travelers with allocentric personality found least positive affected on a dimension of better accessibility and more affordable. when comparing to other two groups.	Market segmentation by mature travelers' personalities seeking differences
4.2 Highlight on marketing promotion in areas of discounting price, discounting packaging holidays at the affordable price when targeting psychocentrics.	4.2.1 Psychocentric personality – mature travelers with psychocentric personality showed the positive effect on a dimension of better accessibility and more affordable.	Market segmentation by mature travelers' personalities seeking differences



Table 6.8 Summary of Segments and Value Propositions in Relation to a Differentiation Value Driver of Better Accessibility and More Affordable

Elements of Value Propositions	Value Required to be Delivered	Value Proposition for Segments
<p><i>Convenience of reaching hotel service</i></p> <ul style="list-style-type: none"> <li>▪ Ease of reaching service provider with multi-communication channels</li> <li>▪ Easy-to-use, convenience and reliable online reservation systems</li> <li>▪ Easy to access hotel information</li> </ul>	<ul style="list-style-type: none"> <li>- Convenient online reservation systems</li> <li>- Multi communication channels</li> </ul>	<ol style="list-style-type: none"> <li>1. Effective Communication channels</li> <li>2. Add more value to products and services</li> <li>3. Promotional marketing</li> <li>4. Pricing strategy</li> </ol>
<p><i>Value for money and affordable</i></p> <ul style="list-style-type: none"> <li>▪ Attractive price</li> <li>▪ Price yet quality</li> <li>▪ Price with augmented benefits</li> <li>▪ Distinguished products and services with reasonable price</li> </ul>	<ul style="list-style-type: none"> <li>- Affordable price with value for money</li> <li>- Value added to products and services</li> </ul>	

### 6.2.2 Innovative Value Creation

The results from the research objective 1 revealed the four components of mature traveler's differentiation value drivers, including better health and security, better atmosphere, more responsiveness, and better accessibility and more affordable. Innovative value creation was derived from the quantitative results and discussion of the research objective 3 which presented according to these four aspects as follows. As shown in Figure 6.3, this section illustrates the innovative value creation capability of small and medium-sized hotels in respond to mature travelers' differentiation value driver, the required innovation to attain innovative value creation, innovative implements, and recommendations for managerial implications.

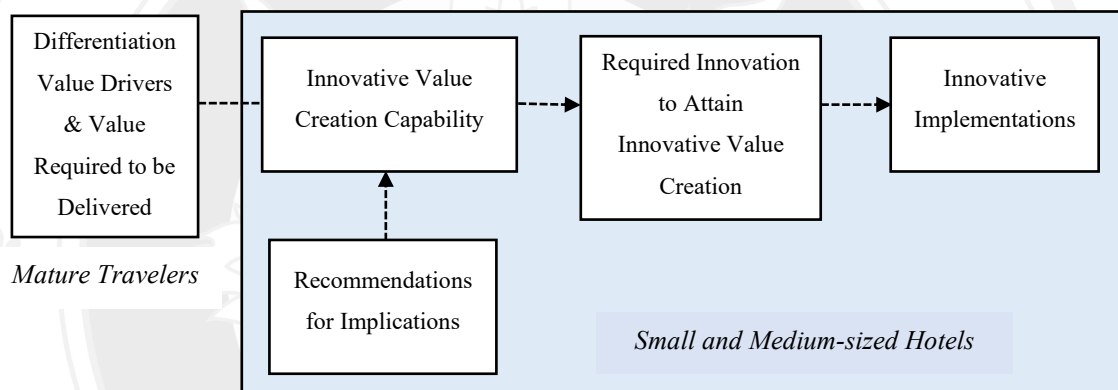


Figure 6.3 Innovative Value Creation of Small and Medium-sized Hotels

#### 6.2.2.1 Innovative Value Creation in Relation to a Differentiation Value Driver of Better Health and Security

In this section, innovative value creation capability was identified to deliver value creation to respond to mature travelers' differentiation value driver of better health and security (as exhibited in Table 6.2). According to Table 6.2, the value required to be delivered to achieve a dimension of better health and security consists of two main aspects; 1) assurance of cleanliness and maintain a condition of safety environment 2) hygienic and healthy food and options of cuisine, and in-room facilities and design elements that enhance the supportive environment.



1) To deliver the assurance of clean and sanitary guestrooms, hotel environment, and culinary, and to maintain a condition of wellbeing, protect of life and premises, and minimize risk and crime, the innovative value creation capability should be met in four aspects, namely, (1) sourcing the products with distinctive features that added value to hotel product or facilitate working functions more efficiency, (2) increasing efficiency and productivity of cleanliness and hygiene outcomes, (3) introducing superior ways to enable better food operational methods and quality, and (4) adopting of more effective solutions to enhancing security related products and services.

To enable these innovative value creation capabilities, process innovation is required as a tool to deliver value in response to a dimension of better health and security. In this context, process innovation relates to the generation of superior methods for doing tasks in order to deliver better sense of health and security. Innovative process management is a theme of innovative practices in approaching process innovation. To conduct innovative practices, the firm's capability to define and initiate superior working methods to foster health and safety needs of customers need to be met. In relation to customers' health and safety requirements, four innovative areas include innovative sourcing, innovative cleaning, innovative kitchen operating, and innovative security patrolling.

1.1) For innovative sourcing, initiatives need to be implemented to enable hoteliers to source the products with distinctive characteristics that can add value to hotel's product offering or facilitate hotel's working activities more efficiency. Innovative sourcing needs to highlight in areas of the selecting innovative suppliers, sourcing premium products and brands. This can guarantee the quality assurance of the products because of the 'technology specialist' of the suppliers resulting from their specialization associated with innovation. Besides, sourcing environmentally friendly products can provide hoteliers benefits in minimizing the unhealthy impact of pollution and waste, reducing hazardous substances on health and environment. In addition, the collaboration with local suppliers and/or suppliers where locates in geographical proximity to hotel property also enable innovative collaborations in supporting neighbors' local product or local community which can add value to hotel's products.

1.2) For innovative cleaning, it aims at increasing efficiency and productivity of cleanliness and hygiene outcomes. Effective innovative cleaning process ensures the cleanliness, hygiene, safeguard upkeep of the hotel. Innovative practices of standard operating procedures (SOPs) are critical for internal housekeeping process to control and maintain a clean and safe environment. To perform efficient SOPs, housekeeping training must be implemented to enable staff to perform their assigned tasks and improve cleaning methods and technique. Furthermore, housekeeping quality assessment is an audit to ensure the rules are critically followed. Eco practices in housekeeping are largely adopted utilize eco-friendly commodities, amenities and practices. Eco practices benefit not only to safe the health from harmful chemicals and components, but also improve customers' mental health or quality of life.

1.3) In relation to innovative kitchen operating, this implementation aims to provide customers with better health and sanitation which can done by employing food service technology. The application of food service technology as inventory control, software application enables faster and better food preparation methods, faster service, higher flexibility, and optimize food safety and minimize food health-risk problems. Besides, restaurant staff training is also a critical concern as a part of cuisine quality assurance. Well trained staff about the proper food-handling and food safety practices can ensure the restaurant to meet all food-safety standard and minimize cases of food intoxication.

1.4) As regards security requirement, the implementation of innovative security patrolling is aimed at enhancing security related product or service by adopting of more effective solutions. Security technology equipment is utilized to ensure the safety and security to customers during their stay together with the surveillance by security person in chart or hotel staff. Hoteliers should place the priority and keep upgrade on safety and security issues to increase customers confidence toward hotel security as it is one of the most critical concerns of mature travelers when patronizing a hotel.

2) To offer hygienic and healthy food and options of cuisine, and to provide in-room facilities and design elements that enhance the supportive atmosphere of sleep quality, ergonomic comfort, and safe environment, the innovative value creation

capability in offering distinctive designed in-room products and features should be met. In this case, product performance innovation should be implemented to create value to product offerings.

In this context, product performance innovation is implemented to offer distinctive product features aiming at creating a better sense of health and safety. Innovative designed product is proposed as a theme of product performance innovation practices. To create innovative products to meet mature travelers' differentiation value drivers of better health and security, innovative implementation can be initiated in areas of cuisine and guest rooms.

2.1) For cuisine, hoteliers need abilities to capture customer' needs and current trends and to design value-added features to develop hotel's products. Innovative health and gastronomic cuisine are initiated to offer better health dietary options, sleep-friendly food, slow food, home cooking recipe, and gastronomical experience which reflecting mature travelers' concerning toward health awareness and trends in searching for authenticity and experiences to fulfill their physical mentally health. Providing of various choices of healthy dietary and cuisine are recognized as value-added products can meet mature travelers' dietary requirements. Furthermore, creating added-value through the storytelling combined with hotel's distinctive attributes of their cuisine can enhance mature travelers' health and gastronomical experience.

2.2) To provide customers with comfort and sleep environment, innovative bedroom relating to comfort and sleep-friendly need to be developed to attain better product personalization. Hoteliers require insights of mature travelers' physical ergonomics and mental needs. Innovative in-room products and facilities such as pillow menu, creative turndown, customizable scent can support mature travelers' comfort and foster the sleep quality can reach their physical and mental requirements and quality of life. To design sleep-friendly bedroom, the design elements includes lights, colors, in-room temperature, soundproofing, and soothing scents. Additionally, mature-friendly attributes should be well designed to provide comfortably safe environment.

To deliver the innovative value creation to respond to mature travelers' differentiation value driver of better health and security, the study recommends five aspects of managerial implications (as exhibited in Table 6.9). These recommendations were derived from the discussion of factors determining the firm's service innovation capability in Chapter 5.

1) Chain and independent hotels attempt to innovate complementary innovations, they should learn from each other to enhance service innovation capability. As the result that found the firm factor relating to advantages of ownership structure of chain and independent hotels were directly related to hotel service innovation capability, on the contrary, advantages of each ownership structure can reflect disadvantages each other. Whereas chain hotels are generally best in relation to systems, management and operational process, knowledge sharing, and technology investment, small independent hotels are distinguished in responding to customer needs and offering more service personalization.

2) Management hoteliers should generate an innovation-supporting culture in all part of hotel to integrate employee's ideas and the management's attitude toward innovation, and employees must be a part of innovation process. Since innovation is the management's task to highlight and transmit the significance of innovation to employees. This recommendation is based on the finding relating to factor of innovation management found that the role of management support in creating a peer support environment encouraging employees to participate in the innovation practices directly influenced on the firm's innovative capability.

3) Employee trainings need to be conducted since having well-trained employees who had insights of their products and customers play a key role in the success of new services. Incentive programs should be also initiated to draw employees to participate in the innovation practices. Since the finding found the importance of employee engagement in fostering firms' innovation capability.

4) Hoteliers should keep track on customers' needs, behavior, and new trends as well as channelize their attempts into designing products and initiate new process to facilitate customer experiences. As the result found that factors related to the understanding of customers' needs were important to make innovative decisions fit to

their needs. Such finding emphasized the significance of customer orientation toward the success of innovation.

5) Small and independent hoteliers may consider establishing their own networked partnerships as a set of independent hotels for mutual benefits from their relationships by sharing each other skills, knowledges, resources, and heighten their bargaining power toward suppliers. This recommendation is grounded on the finding that lacking of innovation networks was a restriction to hinder small independent hotels to perform innovative process management because an absence of economies of scale make small scaled hotels become more less attractive when acquiring business partnerships.

The overview of the innovative value creation of small and medium-sized hotels in relation to a differentiation value driver of better health and security was summarized in Table 6.10 to illustrated elements of mature travelers' value required to be delivered, innovative value creation capability, required innovation, innovative implementation, and recommendations to implications.

Table 6.9 Summary of Recommendations for Managerial Implications in Relation to a Differentiation Value Driver of Better Health and Security

Recommendations of Managerial Implications		
Recommendations	Research Results (from interviews with hoteliers)	Factors Determining Service Innovation Capability
1. <i>Learn from each benefits-costs of ownership structure</i> - chain and independent hotels attempt to innovate complementary innovations, they should learn from each other to enhance service innovation capability.	Ownership structure – advantages of ownership structure in both of chain and independent hotels were directly related to hotel service innovation capability, on the contrary, such advantages of each ownership structure reflects disadvantages of each other.	Firm factor
2. <i>Generate an innovation-supporting culture</i> - management hoteliers should generate an innovation-supporting culture in all part of hotel to integrate employee's ideas and the management's attitude toward innovation, and employees must be a part of innovation process.	Management support – the role of management support increasing a peer support environment encouraging employees to participate in the innovation which influencing on firm's innovative capability.	Innovation management
3. <i>Employee trainings and incentive programs</i> - Employee trainings and incentive programs need to be conducted to draw employees to participate in the innovation practices.	Employee engagement – employee engagement is perceived importance by hotel management in fostering firms' innovation capability.	Employee factor
4. <i>Keep track on customers</i> - hoteliers should keep track on customers' needs, behavior, and new trends as well as channelize their attempts into designing products and initiate new process to facilitate customer experiences.	Customer orientation – factors related to the understanding of customers' needs are critical to make innovative decisions fit to their needs.	Market orientation
5. <i>Establishing own networked partnerships</i> - small and independent hoteliers may consider establishing their own networked partnerships as a set of independent hotels for mutual benefits from their relationships.	Innovation networks 5.1 Lacking of innovation networks hindered small independent hotels to perform innovative process management. 5.2 An absence of economies of scale made small scaled hotels become more less attractive when acquiring business partnerships.	Innovation networks

Table 6.10 Summary of Innovative Value Creation of Small and Medium-Sized Hotels in Relation to a Differentiation Value Driver of Better Health and Security

Mature Travelers Value Required to be Delivered	Small and Medium-Sized Hotels			
	Innovative Value Creation Capability	Required Innovation	Innovative Implementations	Recommendations to Implications
<ul style="list-style-type: none"> <li>- Assurance of clean and sanitary guestrooms, hotel environment, and culinary</li> <li>- Maintain a condition of wellbeing, protect of life and premises, and minimize risk of damage and crime in guestrooms and hotel environment</li> </ul>	<ul style="list-style-type: none"> <li>- Sourcing the products with distinctive features that added value to hotel product or facilitate working functions more efficiency</li> </ul>	Process innovation (Innovative process management)	<ul style="list-style-type: none"> <li><i>Innovative sourcing</i></li> <li>- Selecting innovative suppliers</li> <li>- Sourcing premium products and brands</li> <li>- Sourcing sustainable products</li> <li>- Collaboration with local suppliers</li> </ul>	<ol style="list-style-type: none"> <li>1. Learn from benefits-costs of each ownership structure</li> <li>2. Generate an innovation-supporting culture</li> <li>3. Employee trainings and Incentive programs</li> <li>4. Keep track on customers</li> <li>5. Establishing own networked partnerships</li> </ol>
	<ul style="list-style-type: none"> <li>- Increasing efficiency and productivity of cleanliness and hygiene outcomes</li> </ul>		<ul style="list-style-type: none"> <li><i>Innovative cleaning</i></li> <li>- Standard Operating Procedures (SOPs)</li> <li>- Employee training</li> <li>- Quality assessment</li> <li>- Eco practices</li> </ul>	
	<ul style="list-style-type: none"> <li>- Introducing superior ways to enable better food operational methods and quality</li> </ul>		<ul style="list-style-type: none"> <li><i>Innovative kitchen operation</i></li> <li>- Adopting food service technology</li> <li>- Employee training</li> </ul>	
	<ul style="list-style-type: none"> <li>- Adopting of more effective solutions to enhancing security related products and services</li> </ul>		<ul style="list-style-type: none"> <li>Innovative security patrolling</li> <li>- Adopting security technology equipment</li> <li>- Surveillance by security person and hotel staff</li> </ul>	
<ul style="list-style-type: none"> <li>- Hygienic and healthy food, and options of cuisine</li> </ul>	<ul style="list-style-type: none"> <li>- Developing and designing value-added cuisine features by considering customers' dietary needs and trends</li> </ul>	Product performance innovation (Innovative designed product)	<ul style="list-style-type: none"> <li><i>Health and gastronomic cuisine</i></li> <li>- Health dietary options</li> <li>- Sleep-friendly food</li> <li>- Slow food or local traditional cuisine</li> <li>- Home cooking recipe</li> <li>- Food storytelling</li> </ul>	
<ul style="list-style-type: none"> <li>- In-room facilities and design elements that enhance the supportive atmosphere of sleep quality, ergonomic comfort, and safe environment</li> </ul>	<ul style="list-style-type: none"> <li>- Offering distinctive designed in-room products and features aim at enhancing rest and relax, and sleep quality</li> </ul>		<ul style="list-style-type: none"> <li><i>Comfort and sleep-friendly bedroom</i></li> <li>- Pillow menu</li> <li>- Creative turndown</li> <li>- Customizable scent</li> <li>- Mature-friendly attributes</li> <li>- Room with design elements of sleep-friendly features</li> </ul>	

### 6.2.2.2 Innovative Value Creation in Relation to a Differentiation Value Driver of Better Atmosphere

In this section, innovative value creation capability was identified to deliver value creation to respond to mature travelers' differentiation value driver of better atmosphere (as exhibited in Table 6.4). According to Table 6.4, the value required to be delivered to achieve a dimension of better atmosphere consist of three aspects; 1) personalized approaches and services, 2) products or activities enhancing mature travelers' lives and experiences, and 3) an accommodation with elements of a home-like setting and unique experience offering.

1) To deliver more personalized approaches and services, it required two elements of innovative value creation capabilities in attaining a differentiation value driver of better atmosphere, namely, (1) creating pleasant service atmosphere with highly service personalization and better responsive, and (2) better identify customer needs and ability to take initiative and flexibility to meet customer demands.

1.1) Capability to create pleasant service atmosphere with highly service personalization and better responsive.

To enhance service offerings, service innovation should be implemented. In this study, service innovation is about to enhancing the value of product and service offerings. Customer-oriented innovation is a theme of innovative implementations to approach service innovation. To conduct effective service innovation, hoteliers need to improve the benefits, performance, and value of the offerings, or making a product easier to use and enjoy. Service flexibility and customization of service are the proposed initiative implementations needed to be highlighted as the hotel competencies to achieve better service personalization and pleasant service atmosphere.

For service flexibility, the flexibility in customer service relates to an ability to adapt to situations. Since individual customer has dissimilar needs, hoteliers should have alternatives of service operational policies and procedures in place to cope whatever customers require to address effectively to the dynamics of customer encounter. Besides, the ability to communicate to customers and taking into account their expectations is necessary to be included when designing innovation regarding service flexibility to deliver a customer experience more seamless and personalized.



Flexibility of check-in and check-out is one of the preferred customization options generally required by customers. Offering customers with a flexible time and alternative customization options to adjust their timing of check-in and check-out in a way that not only benefits customers but also the hotel, should be innovated. Granting the perk for free to customers who directly book, adjusted for loyalty hotel members, free or with a fee based on hotel availability are examples of service flexibility options. Offering such service flexibility, whether free or for a fee, it can make business sense. It can contribute to hotels' an extra revenue stream and also create customer loyalty toward a hotel brand.

In an aspect of customization of service, personalized service or personalized attention is repeatedly cited not only as a motivational factor in customers' decisions to select small and medium-sized hotels, but also highlighted as a benefit of their staying. Offering a great personalized service needs an ability to inclusively understand the most important matters for each customer, thus, hoteliers should be more pro-active to make initiatives that emphasize on customer preferences. To initiate the customized service experience for customers is another way of service innovation. There are various obvious areas that service innovation can be introduced. Wowing the customers by attempting to create initiate activities to surprise their customers to create their delightful memorable experiences, providing one-stop shopping or service which allows hotel staff to help customers in planning for their entire vacation or any requirements. Furthermore, informal style of service is viewed as a distinguish service characteristic of certain small-scale hotels to foster them to create a unique and cordially intimate relationship between customers and staff which contrast to service provided in chain and large traditional hotels. The simple things can create a difference.

1.2) Capabilities to identify customer needs and encourage staff's ability to take initiative and flexibility. Process innovation should be initiated to generate better ways of working process.

In this context, process innovation relates to the produce of superior methods of back-office working process in order to facilitate effective service innovation. Innovative management is a theme of innovative practices in approaching process innovation. To conduct innovative practices, it requires the firm's capabilities

to initiate the working process or methods in order to access to customer needs and heighten staff's ability to take initiative to meet customer needs.

To best provide personalized service and individualization, an ability to access to customer needs must be met. It is said that hotels that trace and respond to customer needs and expectations perform at higher levels to achieve sustained success and competitiveness. Hoteliers need to introduce initiate methods to gather customer information to improve quality and tailor personalized product and service. Guest history record is recognized as a treasure trove of data which allows hoteliers to gain insights into their customers and best serve them in their present and future stays. Keeping the guest profile regularly updated and together with observing customers' behavior by service staff can result in better gain customers' information and access to their needs. Besides, emphasizing on new methods for evaluating the customer experience feedback, including using open forums where customers can share their experiences as website, social media or other e-communication channels, and designing systematic complaint systems in order that service failure can be retrieved before to a customer's departure, drive hoteliers a better access customers' need. In addition, internal communication needs to implement to design the coordination of daily activities within an organization. Sharing and exchanging of information among employees within and among different departments can create a pleasant working atmosphere and teamwork to foster the success of customer service. Moreover, adopting modern communication technology as a message app like LINE or Facebook enables the flow of communication, keep up-to-dated information, and more immediately responsive.

Next, to serve customers with extra touches or more personalized attention and responsive, staff's ability is needed to enhance to take initiatives to meet customer needs. Experiential service innovation can be created through frontline staff by their significant role of co-create customer experience. Service staff are in a position that directly relate to customers during service encounters, hence, staff needs to be encouraged and trained to be assertively initiative in identifying possibilities to improve aspects of the service experience process and create unforgettable service encounters through the customized services. This requires the support of human resources' ecosystem, including recruitment, selecting, training, empowerment, motivation system,

co-creation, and other forms of initiatives to enhance staff's capability to develop real-time analytical skills and competency in service delivery to generate the supreme customer service experiences when confronting in service encounters.

2) To deliver products or activities enhancing mature travelers' lives and experiences, the innovative value creation capability in integrating customer needs and trends with hotel's distinguish value or feature need to be met in order to tailor products to fit customers' preferences. In this case, product performance innovation should be introduced to create value to hotel's product offering.

In this study, product performance innovation is implemented to offer distinctive product offerings aimed at better atmosphere of a stay. To offer a better mature travelers' product customization, hoteliers need to identify their distinguish value or features of their hotel's products intended to deliver to their customers by considering to customers' value, trends, and needs. In this context, specific experience offerings are initiated as a theme of innovative implementation.

Specific experience offerings are introduced as a theme of product performance innovation practices to aim at providing a better product customization intended to mature travelers. At this stage, hoteliers need to combine mature travelers' needs and trends together with hotel's distinguish value or features in terms of strengths, skills and specialization as well as the resource availability to tailor products to fit customers' preferences. Learning and enriching experience, health consciousness, and environmental awareness are emerged as significant market consumer trends in lifestyle and ethical behavior which are generally concerning among today's mature travelers. The creation of specific activities featuring with themes of such marketing trends can foster hoteliers to add value to their products and enrich mature travelers' experiences and meet their satisfaction. There are various obvious areas that innovative products for mature travelers can be introduced, including health and well-being products, recreational activities with the featuring themes of culture, art, cuisine, spirituality, and environmental programs to enhance mature travelers' physical and mental health and enrich their personal holiday experiences.

3) To offer an accommodation with elements of a home-like setting and unique experience offering, it requires an ability in integrating architectural and design

elements with distinguish feature to create a unique experience of stay. To create value to product offerings, product performance innovation needs to be employed.

Initiates of innovative architecture and design are proposed as an innovative theme to create a unique experience of stay. To implement, hoteliers need an ability to identify their hotel's value or distinctive features and integrate hotel's architectural and design elements with distinguish features of create unique experience. Mature travelers are now looking for unique and authentic experiences of lodging they stay. Design elements and unique of buildings are acknowledged as a differentiation strategy that distinguish small and medium-sized hotels from large branded hotels. Uniqueness of buildings require design features which include unique architecture and interior design, as well as unique pieces of furniture. Culture can be utilized in creating hotel's value. The heritage buildings, site value of location in iconic historical areas, or local culture of its neighborhoods can strengthen a unique experience of stay with a sense of place and authentic attachment. Theme-hotels are another form of the hotel initiate to focus on the need of customers who are searching for a novel experience of stay. The innovation on different creative themes can make the hotel more attractive. Furthermore, to provide a homely and comfortable environment, hoteliers should emphasize on the specific architectural and interior design to generate home-like atmosphere with a nostalgic sense of home, an experience that is comfortable, cozy, homeliness, and personalized, or offering a large-space of residential room with home facilities to create a homely feel.

To deliver the innovative value creation to respond to mature travelers' differentiation value driver of better atmosphere, the study recommends six aspects of managerial implications (as exhibited in Table 6.11). These recommendations were derived from the discussion of factors determining the firm's service innovation capability in Chapter 5.

1) Chain hotels and independent hotels may have different innovative strategies to attain success in their innovative projects. The results found that hotel chains were more experienced, professional and had more standard, knowledge and resources in developing hotel innovations as a result of chain advantages while small independent hotels did not. The chain standardization allows customers to enjoy the

predictable service standard from an identical set of services to ensure the service quality and experiences. Chain hoteliers may target on certain segments in which their characteristics are compatible to chain attributes, for example, mature travelers with psychocentric or midcentric personalities, or who are motivated by rest and relaxation, and special services motives. On the other hand, independent hotels mostly struggled from lacking of chain benefits and internal resources, especially financial resources. Instead of investing in large financial investment to widely attract general customers, alternatively, independent hoteliers should emphasize on distinguishing themselves by focusing on potential niche markets and creating the uniqueness, and differentiation through the improvement of software skills and customized tailor-made services, and service flexibility.

2) Small-scale properties with physical space and budget limitations may alternatively form partnerships with other local business or utilize outsource services to meet customers' needs when organizing leisure activities for mature travelers. Since small independent hotels face the limitation of internal resources to innovate, adopting the outsourcing services and co-promoting with travel-related partnerships help hoteliers to be easier to manage and meet customers' needs.

3) Management hoteliers should cultivate a culture that supports and reward innovation established to motivate employees to be innovate. As the finding results pointed out that management style and support play a key role in shaping a proper environment to promote firm's innovations, besides, the characteristics of transformational leadership are the desirable qualifications of hotel owners/managers.

4) Emphasize on human resources practices particularly in areas of staff empowerment, training, teamwork, competitive compensation package to attract and retain qualified employees. This suggestion is based on the findings that employees are critical to all aspects of service operations to provide the quality of products and services in the hotel. Moreover, successful innovations need a high level of employee engagement in the innovative activities. Hence, hoteliers must concentrate on human resource management or practices. Frontline staff should be empowered to allow them the flexibility in adapting their behavior to customer demands and engage themselves with innovative behavior. Thus, education and training programs should be in place to upgrade their knowledge and skills. Besides, encouraging innovative environment

through teamworking and motivation system can stimulate innovative performances. Furthermore, small independent hotels should offer competitive compensation package and highlight benefits of working in a small hotel in terms of more hands-on experience and career advancement opportunities in order to draw the qualified personnel.

5) It is critical to focus on customer orientation since today's mature travelers are increasing sophisticated and more discerning consumers. Hoteliers need to capture and follow up the new trends and customer behavior to meet their preferences. Because innovations are created to meet customer needs, monitoring, gathering and analyzing customers' feedback from open forums on social networks and survey techniques can help hoteliers to improve and make changes of their products and services aiming to meet customer satisfaction

6) Emphasize on teamwork and effective communication between departments to facilitate interfunctional co-ordination aims at providing better customer services. Because interfunctional co-ordination is at the heart of back-office process innovation, hotelier should bring together with teamwork and effective communication to enable hotels to coordinate working department and inform all related departments according to customer needs. Furthermore, alternative channels of technological communication should be adopted to facilitate hoteliers more effective and responsive internal communication within their organization.

The overview of the innovative value creation of small and medium-sized hotels in relation to a differentiation value driver of better atmosphere was summarized in Table 6.12 to illustrate elements of mature travelers' value required to be delivered, innovative value creation capability, required innovation, innovative implementation, and recommendations to implications.

Table 6.11 Summary of Recommendations for Managerial Implications in Relation to a Differentiation Value Driver of Better Atmosphere

Recommendation for Managerial Implications		
Recommendations	Research Results (from interviews with hoteliers)	Factors Determining Service Innovation Capability
1. <i>Different ownership structure different innovative approaches</i> - chain hotels and independent hotels may have different innovative strategies to attain success in their innovative projects.	Ownership structure 1.1 Advantages of chain standardization allows hotel members to provide customers with predictable service standard from an identical set of services to ensure the service quality and customer experiences. 1.2 Owners/managers lacked chain benefits and restricted in internal resources to innovate and compete with large enterprises.	Firm factor
2. <i>Form partnerships and utilize outsource services</i> - small-scale properties with physical space and budget limitations may alternatively form partnerships with other local business or utilize outsource services to meet customers' needs when organizing leisure activities for mature travelers.	Ownership structure - owners/managers lacked chain benefits and restricted in internal resources to innovate.	Firm factor
3. <i>Cultivate an innovative culture</i> - management hoteliers should cultivate a culture that supports and reward innovation established to motivate employees to be innovate.	Management style and management support 3.1 Leaders play a key role in shaping a proper environment to promote firms' innovations. 3.2 Characteristics of transformation leadership with a wide vision, positive attitude and risk-taking, and effective communication are the desirable qualifications of hotel owners/managers.	Innovation management
4. <i>Emphasize on human resources practices</i> – hoteliers should emphasize on human resources practices particularly in areas of staff empowerment, training, teamwork, competitive compensation package to attract and retain qualified employees.	Employee engagement 4.1 Employees are critical to all aspects of service operations to provide the quality of products and services in the hotel. 4.2 Successful innovations need a high level of employee engagement in the innovative activities.	Employee factor
5. <i>Focus on customer orientation</i> - it is critical to focus on customer orientation since today's mature travelers are increasing sophisticated and more discerning consumers. Hoteliers need to capture and follow up the new trends and customer behavior to meet their preferences.	Customer orientation – mature travelers are increasing sophisticated and more discerning consumers.	Market orientation
6. <i>Facilitate interfunctional co-ordination</i> – hoteliers should Emphasize on teamwork and effective communication between departments to facilitate interfunctional co-ordination aims at providing better customer services.	Interfunctional co-ordination – interfunctional co-ordination is at the heart of back-office process innovation	Market orientation

Table 6.12 Summary of Innovative Value Creation of Small and Medium-Sized Hotels in Relation to a Differentiation Value Driver of Better Atmosphere

Mature Travelers	Small and Medium-Sized Hotels			
Value Required to be Delivered	Innovative Value Creation Capability	Required Innovation	Innovative Implementations	Recommendations to Implications
<p>- More personalized approaches and services</p>	<p>- Creating pleasant service atmosphere with highly service personalization and better responsive</p>	<p>Service innovation (customer-oriented innovation)</p>	<p><i>Service flexibility</i>            - Flexibility of check-in and check-out time            - Alternative service flexibility options in a way that benefits both customers and hotel  <i>Customization of service</i>            - Wowing the customers            - One-stop service            - Informal style of service</p>	<ol style="list-style-type: none"> <li>1. Different ownership structure different innovative approaches</li> <li>2. Form partnerships and utilize outsource services</li> <li>3. Cultivate an innovative culture</li> <li>4. Emphasize on human resources practices</li> <li>5. Focus on customer orientation</li> <li>6. Facilitate interfunctional co-ordination</li> </ol>
	<p>- Better identify customer needs            - Ability to take initiative and flexibility to meet customer demands</p>	<p>Process innovation (innovative management)</p>	<p><i>Access to customer needs</i>            - Guest profiles and history record            - New methods for evaluating customer feedback and systematic complaint systems            - Effective internal communication procedures and channels  <i>Encourage staff's ability to take initiative to meet customer needs</i>            - Human resources activities particularly on employee engagement (training, empowerment, and motivation)</p>	
<p>- Products or activities enhancing mature travelers' lives and experience</p>	<p>- Integrating customer needs and trends with hotel's distinguish value or features to tailor products to fit customers' preferences.</p>	<p>Product performance innovation (Specific experience offerings)</p>	<p><i>Creation of leisure and learning activities</i>            - Specific activities featuring with themes of marketing trends;  <ul style="list-style-type: none"> <li>▪ Health and well-being products</li> <li>▪ Recreational activities with featuring themes of culture, art, cuisine, spirituality, and environmental awareness</li> </ul> </p>	
<p>- An accommodation with elements of a home-like environment and unique experience offering</p>	<p>- Integrating architectural and design elements with distinguish features to create a unique experience of stay</p>	<p>Product performance innovation (Innovative architecture and design)</p>	<p><i>Integrating architectural and design elements with distinguish features</i>            - Unique buildings, heritage building            - Site value of location            -Theme-hotel            - Special architectural and interior design</p>	



### 6.2.2.3 Innovative Value Creation in Relation to a Differentiation Value Driver of More Responsive

In this section, innovative value creation capability was identified to deliver value creation to respond to mature travelers' differentiation value driver of more responsiveness (as exhibited in Table 6.6). According to Table 6.6, the value required to be delivered to achieve a dimension of more responsiveness consist of three aspects; 1) a guestroom with in-room technologies that allowing convenience and personalize experiences, 2) better responsiveness in customer service 3) hotel loyalty that crate additional value of customization and value for money.

1) To provide a guestroom with in-room technologies that allowing convenience and personalize experiences, the capabilities in identifying and initiating the proper in-room technologies accordingly to meet customer desires need to be met. In this scenario, product performance innovation should be implemented as a strategic tool to create value.

In this context, product performance innovation involves with offering in-room technologies as value-added amenities to enable customer service responsiveness. Customer-centric technological innovation is a theme of innovative practices in approaching product performance innovation. To conduct innovative practices, it is important to hoteliers to recognize customers' technology needs and respond to their needs to remain their competitive. Providing of in-room technology services and in-room entertainment technology are areas of proposing innovative in-room technology to enhance the customer experience.

It is salient for hoteliers to understand that today's customers, especially mature travelers, do not want the entirely different experiences with high technology that very far away from their home. Thus, hoteliers should provide in-room technologies that are now on the market and currently use by the customers. Innovative in-room technologies can be used as value-added amenities and services in improving in-room services and more personalization. Technological innovation in-room services that have been found practical includes free hi-speed internet access as a "must-have" amenity, in-room alarm wake up systems, promotional video, convenient master control panel. Besides, free-to-guest smart phone service is attractive to hoteliers and customers because the devices can be customized in providing hotel service information

and also enable hoteliers to continue customers' experience even as they travel throughout the country. In addition, smart phone and mobile applications are now coming to be standard in the hotel chains which facilitate hotel services more personalized, accessible and responsive.

The innovative implementation of in-room technology also provided in forms of entertainment. Hotels can offer improved technology facilities in their guestrooms to differentiate themselves in the intense competitive market. In-room entertainment technology facilities that are currently and mostly implemented in hotel's marketplace include smart TV with Internet devices, and free-to-guest TV with cable channels which provided as primary amenities. While in-room DVD player, music system, and complimentary online newspapers and magazines are also found. Hoteliers should become early adopters of entertainment technologies and identify proper in-room technologies accordingly since not all customers require the same in-room technologies.

2) To attain better responsiveness in customer service, hoteliers should have the capability in introducing process management that facilitates seamless working process fostering speed and convenience of services. Process innovation is introduced to produce superior working methods.

In this context of study, process innovation relates to the produce of superior methods to encourage more customer service responsiveness, particularly in areas of check-out and payment process. Customer-centric process innovation is a theme of innovative practices in approaching process innovation. To conduct innovative practices, it requires the firm's capabilities to initiate the seamless working process or methods to enable more service responsiveness to customers. In this study, three areas of working processes are need innovative implementations, including property management, operation, and payment methods.

Nowadays, all hotel counts on a technological innovation of Property Management System or PMS as a "must-have" tool in operating and streamlining their operational activities on daily tasks to run smoother and provide a seamless customer service experience. However, increasing new technological innovations are opening more opportunity for enhancing more productive and management. To take full advantage of hotel technological innovation, hoteliers need to integrate their lodging

system of PMS with new technologies or other software to make hotel data more usable. This implementation can empower hoteliers to have a proper insight with an entire aspect of customers and literally knowing their expectations. Integrating PMS with a real-time communication software, a POS or payment gateway can enable hoteliers with more faster billing and payment process.

For innovative operation, it relates to innovative practices of superior working process to facilitate front office operation and related departments to operate seamlessly and more responsive to customers. Conducting standard operating procedures (SOPs) allowed hoteliers easily to follow the working instructions since it well identify and describe the operating procedures and minimize human errors. In addition, to facilitate seamless and speed of check-out process, pre-billing process, initiative process and activities for speed up check-out process, and express check-out are illustrated as hotel innovative implementations which considering to the elimination of unnecessary working process which take time consuming and the initiative of alternative activities that resulting in speed up the check-out process.

Moreover, an alternative paying method of mobile payment is the current innovative technology that help customers and hoteliers simplify the paying for products and services during the age of evolution of a “cashless society”. Providing mobile payment methods in parallel with traditional forms of payment options can provide customer with more alternatives of payment and let them to choose payment options that they were comfortable with.

3) To offer Hotel loyalty programs that create additional value of customization, hoteliers need capabilities in two aspects; (1) capability in offering hotel privileges together with access to partners’ additional perks, and (2) capability in establishing tourism-related partnerships to enhance additional perks of hotel loyalty programs.

3.1) Capability in offering hotel privileges together with access to partners’ additional perks.

To offer additional value to hotel offerings, product system innovation is proposed. In this situation, to offer customers with more responsive to their individual needs, product system innovation is adopted to provide additional value of customization to hotel product offerings by adding other firms’ benefits to customers.

Innovative marketing is a theme of innovative practice in approaching product system innovation.

Innovative marketing needs to be conducted as the marketing strategy to offer customers through the innovative hotel loyalty programs in order to attract and retain customers at their properties. To conduct effective innovative practices, hoteliers require capabilities to identify and initiate their additional value of customization to hotel product offerings and to acquire business partners in order to allow their customers to enjoy additional perks. Loyalty programs are a key to enhance the customer value as well as to enhance hotel brands value whilst expanding relationships with stakeholders. The key mechanisms relate to the utilizing of discount, or other hotel privileges such as room upgrades to lure customers with a better experience on their upcoming return, or the use of number of frequently visits to determine the points. In addition, hoteliers need to combine their own hotel privileges with additional perks deriving from their partnerships' benefits into their loyalty programs to bring customers with a sense of being exclusive and recognition to customize their experience. With the hotel loyalty programs, it also allows hoteliers to have systems and procedures established for acknowledging their loyal customers' data which enabling them to better understand and tailor their products and services to fit and respond their customer's individual needs and interest.

3.2) Capability in establishing tourism-related partnerships to enhance additional perks of hotel loyalty programs.

Network innovation is required to create value in establishing connection with other firms . To support innovative marketing aimed at offering hotel loyalty programs, initiatives under a theme of innovative networks needs to be implemented to connect with other firms to create additional value to product offerings.

At this stage, hoteliers need a capability in establishing tourism-related partnerships to offer additional privileges across brands through their hotel loyalty programs. Such implementation raises opportunities for innovative cross-marketing to allow the loyalty members can access to the hotel partners' perks. Association with branded credit card, airlines' frequent flyer programs, car rental companies, specialty shops are common innovative networks for hotel chains. Innovative networks allow hoteliers to leverage advantages from collaboration with

key partnerships to provide mutual benefits between customers and business providers which return in enchanting and enriching customers' needs and satisfaction.

To deliver the innovative value creation to respond to mature travelers' differentiation value driver of more responsiveness, the study recommends four main aspects of managerial implications (as exhibited in Table 6.13). These recommendations were derived from the discussion of factors determining the firm's service innovation capability in Chapter 5.

#### 1) Innovative in-room technologies adoption

1.1) Hoteliers should understand that investment in technology means to invest in customer experience. The implementation of innovative technology relates to the affordability of tech, the findings in this study found that many owners/managers of independent hotels perceived the price of technology implementation was usually expensive that may not give much in return. However, to keep ahead in hotel business, it is essential for hoteliers to understand that technological investment means to invest in customer experience that has the power to allure and maintain customers. Thus, the investment in technology is critical for the fiscal health of hotel business. Hoteliers should be careful when determining which in-room technologies to purchase, and also focus on their affordability and understand strengths and weakness of the technological products and services, as well as accurately identify the importance and performance.

1.2) The key to adopt service-based technology is to retain the human aspect and ensure that 'high-tech' and 'high-touch' elements pervade all service developed. The results found that some hotels were reluctance in service-based technological implementations or bestrode in between "high-touch" and "high-tech" elements. For this dilemma, it is suggested that the key to adopt service-based technology is to retain the human aspect, whereas modern technologies play a role in enabling process more efficient. Hoteliers must ensure that "high-touch" and "high-tech" elements pervade all service developed.

1.3) Hoteliers need to understand what and how their customers perceive importance of technological products, and define the proper in-room technological facilities their customers' desires. The results mentioned the significance of customer orientation that insights of customer trends and behaviors are critical for hoteliers when

deciding innovative technological adoptions. It is salient for hoteliers to define the proper in-room technological facilities their customer's desire because not all customers require the same in-room technologies. Consequently, it is critical for hoteliers to understand what and how their customers perceive importance of product and service attributes as well as their performance rating when using.

1.4) Hoteliers should become early adopters of innovative in-room technologies and keep pace with the updating hotel in-room technologies and technological trends. Because the rising of technological advances increases opportunities for hotels to adopt technological innovations to change and improve their landscape of process operations. To provide customer with better service responsive, hoteliers must continuously focus on the update technology and customer technological trends to improve their operational process management, increase productivity, reduce costs of time, labor, and operational expenses which resulting in a competitive advantage of hotel business.

1.5) Introduce alternative business concept of "unplugged accommodation", the findings found that some small hotels have the innovative business concept to position themselves as an "unplugged" accommodation to underutilize of technology adoptions to provide customers with truly relax atmosphere on their vacation. The nonexistence of technological facilities in guestrooms also possibly create different experience can be considered as their competitive advantage rather than disadvantage. Alternatively, this business concept may compatible with small hotels with limited financial investment in technology. With this business concept, hoteliers must invest in soft skills and greatly highlight on the humanity aspect and interaction between host and customer to provide highly exceptional personalized and more responsive service.

## 2) Hotel loyalty program implementation

2.1) Independent hoteliers should leverage their firm advantages of creativity and flexibility when designing innovative marketing for hotel loyalty programs to differentiate their loyalty program to meet customer needs. The results found that freedom, creativity, and flexibility are distinctive firm's advantages of independent ownership structure. Advantages of independent ownership allows owners/managers to shape the unique experiences to fit their local context. Since

current customers desire the rewards that suit to their needs, the independent hoteliers are easier to adapt to provide flexibility options to meet the customer requirements. Hence, hoteliers require dynamic marketing approaches to attract the potential and existing customers.

2.2) Independent hotels should form their own network partnerships as a set of independent or small local chain hotels to join together for mutual benefit from the relationship. The findings pointed out that independent hotels were found less attractive in acquiring business partnership because of their limitations in areas of brand power and economies of scale. Alternatively, they should form their own network partnerships as a set of independent or small local chain hotels to join together for mutual benefit from the relationship to create their own loyalty programs and strengthen their volume of economies of scale to attract other business to form partnership programs. Besides, since the increasing trend in customer desire of local products, hoteliers may consider the local stakeholders to be their potential business partners to offer customer more optional privileges with a sense of more localization. Such implementation enables hoteliers to collaborate with local stakeholders with contributing to a creation of an appealing sustainability identify for their hotel establishments. In addition, optional channels such as Epoque Hotels or Voila Hotel Rewards, which play a role as “one-stop-shop in offering loyalty rewards and reservation platforms for independent boutique hotels, are considered as an example of an alternative for independent hotels to compete with large chain hotels.

### 3) Competitor orientation

3.1) Hotelier should focus on competitor orientation to compare their abilities with their competitors. Due to a rising of the competitive hotel business environment, hoteliers must drive to innovate and initiate the strategies to maintain in the competition. This can be done by focusing on competitor orientation to compare their abilities with their competitors. It leads the hoteliers to develop their own abilities to be better and differ from the competitors.

#### 4) Employee qualities

4.1) Emphasize on employee's qualities through the initiative human resources activities. According to the findings, it revealed that among the lower capability group, lack of adequate training, insufficient skill and knowledges of service staff were resulted in an absence of employee engagement in innovative implementations. To provide customer with more service responsive, employee engagement is a key success of exceptional customer service. It is critical for hotelier to emphasize on employee's qualities through the initiative human resources activities. Employee training and facilitating proper working environment such as teamwork and effective communication must be highlighted to engage employee to work efficiently. Besides, hoteliers should have the comprehensive employee retention strategies in place to attract and keep the qualified key employees motivated and focused to remain productive for the firm's benefit.

The overview of the innovative value creation of small and medium-sized hotels in relation to a differentiation value driver of more responsiveness was summarized in Table 6.14 to illustrated elements of mature travelers' value required to be delivered, innovative value creation capability, required innovation, innovative implementation, and recommendations to implications.



Table 6.13 Summary of Recommendations for Managerial Implications in Relation to a Differentiation Value Driver of More Responsiveness

Recommendation for Managerial Implications		
Recommendations	Research Results (from interviews with hoteliers)	Factors Determining Service Innovation Capability
<i>1. Innovative in-room technologies adoption</i>		
<i>1.1. Investing in technology</i> - hoteliers should understand that investment in technology means to invest in customer experience.	Ownership structure - owners/managers of independent hotels perceived technology implementation was usually expensive that may not give much in return.	Firm factor
<i>1.2 Balancing 'high-tech' and 'high-touch' elements</i> – hoteliers need to retain the human aspect and ensure that 'high-tech' and 'high-touch' elements pervade all service developed.	Business concept - some hotels were reluctant in service-based technological implementation and bestrode in in between 'hi-tech' and 'hi-touch' elements.	Firm factor
<i>1.3 Understanding customer needs and well -defining in-room technologies</i> - Hoteliers need to understand what and how their customers perceive importance of technological products, and define the proper in-room technological facilities their customers' desires.	Customer orientation - insights of customer trends and behaviors are critical for hoteliers when deciding innovative technological adoptions.	Market orientation
<i>1.4 Becoming early adopters of innovative in-room technologies</i> - Hoteliers should become early adopters of innovative in-room technologies and keep pace with the updating hotel in-room technologies and technological trends.	Technology – the rising of technological advances increases opportunities for hotels to adopt technological innovations to change and improve their landscape of process operations.	Technology factor
<i>1.5 Unplugged accommodation</i> - the nonexistence of technological facilities in guestrooms also possibly create different experience.	Business concept - some hotels have the innovative business concept to position themselves as an 'unplugged' accommodation	Firm factor
<i>2. Hotel loyalty programs implementation</i>		
<i>2.1 Leveraging firm advantages</i> - independent hoteliers should leverage their firm advantages of creativity and flexibility when designing innovative marketing for hotel loyalty programs to differentiate their loyalty program to meet customer needs.	Ownership structure - owners/managers had firm advantages of their independent ownership to have more freedom, creativity, and flexibility in hotel operation.	Firm factor
<i>2.2 Forming their own network partnerships</i> - Independent hotels should form their own network partnerships as a set of independent or small local chain hotels to join together for mutual benefit from the relationship.	Innovative networks – independent hotels were found less attractive in acquiring business partnerships.	Network innovation
<i>3. Competitor focus</i>		
<i>3.1 Focusing on competitor orientation</i> - Focus on competitor orientation to compare their abilities with their competitors.	Competitive orientation – a rising of fierce competition among hotels arouse hoteliers to innovate to remain in the competition.	Market orientation
<i>4. Employee qualities</i>		
<i>4.1 Emphasizing on employee's qualities</i> – hoteliers should Emphasize on employee's qualities through the initiative human resources activities.	Employee engagement -lack of adequate training, insufficient skill and knowledges of service staff were resulted in an absence of employee engagement in innovative implementations.	Employee factor

Table 6.14 Summary of Innovative Value Creation of Small and Medium-Sized Hotels in Relation to a Differentiation Value Driver of More Responsiveness

Mature Travelers	Small and Medium-Sized Hotels			
Value Required to be Delivered	Innovative Value Creation Capability	Required Innovation	Innovative Implementations	Recommendations to Implications
A guestroom with in-room technologies that allow customers to stay more convenient and gain personalize experiences	- Identifying and initiating the proper in-room technologies accordingly to meet customer desire	Product performance innovation (Customer-centric technological innovation)	<i>In-room service technologies</i> - Free hi-speed internet access - In-room alarm wake up systems - Promotional video - Master control panel - Free-to-guest smart phone - Mobile application <i>In-room entertainment technologies</i> - Smart TV with Internet devices - Free-to-guest TV with cable channels - In-room DVD player - Music system - Complimentary online newspapers and magazines	1. Innovative in-room technologies adoption 2. Hotel loyalty program implementation 3. Competitor focus 4. Employee qualities
Better responsiveness in customer service	- Introducing process management that facilitates seamless working process fostering speed and convenience of services	Process innovation (Customer-centric process innovation)	<i>Property management implementation</i> - Adopting PMS in operation - Integrating PMS with new technologies or other software <i>Innovative operation</i> - Standard operating procedures - Speed up check-out process - Express check-out <i>Alternative payments</i> - Mobile payments - Traditional forms of payments	
- Hotel loyalty programs that create additional value of customization	- Offering hotel privileges together with access to partners' additional perks - Establishing tourism-related partnerships to enhance additional perks of hotel loyalty programs	Product system innovation (Innovation marketing)  Network innovation (Innovative networks)	<i>Loyalty program</i> - Hotel discounts and privileges - Additional perks for hotel's partners <i>Tourism-related partnerships</i> - Collaboration with key partnerships	

#### 6.2.2.4 Innovative Value Creation in Relation to a Differentiation Value Driver of Better Accessibility and More Affordable

In this section, innovative value creation capability was identified to deliver value creation to respond to mature travelers' differentiation value driver of better accessibility and more affordable (as exhibited in Table 6.8). According to Table 6.8, the value required to be delivered to achieve a dimension of better accessibility and more affordable consists of two main aspects; 1) convenient online reservation and multiple communication channels, and 2) affordable price with value for money, and value added to products and services.

1) To provide convenient online reservation and multiple communication channels, hoteliers need the capability in acquiring multiple forms of communication channels to allow mature travelers with for better accessibility to the service provider. In this circumstance, channel innovation must be employed to deliver products and service offerings and connect with customers through better delivery channels.

In this context, channel innovation involves with the ways to deliver hotel product offerings to customers. Technological innovation in external communication is labeled as a theme of channel innovation to provide customer with better accessibility to service provider. Technological innovation needs to be highlighted in the three main areas of communication with hotel personnel, online reservation channel, and online advertising.

For communication with hotel personnel, there are a variety of communication channels for approaching customers. The web is considered as a major communication tool for the current mature travelers. Hotel web sites targeting mature travelers should be simple with easy-to-use function, and deliver the content in as painless way as possible. Furthermore, traditional web communication tool as e-mail is still the most relevant and useful to engage with this segment. Hoteliers should also integrate their web sites with multiple web platforms, including social media, YouTube, and blogs to name a few. Social media has emerged as a critical tool for the hotel business since large amount of customers including mature travelers use social media to make decision about their trips and share and review their travel experiences. Hoteliers can effectively use social media by creating awareness about their products, services, and brand image, encouraging satisfied customers to expand the positive word

of mouth about their distinctive experiences, and swiftly responding to address negative experiences that posting on the web. In addition, hotels can use social media to provide an opportunity for customers to seek assistance for hotel information, post their enquiries and receive 'live chat' or real-time responses.

Regarding to online reservations, the new-age mature travelers generally book their accommodations through the internet platforms rather than from the channel of offline travel agents. Small and medium sized hotel need to understand the value of an online existence since they can leverage benefits from having a well-designed and integrated hotel online booking system. The multi-online channel approaches resemble to be the more an effective strategy to enhancing bookings online channels to reach customers and help hoteliers to increase hotel bed fulfills with more time, cost, and resources effective. Online travel agents (OTAs) provide a visible platform for small and medium-sized hotel business to allow them to become visible to the market and communicate with customers who may out of reach. Besides, the online hotel website, hotel mobile application, and chain corporate website enable hotels to drive their own direct bookings and control over a share of their business. Furthermore, social media can bring hotels with innovative new booking options since making hotels reservation through the key social media has become more possibly available to allow alternatives for customers to conveniently book their room on their mobile device.

Importantly, hoteliers need to make customers recognize their brand, products and services, so that effective online advertising strategies should be implemented to drive up their visibility and stimulate the purchases of their brand. Online advertising helped hoteliers to reach customers by promoting the marketing message to customers using the internet through various social platforms. Besides, search engines allow small and medium-sized hotels a more equal existence on the marketplace as well as the market leaders. With the proper search engine optimization practices such as search engine marketing, social media marketing and so forth, hoteliers can improve their ranking and be visible on the higher search engine results page.

2) To offer mature travelers with more affordable price with value for money and value added to products and services, hoteliers require capabilities in two areas; (1) capability in setting a product pricing based on the product's value to the

customers, and (2) capability in adding hotel' distinctiveness or privileges as a value-added hotel product.

2.1) Capability in setting a product pricing based on the product's value to the customers.

Channel innovation should be performed to deliver product offerings to provide customer with more affordable price and value for money. Innovative marketing is proposed as another theme of channel innovation practices to provide customers with senses of more affordable and value for money. The strategic pricing is employed as tool for firms to enhance their profit and customer satisfaction by setting a product pricing based on the product's value to the customers. Mature travelers are "value-oriented", they place importance on the value for money and are willing to pay a premium rate to gain a better-quality products or services. Customer-oriented marketing need to be approached than product-oriented when attracting mature travelers. Customer-oriented pricing strategies for mature travelers include a good quality-price ratio, dynamic pricing or pricing according to supply and demand, advantageous pricing for loyal customer, price reductions (when products and services are similar across sellers), premium pricing (for extraordinarily products and services which suitable for their needs). These pricing strategies are growing important for hotel products and services aiming at mature travelers. Besides, senior discounts can be included in pricing strategies but hoteliers should not over-emphasize on the word "seniors" in marketing messages that remind them with the label of old age since they need their self-image to make them feel younger.

2.2) Capability in adding hotel' distinctiveness or privileges as a value-added hotel product.

To create additional value to hotel' product, product performance innovation should be employed. In this context, product performance innovation involves with utilizing hotel's distinctiveness or value as a value-added hotel product to provide customers with sense of more affordable and value for money. Value-added products and services are labeled as the theme of innovative practices in approaching product performance innovation. With this implementation, hoteliers should identify their hotel's distinctiveness or value-added privileges to enhance the customer

experiences. Hotel's brand reputation and complimentary and privilege offerings are proposed as innovative approaches.

For creating brand reputation, hotel awards facilitate the recognition as a firm's reward of their innovative practices or exceptional customer services. Winning awards, labeling or certifying from tourism and hospitality related organization are viewed as a "status confirmation" to guarantee firms' creditability of high level of exceptional hospitality services. With the hotel brand recognition, it is considered as a value-added attribute of hotels which possibly appeal general customers and generate customers with senses of value for money and self-esteem when patronizing a hotel.

A quality-based strategy is seen as one of the best ways to target a market segment of mature travelers. This quality-based strategy involves with adding value to a hotel's products and services to develop hotel's product performance. With this implementation, it is necessary for hoteliers to focus on the more demanding and more uniform mature travelers for thriving innovation. This innovative implementation consists of additional complimentary and privileges of product and service offerings added to accommodation. Hotel freebies and perks are considered as an alternative for a single small independent hotel without loyalty programs to provide competitive benefits to lure the customers. Innovative value-added to hotel product and service offerings include augmented benefits such as complimentary food and beverage services or the all-inclusive service, accommodation with special discounts for mature travelers to allow reductions on dining or other purchases, free privilege offering such as free room upgrading, gifts or souvenir, complimentary in-room minibar, late check-out, and so on. These privileges offer customer with more personalized and extraordinary service and lead to a better sense of value for money they spent.

To deliver the innovative value creation to respond to mature travelers' differentiation value driver of better accessibility and more affordable, the study recommends four main aspects of managerial implications (as exhibited in Table 6.15). These recommendations were derived from the discussion of factors determining the firm's service innovation capability in Chapter 5.

1) Independent small and medium-sized hotels should increase their presences on the various channels, particularly on online distribution channels or digital marketing. Since the findings found that independent small and medium-sized hoteliers face with different approaches to carry on multiple distribution channels. Managing of distribution channels become a challenge for them because they lack economies of scale, brand power, experienced staff, and it comes with considerable costs and necessary time to manage. In this case, hoteliers need to increase their presences on the various channels especially on online distribution channels or digital marketing to save cost, time, and resources, and to raise manifold market coverage. Besides, the utilizing modern front office systems or channel managers can facilitate hoteliers to manage their inventory across diverse online channels. Furthermore, hoteliers must attempt for cost effectiveness and direct customer relationships by encouraging direct bookings via their own Web booking engine, for example, hotel websites, mobile app bookings, and social media marketing to grow their share of direct booking, minimize OTAs commissions and reduce their reliance on OTAs.

2) Well maintain a hotel's positive online reputation, and ensure their websites is used best to stimulating direct bookings, and choose best OTAs that their potential customers are currently using and help hoteliers to connect to a global audience. For provide mature travelers with better accessibility, due to the dramatically rising of customer base available on the Internet, recognizing customer behavior, trends, and what influences their hotel selection is critical to foster hoteliers to best choose of innovative online channels to communicate their hotel brand and products accordingly. To attract mature travelers, besides, hoteliers need to well maintain their positive online reputation, and ensure that their website is used best to stimulate direct bookings and choose the best online travel agents that their potential customers are currently used and helps them connect to a global audience. Furthermore, since mature travelers are convenience-oriented, hoteliers must ensure to provide them with the appropriate user-friendly and convenient communication channels to facilitate mature travelers to access to service provider and information.

3) Encourage employee engagement in utilizing mobile technology to facilitate their daily task operations, productivity, and provide customers with better accessible and customer services. The findings revealed that some hotels underutilize

and unrealize their employees' capabilities toward technology especially for Gen Y employees. Utilizing technology of mobile phone, the mobility allows service staff to move around and have more personal interactions with customers, and ease to contact which can provide services anywhere the guests are. Lacking of employee engagement in technology results in underutilize capabilities of the new technology to facilitate better customer services. Innovative hoteliers should place importance on the employee-facing technology as it has the considerable abilities to enhance employees' daily task operations and the productivity as well as can provide customers with better accessible and customer services.

4) The quality-based pricing strategies is recommended to approach mature travelers. To create more affordable price and value for money, the quality-based pricing strategy is recommended as the best approach to mature travelers since they are discerning customers with very value and quality oriented. Thus, customer focus is vital when executing pricing strategies. Concentrating on customer behavior, needs, trends, as well as social media to capture the attention of customers using online digital marketing can be beneficial for implementing innovative marketing. Importantly, offering mature travelers at a reasonable rate and possibly with additional benefits that they are perceived value can generate them with a feeling of good value for money. To appeal mature travelers, hoteliers must also communicate them about the value of desired product and service offerings by conducting proper advertisements in channels that they engaged, whereas remaining a competitive price to fulfill the value-oriented needs of mature travelers.

5) Introduce and well-identify the appropriate revenue management software to enable hoteliers to create smart pricing suit to their hotel characteristics. Due to independent small and medium-sized hotels do not have the time or resources to become marketing experts in pricing strategies, especially when the hotel market is often being a severe competition. Hoteliers should find ways to assure their offering rate can deliver the best value for money, and comparable or better than their similar hotels in the neighbor area. An innovative technology of revenue management software is an alternative option available to even the smallest hotels to facilitate hoteliers to create smart pricing solution with the simplify operation, save time and make more



revenue. Hoteliers must be able to well identify the right option of the revenue management software suit to their hotel characteristics, affordability and value.

6) Keep an eye on their competitors' pricing strategies to get more competitive edge, when executing pricing strategies. Since the intense competition in the hotel market, it made hoteliers to be more innovate and value driven. Comparing prices and products and services which competitors offer are critical when setting strategic pricing and allow hoteliers to attract customers with the comparable or superior pricing.

7) Provide customers with more intangible attributes as an inexpensive investment to minimize cost expenses by initiating a localized approach and proving outstanding personalized services. The results found that restriction of organizational resources resulted independent hoteliers in lower abilities to provide hotel freebies and perks. However, creating value does not always mean to price, alternatively, hoteliers can provide customers with more intangible attributes as an inexpensive investment to create customer experiences. Innovative implementation such as initiating a localized approach and providing outstanding personalized services with details enable small and medium-sized hotel to create customers with senses of unique experiences and value for money they spend. Furthermore, small and medium-sized hotels can leverage their intimate relationships with customers to encourage them to give feedbacks to spread positive word of mouth by sharing and writing reviews about their travel experiences through social media since numerous of people including mature travelers use social media to decide their hotel selection.

The overview of the innovative value creation of small and medium-sized hotels in relation to a differentiation value driver of better accessibility and more affordable was summarized in Table 6.16 to illustrated elements of mature travelers' value required to be delivered, innovative value creation capability, required innovation, innovative implementation, and recommendations to implications.

Table 6.15 Summary of Recommendations for Managerial Implications in Relation to a Differentiation Value Driver of Better Accessibility and More Affordable

Recommendation for Managerial Implications		
Recommendations	Research Results (from interviews with hoteliers)	Factors Determining Service Innovation Capability
1. <i>Increase presences on various communication channels</i> - Independent small and medium-sized hotels should increase their presences on the various channels, particularly on online distribution channels or digital marketing.	Ownership structure - owners/managers of independent hotels faced the limitations in managing multiple distribution channels due to lack of internal resources available.	Firm factor
2. <i>Manage online channels</i> - Well maintain a hotel's positive online reputation, and ensure their websites is used best to stimulating direct bookings, and choose best OTAs that their potential customers are currently using and help hoteliers to connect to a global audience.	Customer orientation - mature travelers especially those who are younger, more affluent, and more educated are currently utilizing varied technologies and increase their preference to the Internet.	Market orientation
3. <i>Promote staff's utilizing of mobile technology</i> - encourage employee engagement in utilizing mobile technology to facilitate their daily task operations, productivity, and provide customers with better accessible and customer services.	Employee engagement - hoteliers underutilized and unrealized their employees' capabilities toward technology.	Employee factor
4. <i>Quality-based pricing strategies</i> - the quality-based pricing strategies is recommended to approach mature travelers to create more affordable price and value for money.	Customer orientation - mature travelers are discerning customers with very value and quality oriented.	Market orientation
5. <i>Introduce revenue management software</i> - Introduce and well-identify the appropriate revenue management software to enable hoteliers to create smart pricing suit to their hotel characteristics.	Ownership structure - owners/managers of independent hotels had restrictions in time and resources to become marketing experts in pricing strategies.	Firm factor
6. <i>Keep an eye on their competitors</i> - Keep an eye on their competitors' pricing strategies to get more competitive edge, when executing pricing strategies.	Competitive orientation – the intense competition in the hotel market made hoteliers to be more innovate and value driven.	Market orientation
7. <i>Focus on intangible attributes</i> - provide customers with more intangible attributes as an inexpensive investment to minimize cost expenses by initiating a localized approach and proving outstanding personalized services.	Ownership structure - restriction of organizational resources resulted independent hoteliers in lower abilities to provide hotel freebies and perks.	Firm factor

Table 6.16 Summary of Innovative Value Creation of Small and Medium-Sized Hotels in Relation to a Differentiation Value Driver of Better Accessibility and More Affordable

Mature Travelers	Small and Medium-Sized Hotels			
Value Required to be Delivered	Innovative Value Creation Capability	Required Innovation	Innovative Implementations	Recommendations to Implications
Better accessibility - Convenient online reservations - Multi communication channels	- Acquiring multiple forms of communication channels for better accessibility to the service provider	Channel innovation (Technological innovation in external communication)	<i>Communication with hotel personnel</i> - Hotel web sites with easy-to-use function - E-mail - Integrate web sites with multiple web platforms of social media <i>Options of online reservations</i> (Multi-online channel approaches) - Online hotel website - Hotel mobile application - Chain corporate website - Online travel agents (OTAs) - Social media <i>Online advertising</i> - Online advertising through social platforms - Search engines	1. Increase presences on various communication channels 2. Manage online channels 3. Promote staff's utilizing of mobile technology 4. Quality-based pricing strategies 5. Introduce revenue management software 6. Keep an eye on their competitors 7. Focus on intangible attributes
More affordable - Affordable price with value for money - Value added to products and services	- Setting a product pricing based on the product's value to the customers  - Adding hotel's distinctiveness or privileges as a value-added hotel product to provide customers with senses of more affordable and value for money	Channel innovation (Innovative marketing)  Product performance innovation (Value-added to product and service)	<i>Pricing strategies</i> - Customer-oriented pricing strategies  <i>Brand reputation</i> - Awards and recognition <i>Hotel freebies and perks</i> - Additional complimentary - Privileges of product and service offerings	

### 6.2.3 A Proposed Service Innovation A-R-H-A Model

To determine a service innovation model and recommended actions, firstly, the service innovation model consists of four dimensions of differentiation value creation; better accessibility and more affordable, better health and security, more responsiveness, and better atmosphere grounded on the factor analysis as the outcomes of service innovation implementation. Secondly, the service innovation model is based on the “best-practices” of innovative value creation derived from in-depth interviews with owners/managers of small and medium-sized hotels (Chapter 5). In addition, The service innovation model is created by integrating the research results obtained from mature travelers’ value propositions and innovative value creation of small and medium-sized hotels.

As displayed in Figure 6.5, the service innovation A-R-H-A model consists of four dimensions of differentiation value creation beginning from ‘A’ or a dimension of better accessibility and more affordable, ‘B’ or better health and security. ‘R’ or more responsiveness, and ‘A’ or better atmosphere, respectively. The model presentation is ranked from basic needs to psychological needs regarding to Maslow (1943) (see Figure 6.4) to reflect how the differentiation value creation respond to mature travelers’ levels of needs.

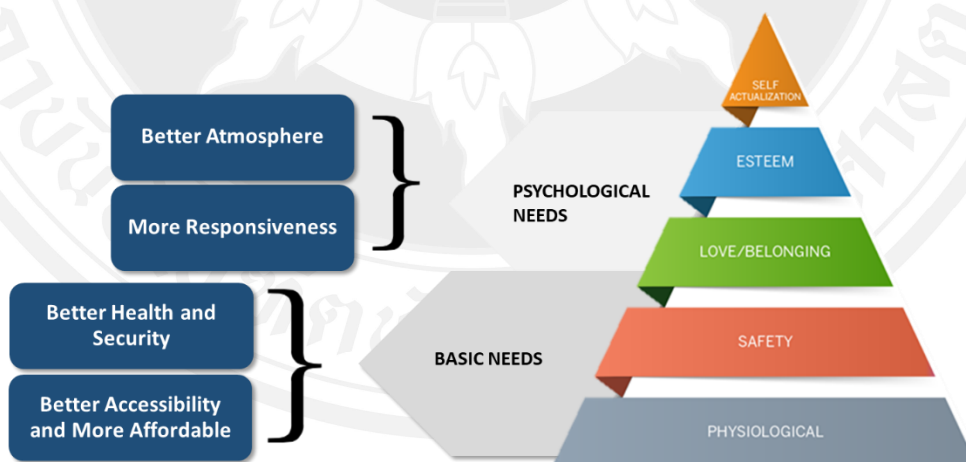


Figure 6.4 Mature Travelers’ Differentiation Value Creation and Levels of Needs

Source: Adapted from Maslow (1943) Hierarchy of Needs

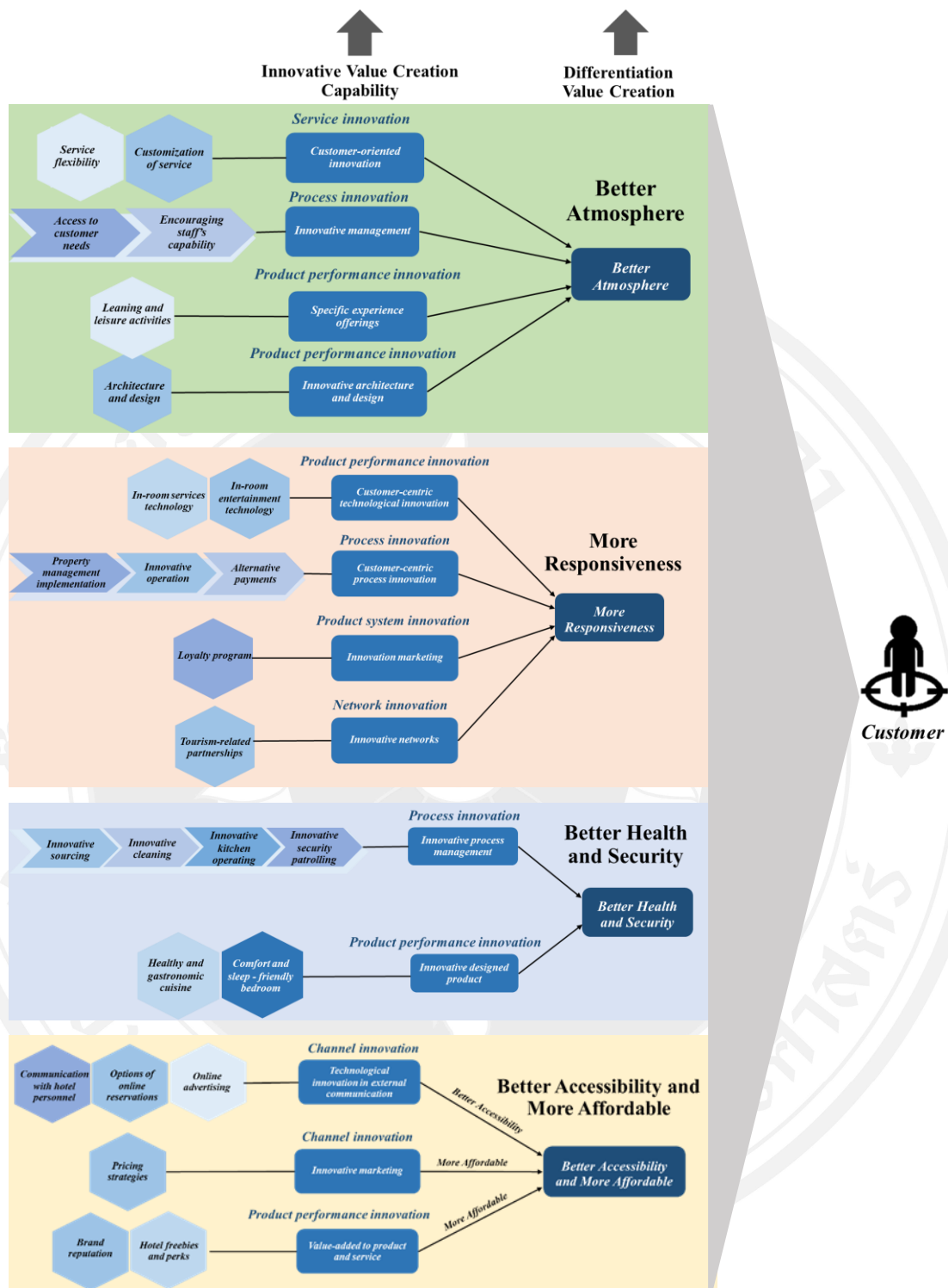


Figure 6.5 A Small and Medium-Sized Hotel Business Service Innovation A-R-H-A Model for the Mature Travelers

According to the proposed service innovation A-R-H-A model (Figure 6.5), the model composes of three phrases. First, differentiation value creation, this section describes mature travelers' value proposition requirements and outcomes of differentiation value creation approaches. Second phrase involves the innovative value creation capability required to respond to mature travelers' differentiation value, implementations of innovation in services needed to implement to attain the capability and its outcomes of implementations. The last phrase relates to customer, this section identifies customers' gain from such service innovation implementations.

In next following sections, the proposed service innovation A-R-H-A model of the four dimensions of differentiation value drivers are illustrated in details.

#### 6.2.3.1 A Service Innovation Model on a Dimension of Better Accessibility and More Affordable

To achieve differentiation value drivers of better accessibility and more affordable, the model illustrated three main phrases consisted of differentiation value creation, innovative value creation capability, and customer (see Figure 6.6 and Figure 6.7).

##### *Differentiation value creation*

To create differentiation value creation of better accessibility and more affordable, it is necessary to response mature travelers' requirements or value propositions in two key aspects; (1) For better accessibility, the value required to deliver includes convenient online reservations and multi communication channels, (2) for more affordable, the required value comprises the affordable price with value for money, and value added to products and services. These requirements need to be met to attract the potential customers as well as to retain the existing customers. Small and medium-sized hotels have been faced the restrictions in initiating the differentiation value creation in response to the mature travelers' needs. Lack of knowledge about the current mature travelers, technical know-how, and internal resources are the major constraints that limit hoteliers to create differentiation value creation to approach this segment. However, it is critical for hoteliers to enhance their differentiation value creation to respond to customers' needs and to survive in a fierce hotel competition. From creating differentiation value creation, it enables hoteliers to allow mature

travelers with better accessibility to service provider and possibly to offer more affordable price with better value for money to target this market segment.

*Innovative value creation capability*

To success in creating differentiation value creation of better accessibility and more affordable, hoteliers require to increase their innovative value creation capabilities in two main areas of innovation implementations, including channel innovation and product performance innovation. To illustrate, the value of convenient online reservations and multi communication channels require the implementation of channel innovation in order to delivery mature travelers with a better sense of accessibility. While, the offerings of affordable price with value for money and value added to products and services need to be approached by channel innovation and product performance innovation to attain differentiation value creation of more affordable.

1) Channel innovation

In the first context, channel innovation is adopted to create innovative value creation capability to initiate the best ways to deliver hotel products to customers to provide mature travelers with better accessibility to the service provider.

To provide convenient online reservation and multiple communication channels, hoteliers need the capability in acquiring multiple forms of communication channels to allow mature travelers with for better accessibility to the service provider. In this circumstance, channel innovation involves with the ways to deliver products and service offerings and connect with customers through better delivery channels. Technological innovation in external communication is labeled as a theme of channel innovation to provide customer with better accessibility to service provider. For small and medium-sized hotel business, 'E-innovation' via information communication technology bring new opportunities for hoteliers possibly to develop business and enter to global tourist markets more effectively not less than the large hotels. In this context, in order to allow customers to better reach the service provider, E-innovation or technological innovation needs to be highlighted in the three main areas of communication with hotel personnel, online reservation channels, and online advertising.

1.1) Communication with hotel personnel. Since mature travelers are convenience-oriented, when considering to accommodation selection, ease of reaching the service provider is one of an aspect that mature travelers concern. For communication with hotel personnel, different customers prefer to communicate in a different way with the hotel in both digital and traditional channels. Ideally, hoteliers should find on all these communication channels, or in some ways that mostly relevant. There is a variety of communication channels for approaching customers. Nowadays, mature travelers are moving online, the web is considered as a major communication tool for them. Hotel web sites targeting mature travelers should be simple with easy-to-use function, and deliver the content in as painless way as possible. Furthermore, traditional web communication tool as e-mail is still the most relevant and useful to engage with this segment. Hoteliers should also integrate their web sites with multiple web platforms, including social media, YouTube, and blogs to name a few. Social media has emerged as a critical tool for the hotel business since large amount of customers including mature travelers use social media to make decision about their trips and share and review their travel experiences. Hoteliers can effectively use social media by creating awareness about their products, services, and brand image, encouraging satisfied customers to expand the positive word of mouth about their distinctive experiences, and swiftly responding to address negative experiences that posting on the web. In addition, hotels can use social media to provide an opportunity for customers to seek assistance for hotel information, post their enquiries and receive 'live chat' or real-time responses. With multiple channels of communication, it creates differentiation value to customers by facilitating more convenient and easier for them to contact service provider.

1.2) Online reservation channels. Regarding to online reservations, to date, the new-age mature travelers generally book their accommodations through the internet platforms rather than from the channel of offline travel agents. Small and medium sized hotel need to understand the value of an online existence since they can leverage benefits from having a well-designed and integrated hotel online booking system. The multi-online channel approaches resemble to be the more an effective strategy to enhance bookings online channels to reach customers and help hoteliers to increase hotel bed fulfills with more time, cost, and resources effective. Online travel agents



(OTAs) provide a visible platform for small and medium-sized hotel business to allow them to become visible to the market and communicate with customers who may out of reach. Besides, the online hotel website, hotel mobile application, and chain corporate website enable hotels to drive their own direct bookings and control over a share of their business. Furthermore, social media can bring hotels with innovative new booking options since making hotels reservation through the key social media has become more possibly available to allow alternatives for customers to conveniently book their room on their mobile device. It can be said that adopting multi-online channel approaches are the differentiation value that providing mature travelers with the value of more convenient in purchasing hotel products through the availability of more options of multi-online booking channels.

1.3) Online advertising. Small and medium-sized hotel business without an online advertising strategy can be compared to a ship without a captain. Hoteliers need to make customers recognize their brand, products and services, so that effective online advertising strategies should be implemented to drive up their visibility and stimulate the purchases of their brand. Online advertising helped hoteliers to reach customers by promoting the marketing message to customers using the internet through various social platforms. Besides, search engines allow small and medium-sized hotels a more equal existence on the marketplace as well as the market leaders. With the proper search engine optimization practices such as search engine marketing, social media marketing and so forth, hoteliers can improve their ranking and be visible on the higher search engine results page. Adopting online advertising is considered as a differentiation value creation to enable hotels to drive up their hotels' online visibility and allows mature travelers easier to access and find hotel information.

## 2) Channel innovation

In the second context, channel innovation is adopted to create innovative value creation capability to initiate the best ways to deliver hotel products and value to provide mature travelers with senses of more affordable and value for money.

At this stage, innovative marketing is proposed as another theme of channel innovation. The strategic pricing is employed as a tool for firms to enhance their profit and customer satisfaction by setting a product pricing based on the product's value to

the customers. Pricing decisions must consider mature travelers' needs and preferences. Mature travelers are "value-oriented", they put accent on the value for money and are willing to pay a premium rate to gain a better-quality products or services. Hence, customer-oriented marketing needs to be approached than product-oriented when attracting mature travelers. Customer-oriented pricing strategies for mature travelers include a good quality-price ratio, dynamic pricing or pricing according to supply and demand, advantageous pricing for loyal customer, price reductions (when products and services are similar across sellers), premium pricing (for extraordinarily products and services which suitable for their needs). These pricing strategies are growing important for hotel products and services aiming at mature travelers. To implement effective customer-oriented pricing strategies, hoteliers must set a 'good-value pricing' – offering the combine of a fair price and quality of service by undertaking an inclusive understanding of what and how customers value the benefits they receive from products or services, then, set a price reflecting those customers perceptions of value. Customer based pricing strategy is not only to price the product and service, but also quality and features of product offerings. With this pricing strategy, it contributes to differentiation value creation by creating products and services to meet customers' perceived value to provide the best product or service at the best possible price.

### 3) Product performance innovation

To create additional value to hotel' products, product performance innovation should be employed. In this context, product performance innovation involves with utilizing hotel's distinctiveness or value as a value-added hotel product to provide customers with senses of more affordable and value for money. Value-added products and services are labeled as the theme of innovative practices in approaching product performance innovation. To implementation, hoteliers must identify their hotel's distinctiveness or value-added privileges to enhance the customer experiences. Hotel's brand reputation and complimentary and privilege offerings are proposed as innovative approaches.

3.1) Brand reputation. For creating brand reputation, earning awards facilitate the hotel's recognition as a firm's reward of their innovative practices or exceptional customer services. Winning awards, labeling or certifying from tourism and

hospitality related organizations are viewed as a “status confirmation” to guarantee firms’ creditability of high level of exceptional hospitality services. Awards can be great and inexpensive PR opportunities and a marketing tool for hotels to allow hoteliers to leverage its benefits to stretch their brand reputation and build trust with customers. In addition to non-chain or stand-alone hotels, to create their brand reputation, joining the membership of hotel related association can be a way of value adding to brand by utilizing the guarantee by government which can create trust to customers. At the same time, hoteliers can gain necessary knowledge and know-how from being a membership to benefit their service innovation and business operation. With the hotel brand recognition, it is considered as a value-added attribute of hotels which enhance a hotel’s brand image, create customers’ trust with a status confirmation of exceptional service quality, appeal general customers, and generate customers with senses of value for money and self-esteem when patronizing a hotel.

3.2) Hotel freebies and perks. A quality-based strategy is seen as one of the best ways to target a market segment of mature travelers. This quality-based strategy involves with adding value to a hotel’s products and services to develop hotel’s product performance. With this implementation, it is necessary for hoteliers to focus on the more demanding and more heterogeneous mature travelers for thriving innovation. This initiative consists of various additional complimentary or freebies and privileges of product and service offerings added to accommodation. Hotel freebies and perks are considered as an alternative for a single small independent hotel without loyalty programs to provide competitive benefits to lure the customers. Innovative value-added to hotel product and service offerings include augmented benefits such as complimentary food and beverage services or the all-inclusive service, accommodation with special discounts for mature travelers to allow reductions on dining or other purchases, free privilege offering such as free room upgrading, gifts or souvenir, complimentary in-room minibar, late check-out, and so on. Besides, to offer value added complimentary, it is necessary for hoteliers to emphasized the importance of innovative design of hotel freebies to make their products more value and special to create experience to customers. These privileges offer customer with more personalized and extraordinary service and lead to a better sense of value for money they spent. From such innovative implementation, it improves mature travelers’ differentiation value by

giving hotel offerings that makes them believe that they are gaining more benefits than they pay for which contribute to customers' willing to pay.

#### *Customer*

The innovative implementation of channel innovation under a theme of technological innovation in external communication can contribute to a differentiation value of better accessibility. It can respond to mature travelers' basic needs and requirements of the service availability, and also reflects the fulfillment of the functional value of the simplify, availability and connection of multiple communication channels to allow customer with more convenient and accessibility to contact, gather information, and purchase. In addition, the implementation of channel innovation or innovative marketing together with product performance innovation through adding value to product and service can respond mature travelers' basic needs and sustain their functional value of cost and quality oriented. Consequently, the differentiation value creation toward better accessibility and more affordable can bring the customers with intention to purchase and willing to pay as customers are willing to pay a price when they perceived the value of that product offerings or benefit gains are more that its costs. Besides, the convenience and better accessibility of service provider and price with quality can make customers feel better about the business which contribute to a memorable experience.

The overview of a service innovation model on a dimension of better accessibility and more affordable is summarized in Table 6.17 to illustrated three aspects of differentiation value creation, innovative value creation capability, and customer gains.

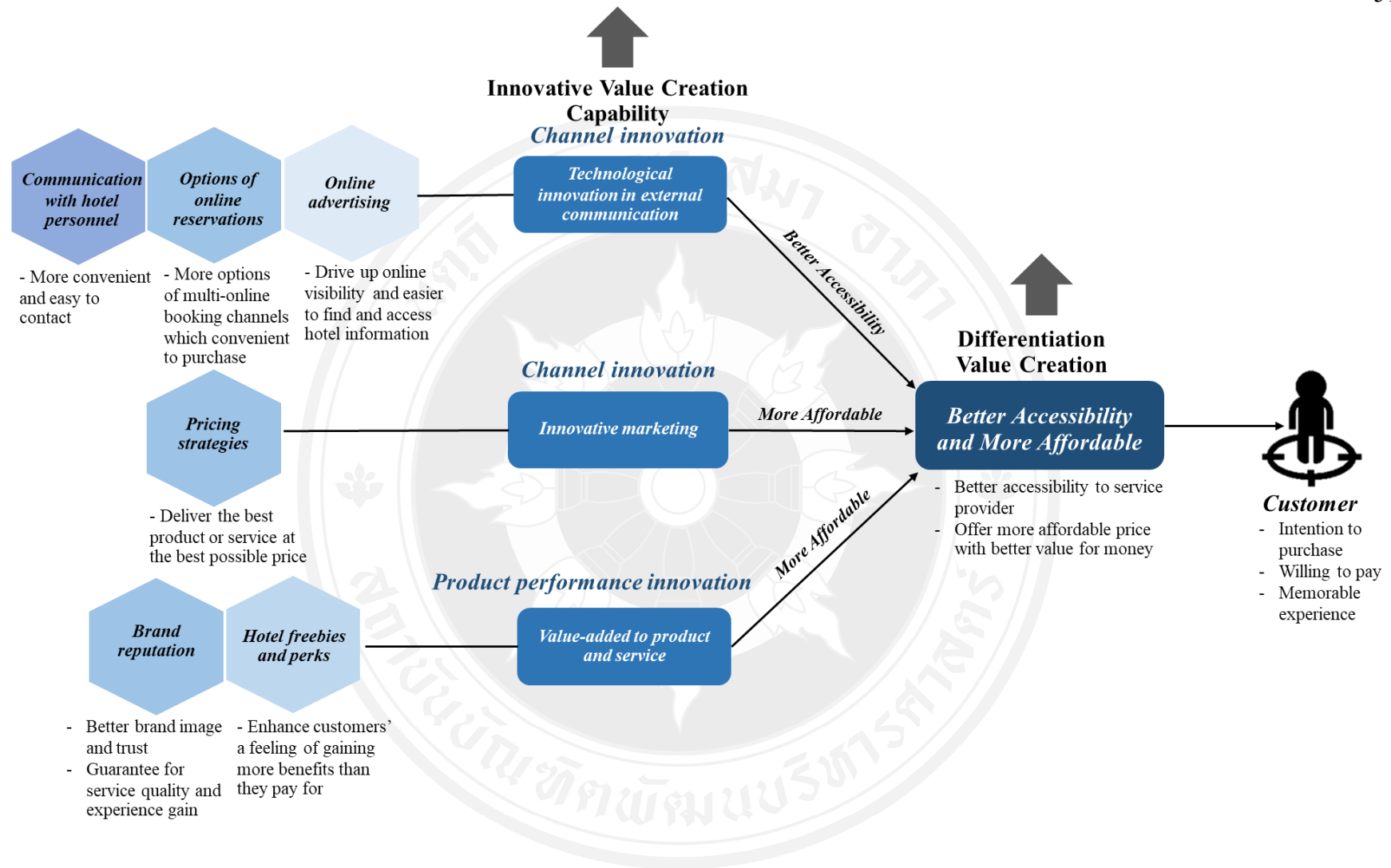


Figure 6.6 A Service Innovation Model on a Dimension of Better Accessibility and More affordable

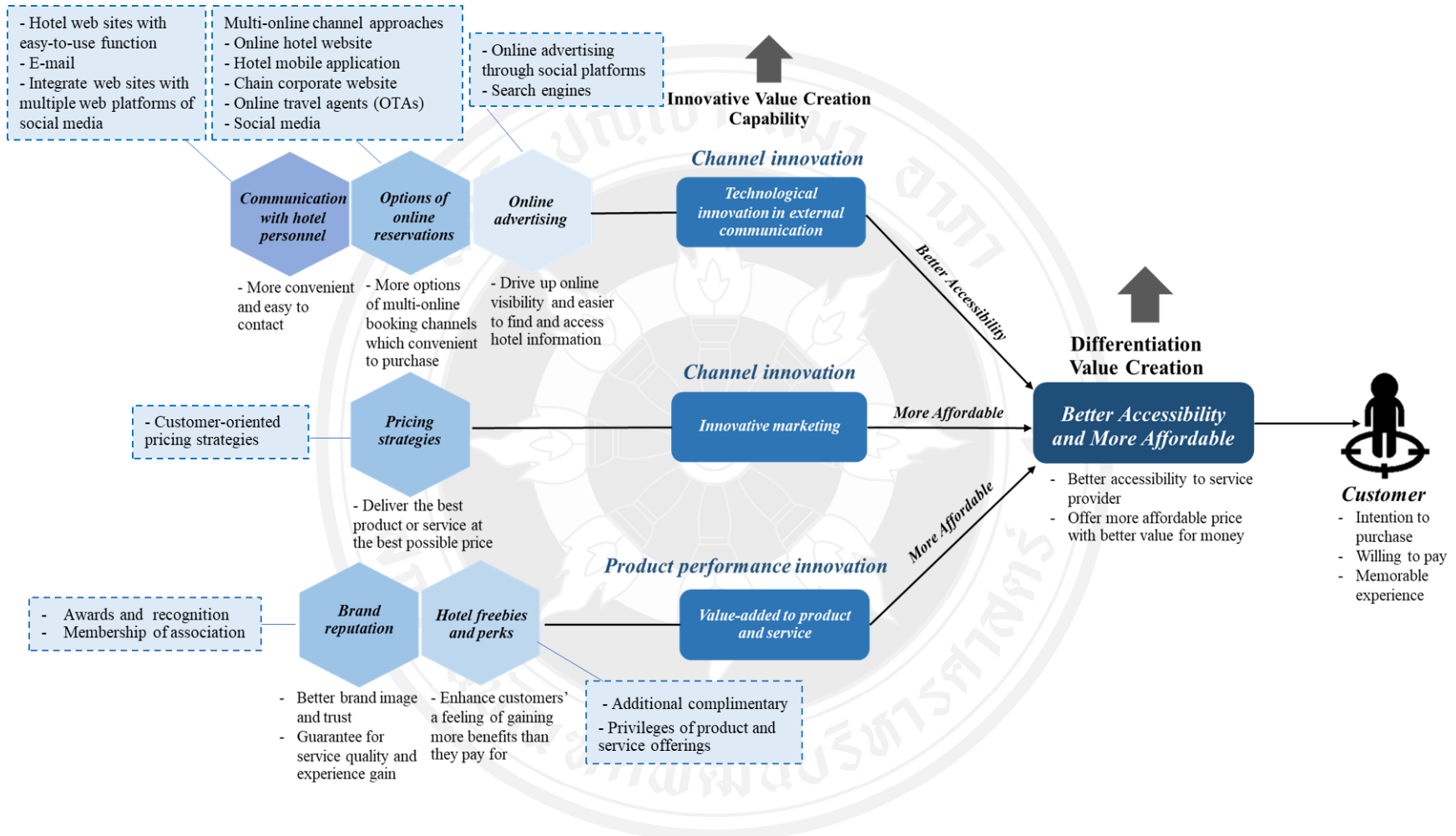


Figure 6.7 Innovative Implementation of A Service Innovation Model on a Dimension of Better Accessibility and More affordable

Table 6.17 Summary of A Service Innovation Model on a Dimension of Better Accessibility and More Affordable

Differentiation Value Creation		Innovative Value Creation Capability				Customer
Required Value Proposition toward Differentiation Value Creation	Outcomes of Differentiation Value Creation	Required Innovation	Innovative Value Creation Capability Enhancement	Innovative Implementation	Differentiation Value Creation Enhancement	
<i>Better accessibility</i> - Convenient online reservations  - Multi communication channels	- Provide customers with better accessibility to service provider  - Possibly offer more affordable price with better value for money to target the mature traveler segment	Channel innovation (Technological innovation in external communication)	- Acquiring multiple forms of communication channels for better accessibility to the service provider	<i>Communication with hotel personnel</i> - Hotel web sites with easy-to-use function - E-mail - Integrate web sites with multiple web platforms of social media	- More convenient and easy for customers to contact	-Willing to pay - Intention to purchase - Memorable experience
				<i>Options of online reservations</i> (Multi-online channel approaches) - Online hotel website - Hotel mobile application - Chain corporate website - Online travel agents (OTAs) - Social media	- More options of multi-online booking channels which convenient to purchase	
				<i>Online advertising</i> - Online advertising through social platforms - Search engines	- Drive up online visibility and easier for customer to find and access hotel information	
<i>More affordable</i> - Affordable price with value for money  - Value added to products and services		Channel innovation (Innovative marketing)	- Setting a product pricing based on the product's value to the customers	<i>Pricing strategies</i> - Customer-oriented pricing strategies	- Deliver the best product or service at the best possible price	
				Product performance innovation (Value-added to product and service)	- Adding hotel's distinctiveness or privileges as a value-added the hotel product offering	
				Hotel freebies and perks - Additional complimentary - Privileges of product and service offerings	- Enhance customers' a feeling of gaining more benefits than they pay for	

### 6.2.3.2 A Service Innovation Model on a Dimension of Better Health and Security

To achieve differentiation value drivers of better health and security, the model illustrated three main phrases consisted of differentiation value creation, innovative value creation capability, and customer (see Figure 6.8 and Figure 6.9).

#### *Differentiation value creation*

To create differentiation value creation of better health and security, it is necessary to response mature travelers' requirements or value propositions in three aspects; (1) assurance of clean and sanitary guestroom, hotel environment, culinary, and maintain a condition of wellbeing and security aspects, (2) hygienic and healthy food, and options of cuisine in healthy eating, and (3) in-room facilities that enhance the comfort, safe environment and sleep quality. These requirements need to be met to attract, retain, and create customer satisfaction. For small and medium-sized hotels, lack of knowledge to implement and technical know-how are the major constraints that hinder hoteliers to create differentiation value creation. However, it is salient for hoteliers to enhance their differentiation value creation to meet to customers' needs and to maintain in a hotel competition. From creating differentiation value creation, it enables hoteliers better respond and provide differentiate products and services related to health and security needs.

#### *Innovative value creation capability*

In order to success in creating differentiation value creation of better health and security, hoteliers require to increase their innovative value creation capabilities in two areas of innovation implementations, including process innovation, and product performance innovation.

##### 1) Process innovation.

Process innovation relates to the generation of superior methods for doing task to deliver better sense of health and security. To enable the process innovation's capability to create innovative value creation, innovative process management is a theme of innovative practices. To conduct innovative practices, the firm's capability to define and initiate superior working methods need to be met in four critical areas includes procurement, guestrooms and hotel environment, food and beverage, and security.



1.1) For procurement, innovative sourcing needs to be employed to enable hoteliers to source the products with distinctive features that can add value to hotel's product offerings or facilitate hotel's efficiency of working activities. This process is a fundamental function to bring in materials into service operation process and finished products, hoteliers must identify quality requirements of product sourcing. Selecting innovative suppliers, sourcing premium products and brand are critical concerns in innovative sourcing which can guarantee the quality assurance of the products since the 'technology specialist' of the suppliers resulting from their specialization associated with innovation. Furthermore, sourcing sustainable products provide hoteliers benefits in minimizing the unhealthy impact of pollution and waste, reducing hazardous substances on health and environment. Besides, collaboration with local suppliers can foster innovative collaborations in supporting neighbor's local product or local community which can add value to hotel's products. From innovative sourcing, it enhances a hotel's differentiation value creation to mature travelers' needs relating to health and security by ensuring better quality products, minimizing unhealthy impacts from hazardous products, at the same time, it also enhances the image of hotels' brand reputation from incorporated in a sustainability.

1.2) For the cleanliness of guestroom and hotel environment, innovative cleaning must be implemented to increase efficiency and productivity of cleanliness and hygiene outcomes. Effective innovative cleaning can ensure the cleanliness, hygiene safeguard upkeep of the hotel. Standard operating procedures (SOPs) are critical for internal housekeeping process as a key to control and maintain a clean and safe environment. To perform efficient SOPs, housekeeping training must be conducted to enable staff to perform assigned tasks and improve cleaning technique in use. In addition to cleanliness, quality assessment is a housekeeping operational audit should be introduced to assure the rules are severely followed regarding the cleanliness of rooms and facilities. Furthermore, eco practices in housekeeping are one of the striking emerging trends of hotel housekeeping in increasing awareness to utilize eco-friendly commodities, amenities and practices. Eco practices are not only beneficial to safe the health from harmful chemicals and components, but also improve mental health or quality of life. In addition, attending and employing a certificate of health and safety such as SHA certification by the government sector can offer a guideline to conduct

health and safety procedure to assure and build customers' trust and confidence toward the hotel sanitation. With innovative cleaning, it enables hoteliers to enhance differentiation value creation by ensuring a clean and safe environment and maximizing better protection from diseases and hazards to fulfill mature travelers' concerns about health and safety issues.

1.3) In relation to food and beverage, innovative kitchen operating is introduced to provide customers with better health and sanitation which can be done by employing food service technology. The application of food service technology such as inventory control, software application enables faster and better food preparation methods, faster service, higher flexibility, and optimize food safety and minimize food health-risk problems. Besides, restaurant staff training is also a critical concern as a part of cuisine quality assurance. Well trained staff about the proper food-handling and food safety practices can ensure the restaurant to meet all food-safety standard and minimize cases of food intoxication. Implementations of innovative kitchen operating foster hoteliers to improve their differentiation value creation by enabling better food operation and service, ensuring food safety and minimizing food health-risk problems which are critical risks and concerns among mature travelers.

1.4) As regards security requirement, the implementation of innovative security patrolling is aimed at enhancing security related product or service by adopting of more effective solutions. Security technology equipment is utilized to ensure customers safety and security to customers during their stay together with the surveillance by security person in chart and hotel staff. This should be done together with employee's trainings for both internal trainings and external trainings from health and safety related organizations to increase employees' knowledge and skills to be ready for emergency. Furthermore, building the hotel's image of security is perceived importance especially for mature travelers, thus, engaging mature travelers with the hotel safety procedures such as a fire drill can reassure customers with more sense of safety and security. Hoteliers should place the priority and keep upgrade on safety and security issues to maintain and assure a condition of safe place to stay. Innovative security patrolling allows hoteliers to enhance differentiation value creation to better respond to mature travelers' fundamental requirements of health and security, and

increase customers confidence toward hotel security as it is one of the most critical concerns of mature travelers when staying at a hotel.

## 2) Product performance innovation

Product performance innovation is implemented to offer distinctive product features aiming at creating a better sense of health and safety. Innovative designed product is proposed as a theme of product performance innovation practices. At this stage, hoteliers need to define the distinguish value or features of their hotel's products intended to deliver to their customers by considering to customers' value, trends, and needs in parallel with their strengths, distinguish features or attributes. To create innovative designed products to meet mature travelers' differentiation value of better health and security, innovative implementation should be initiated in areas of cuisine and guestrooms.

2.1) For cuisine, hoteliers need abilities to capture customer' needs and current trends and to design value-added features to develop hotel's products. Innovative healthy and gastronomic cuisine are introduced to offer better health dietary options, sleep-friendly food, and gastronomical experience which reflecting mature travelers' concerning toward health awareness and trends in searching for authenticity and experiences. Providing of various choices of healthy dietary as value-added products can meet mature travelers' dietary requirements. Furthermore, creating added-value through the storytelling combined with hotel's distinctive attributes of their cuisine can enrich mature travelers' experience. Offering healthy and gastronomic cuisine foster hoteliers to increase differentiation value creation to mature travelers by enhancing customers' health and gastronomic experiences, and enriching them with more healthy eating options.

2.2) To provide mature travelers with more comfort and better sleep environment, innovative designed bedroom with distinctive features of comfort and sleep-friendly should to be developed to attain better product personalization and comfort of stay. Hoteliers require insights of mature travelers' physical ergonomics and psychological needs. Innovative in-room products and facilities support mature travelers' comfort and foster the sleep quality can fulfill their physical and mental requirements and quality of life. To design sleep-friendly bedroom, the design elements

includes lights, colors, in-room temperature, soundproofing, and soothing scents. Additionally, mature-friendly attributes should be well designed to provide comfortably safe environment. With the implementations of innovative designed product, it allows enhance hotels' capability to offer differentiation value creation by providing mature travelers with more comfort, relax, safe, and better sleep environment to fulfill their comfort-oriented mind.

#### *Customer*

From enhancing differentiation value creation relating to better health and security, it can satisfy mature travelers' fundamental physiological, and safety and security needs. It delivers mature travelers with elements of the functional value by reducing risks and hazards relating to health and security concerns, at the same time, it also enhances the emotional value of comfort, relax, and being safe. Mature travelers will have intention to visit and return back if they their needs are satisfy during their stay. This differentiation value creation also enhances customers' quality of physical and mentally health, and allow them to gain better experience of stay.

The overview of a service innovation model on a dimension of better health and security is summarized in Table 6.18 to illustrated three aspects of differentiation value creation, innovative value creation capability, and customer gains.

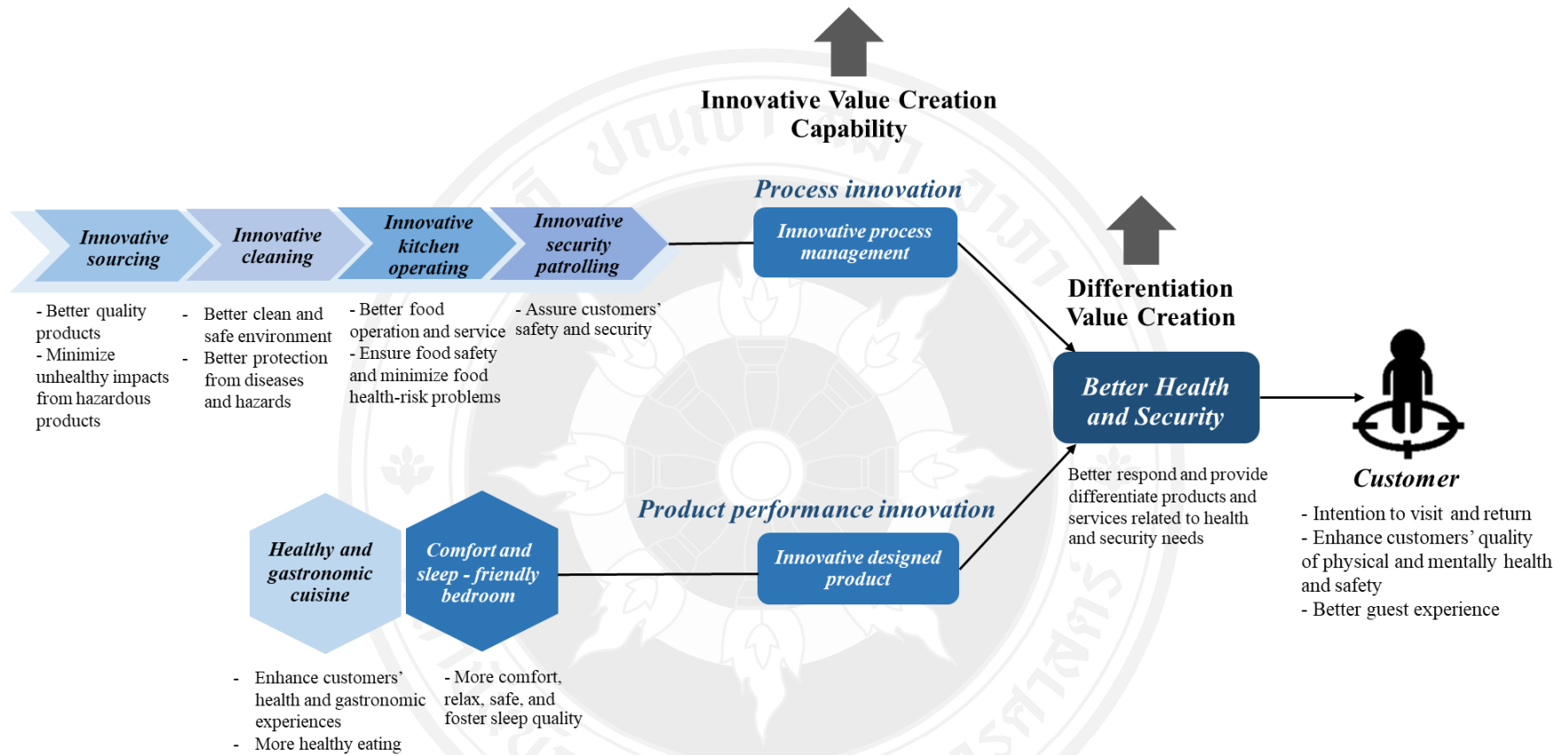


Figure 6.8 A Service Innovation Model on a Dimension of Better Health and Security

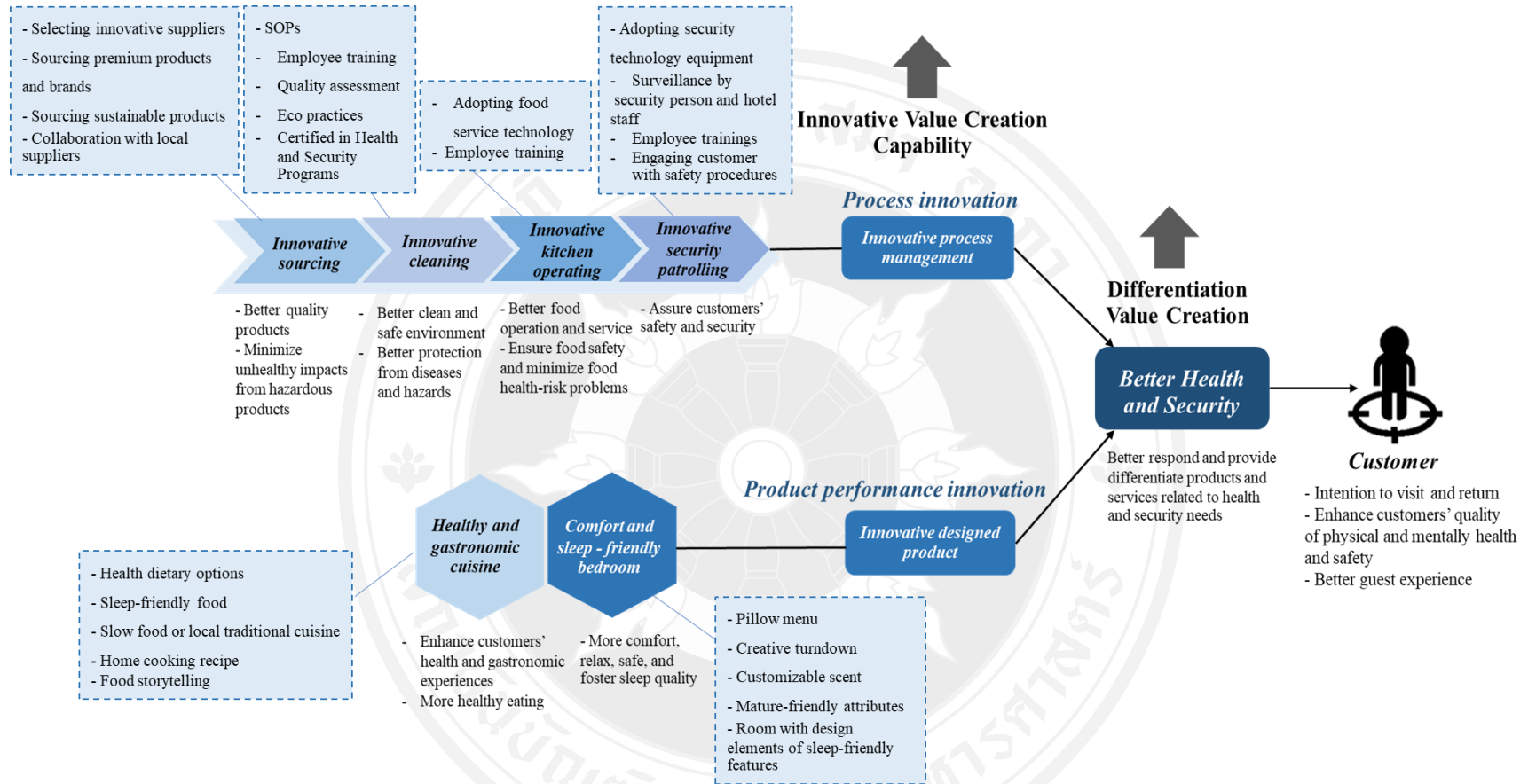


Figure 6.9 Innovative Implementation of a Service Innovation Model on a Dimension of Better Health and Security

Table 6.18 Summary of a Service Innovation Model on a Dimension of Better Health and Security

Differentiation Value Creation		Innovative Value Creation Capability				Customer
Required Value Proposition toward Differentiation Value Creation	Outcomes of Differentiation Value Creation	Required Innovation	Innovative Value Creation Capability Enhancement	Innovative Implementation	Differentiation Value Creation Enhancement	
<ul style="list-style-type: none"> <li>- Assurance of clean and sanitary guestrooms, hotel environment, and culinary</li> <li>- Maintain a condition of wellbeing, protect of life and premises, and minimize risk of damage and crime in guestrooms and hotel environment.</li> </ul>	Be able to respond and provide customers with better and differentiate products and services related to health and security needs	Process innovation (Innovative process management)	<ul style="list-style-type: none"> <li>- Sourcing the products with distinctive features that added value to hotel product or facilitate working functions more efficiency</li> </ul>	<i>Innovative sourcing</i> <ul style="list-style-type: none"> <li>- Selecting innovative suppliers</li> <li>- Sourcing premium products and brands</li> <li>- Sourcing sustainable products</li> <li>- Collaboration with local suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Better quality products</li> <li>- Minimizing unhealthy impacts from hazardous products</li> </ul>	<ul style="list-style-type: none"> <li>- Intention to visit and return</li> <li>- Enhance customers' quality of physical and mentally health</li> <li>- Better guest experience</li> </ul>
			<ul style="list-style-type: none"> <li>- Increasing efficiency and productivity of cleanliness and hygiene outcomes</li> </ul>	<i>Innovative cleaning</i> <ul style="list-style-type: none"> <li>- Standard Operating Procedures (SOPs)</li> <li>- Employee training</li> <li>- Quality assessment</li> <li>- Eco practices</li> <li>- Certified of safety and health by government sector</li> </ul>	<ul style="list-style-type: none"> <li>- Assure a clean and safe environment</li> <li>- Better protection from diseases and hazards</li> </ul>	
			<ul style="list-style-type: none"> <li>- Introducing superior ways to enable better food operational methods and quality</li> </ul>	<i>Innovative kitchen operation</i> <ul style="list-style-type: none"> <li>- Adopting food service technology</li> <li>- Employee training</li> </ul>	<ul style="list-style-type: none"> <li>- Better food operation and service</li> <li>- Ensure food safety and minimize food health-risk problems</li> </ul>	
			<ul style="list-style-type: none"> <li>- Adopting of more effective solutions to enhancing security related products and services</li> </ul>	<i>Innovative security patrolling</i> <ul style="list-style-type: none"> <li>- Adopting security technology equipment</li> <li>- Surveillance by security person and hotel staff</li> <li>- Employee trainings</li> </ul>	<ul style="list-style-type: none"> <li>- Assure customers' safety and security (Increase customers' confidence toward hotel security)</li> </ul>	

Differentiation Value Creation		Innovative Value Creation Capability				Customer
Required Value Proposition toward Differentiation Value Creation	Outcomes of Differentiation Value Creation	Required Innovation	Innovative Value Creation Capability Enhancement	Innovative Implementation	Differentiation Value Creation Enhancement	
				- Engaging customers with hotel safety procedures		
- Hygienic and healthy food, and options of cuisine in healthy eating		Product performance innovation (Innovative designed product)	- Developing and designing value-added cuisine features by considering customers' dietary needs and trends	<i>Health and gastronomic cuisine</i> - Health dietary options - Sleep-friendly food - Slow food or local traditional cuisine - Home cooking recipe - Food storytelling	- Enhance customers' health and gastronomic experiences - More healthy eating	
- In-room facilities with design elements that enhance the supportive atmosphere of sleep quality, ergonomic comfort, and safe environment		Product performance innovation (Innovative designed product)	- Offering distinctive designed in-room products and features aim at enhancing rest and relax, and sleep quality	<i>Comfort and sleep-friendly bedroom</i> - Pillow menu - Creative turndown - Customizable scent - Mature-friendly attributes - Room with design elements of sleep-friendly features	- More comfort, relax, safe, and foster sleep quality	



### 6.2.3.3 A Service Innovation Model on a Dimension of More Responsiveness

To achieve differentiation value drivers of more responsiveness, the model illustrated three main phrases consisted of differentiation value creation, innovative value creation capability, and customer (see Figure 6.10 and Figure 6.11).

#### *Differentiation value creation*

To create differentiation value creation of more responsiveness, it is necessary to response mature travelers' requirements or value propositions in three aspects; (1) provide a guestroom with in-room technologies that allow customers to stay more convenient and gain personalize experience, (2) facilitate responsiveness in customer services, and (3) offer hotel loyalty programs that create additional value of customization. These requirements need to be met to attract, retain, and create customer satisfaction. For small and medium-sized hotels, lack of operational capabilities and limited resources are the major obstacles that hinder hoteliers to create differentiation value creation. However, it is necessary for hoteliers to enhance their differentiation value creation to meet to customers' needs and to maintain in a hotel competition. From creating differentiation value creation, it enables hoteliers better offer product and service differentiation with more personalization and responsiveness.

#### *Innovative value creation capability*

To success in creating differentiation value creation of more responsiveness, hoteliers require to increase their innovative value creation capabilities in four main areas of innovation implementations, including product performance innovation, process innovation, product system innovation, and network innovation.

##### 1) Product performance innovation

In this context, product performance innovation involves with offering in-room technologies as value-added amenities to enable customer service responsiveness. Customer-centric technological innovation is a theme of innovative practices in approaching product performance innovation. To conduct innovative practices, it is important to hoteliers to recognize customers' technology needs and respond to their needs to remain their competitive. Providing of in-room technology services and in-room entertainment technology are areas of proposing innovative in-room technology to enhance the customer experience.

1.1) In-room service technologies. It is salient for hoteliers to understand that today's customers, especially mature travelers, do not want the entirely different experiences with high technology that very far away from their home. Instead, they just expect hotels to offer them with the technologies they usually enjoy at home. Hence, hoteliers should provide in-room technologies that are now on the market and currently use by the customers. Innovative in-room technologies or 'comfort technologies' can be used as value-added amenities and services in improving in-room services and more personalization. Technological innovation in-room services that have been found practical includes free hi-speed internet access as a "must-have" amenity, in-room alarm wake up systems, promotional video, convenient master control panel. Besides, free-to-guest smart phone service is attractive to hoteliers and customers because the devices can be customized in providing hotel service information and also enable hoteliers to continue customers' experience even as they travel throughout the country. In addition, smart phone and mobile applications are now coming to be standard in the hotel chains which facilitate hotel services more personalized, accessible and responsive. Besides, the availability of IT service staff and supporting facilities to be ready to assist mature travelers who face the difficulty is need to be prepared for service. Offering comfort of in-room service technologies allow hoteliers to create differentiation value creation to nourish mature travelers to stay more convenient and personalized, better access to information and enhance services.

1.2) In-room entertainment technologies. The innovative implementation of in-room technology also provided in forms of entertainment. Many customers value hotels that offer modern technologies facilities which directly influencing on their overall satisfaction. Hotels can offer improved technology facilities in their guestrooms to differentiate themselves in the intense competitive market. It is critical for hoteliers to understand what customer needs and wants. This insight can enable hoteliers to decide which innovative technology amenities should provide or even adjust their exiting offerings in a more attracting way to customers. In-room entertainment technology facilities that are currently and mostly implemented in hotel's marketplace include smart TV with Internet devices, and free-to-guest TV with cable channels which provided as primary amenities. While in-room DVD player, music system, and complimentary online newspapers and magazines are also found. Importantly, hoteliers

should become early adopters of entertainment technologies and identify proper in-room technologies accordingly since not all customers require the same in-room technologies. Adopting innovative in-room entertainment technologies can heighten differentiation value creation by providing mature travelers with a better ‘home-from-home’ experience of in-room entertainment technologies that suits or exceeds their expectations will help increase customer satisfaction levels up.

## 2) Process innovation

To attain better responsiveness in customer service, process innovation is introduced to produce superior working methods to enable hotels’ capability in introducing innovative process management that facilitates seamless working process fostering speed and convenience of services.

In this context of study, process innovation relates to the produce of superior methods to encourage more customer service responsiveness, particularly in areas of check-out and payment process. Customer-centric process innovation is a theme of innovative practices in approaching process innovation. To conduct innovative practices, it requires the firm’s capabilities to initiate the seamless working process or methods to enable more service responsiveness to customers. In this study, three areas of working processes which are required innovative implementations include property management, operation, and payment methods.

2.1) Property Management System. There are numerous innovations to turn the way that hotels serve their customers. Nowadays, all hotel counts on a technological innovation of Property Management System or PMS as a “must-have” tool in operating and streamlining their operational activities on daily tasks to run smoother and provide a seamless customer service experience. However, increasing new technological innovations are opening more opportunity for enhancing more productive and management. To take full advantage of hotel technological innovation, hoteliers need to integrate their lodging system of PMS with new technologies or other software to make hotel data more usable. This implementation can empower hoteliers to have a proper insight with an entire aspect of customers and literally knowing their expectations. Integrating PMS with a real-time communication software, a POS or payment gateway can enable hoteliers with more faster billing and payment process.

Utilizing the innovative hotel technology of PMS can facilitates personalization through the collective data to enable hoteliers to create differentiation value creation to anticipate customer needs and provide a more personalized ways of services.

2.2) Innovative operation. It relates to innovative practices of superior working process to facilitate front office operation and related departments to operate seamlessly and more responsive to customers. Conducting standard operating procedures (SOPs) allowed hoteliers easily to follow the working instructions since it well identify and describe the operating procedures and minimize human errors. In addition, to facilitate seamless and speed of check-out process, pre-billing process, initiative process and activities for speed up check-out process, and express check-out are illustrated as hotel innovative implementations which considering to the elimination of unnecessary working process which take time consuming and the initiative of alternative activities that resulting in speed up the check-out process. With innovative operation, it enhances differentiation value creation by extending operational efficient and productivity, and enabling speed and faster service which contributing to more customer service responsiveness.

2.3) Alternative payments. An alternative payment method of mobile payment is the current innovative technology that help customers and hoteliers simplify the paying for products and services during the age of evolution of a “cashless society”. Providing mobile payment methods in parallel with traditional forms of payment options can provide customer with more alternatives of payment and let them to choose payment options that they were comfortable with. Providing alternative payment options can deliver differentiation value to customers by simplifying and enabling payment methods easier, faster, and more convenient that customers do not have to worry about the processing hassles.

### 3) Product system innovation

To offer hotel loyalty programs that enhancing a value of customization, product system innovation is adopted to provide additional value of customization to hotel product offerings to offer customers with more responsive to meet customer needs. Innovative marketing is a theme of innovative practice in approaching product system innovation to employ as a marketing strategy to offer customers through the innovative hotel loyalty programs in order to attract and retain customers at their properties.

To conduct effective innovative practices, hoteliers require capabilities to identify and initiate their additional value of customization to hotel product offerings and to acquire business partners in order to allow their customers to enjoy additional perks. Loyalty programs are a key to enhance the customer value as well as to enhance hotel brands value whilst expanding relationships with stakeholders. The key mechanisms relate to the utilizing of discount, or other hotel privileges such as room upgrades to lure customers with a better experience on their upcoming return, or the use of number of frequently visits to determine the points. In addition, hoteliers need to combine their own hotel privileges with additional perks deriving from their partnerships' benefits into their loyalty programs to bring customers with a sense of being exclusive and recognition to customize their experience which differ from non-members of loyalty programs. With the hotel loyalty programs, it also allows hoteliers to have systems and procedures established for acknowledging their loyal customers' data which enabling them to better understand and tailor their products and services to fit and respond their customer's individual needs and interest. The implementation of hotel loyalty programs heightens the differentiation value creation by emphasizing customers with senses of being exclusive, special, and recognition to customize the customer experiences with exclusively privileges only for memberships.

### 4) Network innovation

To enable attractive and effective hotel loyalty programs, network innovation is employed to create value in forming a connection with other firms. Innovative network is introduced as a theme of innovative implementation to connect with other firms to create additional value to hotel loyalty programs.

At this stage, hoteliers need a capability in establishing tourism-related partnerships to offer additional privileges across brands through their hotel loyalty programs. Such implementation raises opportunities for innovative cross-marketing to allow the loyalty members can access to the hotel partners' perks. Association with branded credit card, airlines' frequent flyer programs, car rental companies, specialty shops are common innovative networks for hotel chains. Innovative network allows hoteliers to leverage advantages from collaboration with key partnerships to provide mutual benefits between customers and business providers which return in enchanting and enriching customers' needs and satisfaction. With this initiative, it enhances the differentiation value creation by providing value-added privileges across brands to allow hotel loyalty members to enjoy better access to hotel partners' perks.

#### *Customer*

The successful differentiation value creation of more responsiveness, it can enhance the customer satisfaction and experiences. In-room technologies are recognized as factors that can enhance customers' experiences and have a considerable impact on the customer satisfaction. Besides, the availability of in-room technologies also influences customers' decisions in their hotel selection, intention to visit and return since most customers are searching for different staying experiences and amenities which can be attained with in-room technologies. This can fulfill mature travelers' psychological needs in terms of emotional value of staying experiences. Furthermore, the responsiveness in customer services also offer customers with a functional value of operational efficient, organizes, simplify and hassle-free process of services which can improve customer satisfaction. In addition, offering effective and attractive hotel loyalty programs provide mature travelers with emotional value of rewarding to their loyal patronage and provides better access to additional privileges than those who are not members. Such implementation can increase customer satisfaction, build customer loyalty to revisit and increasing a positive word-of-mouth.

The overview of a service innovation model on a dimension of more responsiveness is summarized in Table 6.19 to illustrated three aspects of differentiation value creation, innovative value creation capability, and customer gains.

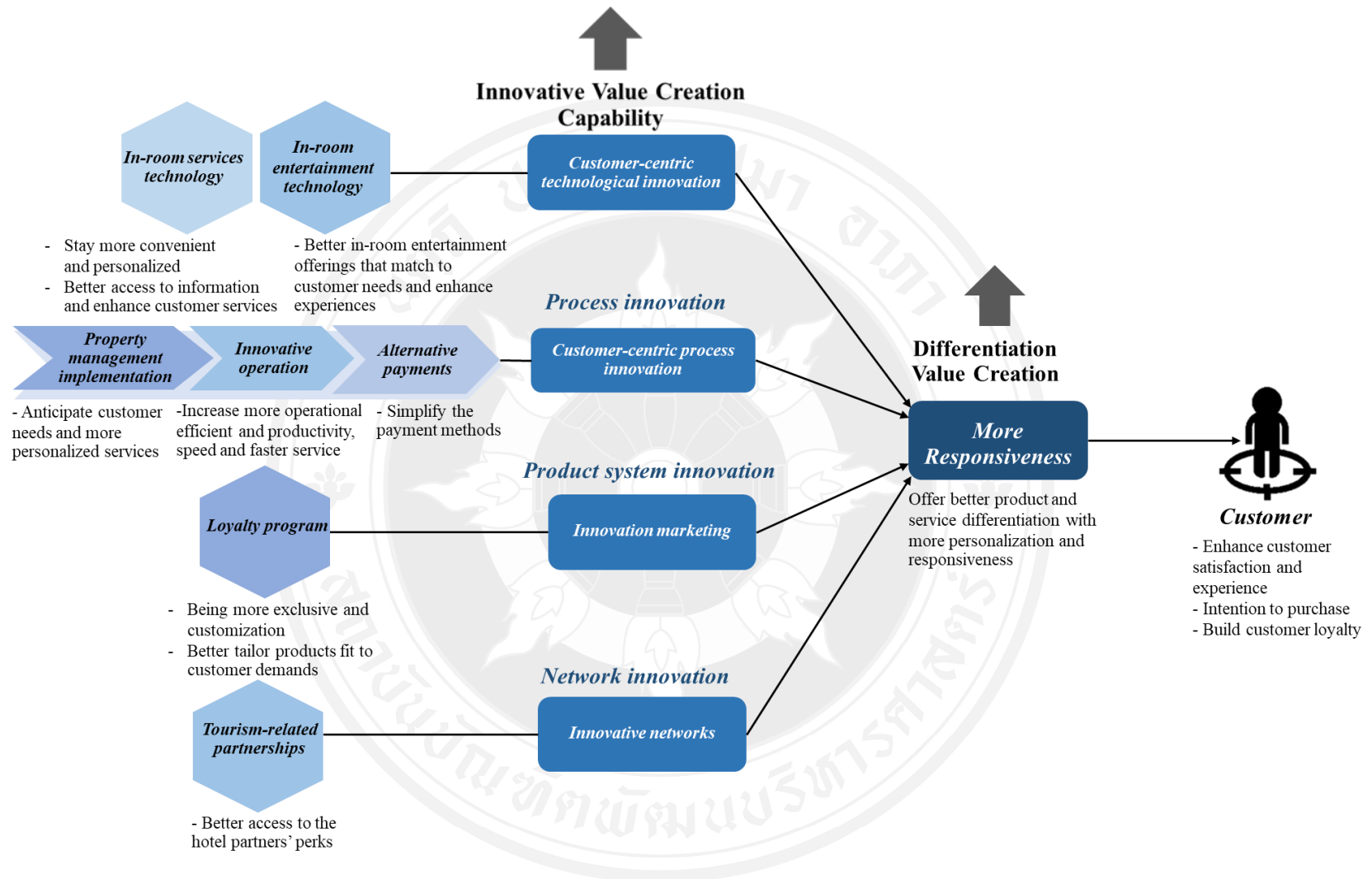


Figure 6.10 A Service Innovation Model on a Dimension of More Responsiveness

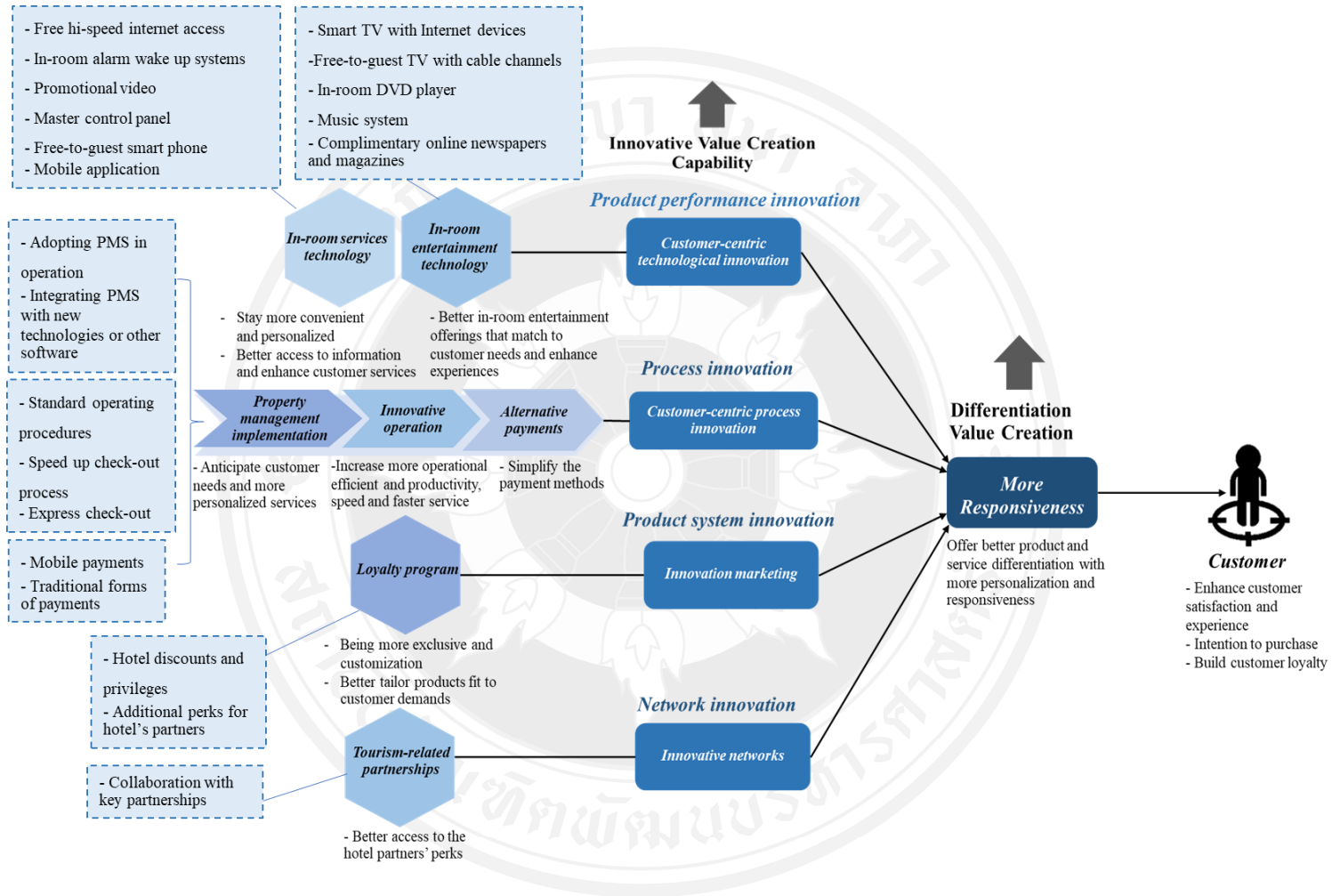


Figure 6.11 Innovative Implementation of A Service Innovation Model on a Dimension of More Responsiveness



Table 6.19 Summary of a Service Innovation Model on a Dimension of More Responsiveness

Differentiation Value Creation		Innovative Value Creation Capability				Customer
Required Value Proposition toward Differentiation Value Creation	Outcomes of Differentiation Value Creation	Required Innovation	Innovative Value Creation Capability Enhancement	Innovative Implementation	Differentiation Value Creation Enhancement	
A guestroom with in-room technologies that allow customers to stay more convenient and gain personalized experiences	Offer better product and service differentiation with more personalization and responsiveness	Product performance innovation (Customer-centric technological innovation)	- Identifying and initiating the proper in-room technologies accordingly to meet customer desire	<i>In-room service technologies</i> - Free hi-speed internet access - Promotional video - Master control panel - Free-to-guest smart phone - Mobile application	- Stay more convenient and personalized - Better access to information and enhance customer services	- Enhance customer satisfaction and experience - Intention to purchase - Build customer loyalty
				<i>In-room entertainment technologies</i> - Smart TV with Internet devices - Free-to-guest TV with cable channels - In-room DVD player - Music system - Complimentary online newspapers and magazines	- Better in-room entertainment offerings that match to customer needs and enhance experiences	
Better responsiveness in customer service		Process innovation (Customer-centric process innovation)	- Introducing process management that facilitates seamless working process fostering speed and convenience of services	<i>Property management implementation</i> - Adopting PMS in operation - Integrating PMS with new technologies or other software	- Anticipate customer needs and more personalized services	
				<i>Innovative operation</i> - Standard operating procedures - Speed up check-out process - Express check-out	- Increase more operational efficient and productivity, speed and faster service	
				<i>Alternative payments</i> - Mobile payments - Traditional forms of payments	- Simplify the payment methods	
- Hotel loyalty programs that create additional value of customization		Product system innovation (Innovation marketing)	- Offering hotel privileges together with access to partners' additional perks	<i>Loyalty program</i> - Hotel discounts and privileges - Additional perks for hotel's partners	- Being more exclusive and customization - Better tailor products fit to customer demands	
		Network innovation (Innovative networks)	- Establishing tourism-related partnerships to enhance additional perks of hotel loyalty programs	<i>Tourism-related partnerships</i> - Collaboration with key partnerships	- Better access to the hotel partners' perks	

#### 6.2.3.4 A Service Innovation Model on a Dimension of Better Atmosphere

To achieve differentiation value drivers of better accessibility and more affordable, the model illustrated three main phrases consisted of differentiation value creation, innovative value creation capability, and customer (see Figure 6.12 and Figure 6.13).

##### *Differentiation value creation*

Achieving a distinctive atmosphere is considerable for hotel business as atmosphere is viewed as a critical factor to differentiate small-scaled accommodation from large lodgings and resulted in attracting and satisfy customers. In this context, a hotel atmosphere includes the environment of hospitality settings in terms of interaction of services, background or design features with functional and aesthetic elements, and social factors relating to the enrichment of mature travelers' lives and experiences during their stay. To create differentiation value creation of better atmosphere, it is necessary to response mature travelers' requirements or value propositions in three key aspects; (1) deliver more personalized approaches and services, (2) provide an accommodation with elements of a homely environment and unique experience of stay, and (3) offer products or activities enhancing mature travelers' lives and experiences. These requirements need to be met to attract the potential customers as well as to retain the existing customers. Small and medium-sized hotels have been faced the restrictions in initiating the differentiation value creation in response to the mature travelers' needs. Lack of knowledge about the current mature travelers, technical know-how, and internal resources are the major constraints that hinder hoteliers to create differentiation value creation to approach this segment. However, it is critical for hoteliers to enhance their differentiation value creation to respond to customers' needs and to survive in an intense hotel competition. Attaining differentiation value creation of better atmosphere, it enables hoteliers to provide mature travelers with a better exceptional hotel atmosphere with elements that make place special, including superior hospitality service, distinctive buildings and unique experiences, and quality holiday experiences.

### *Innovative value creation capability*

To attain differentiation value creation of better atmosphere, hoteliers require to increase their innovative value creation capabilities in three main areas of innovation implementations, including service innovation, process innovation, and product performance innovation.

#### 1) Service innovation

To deliver more personalized and superior hospitality services, service innovation should be implemented to enhancing the value of product and service offerings to enable a hotel' capability to create hospitality service atmosphere with highly service personalization and better responsive. Customer-oriented innovation is a theme of innovative implementations to approach service innovation.

To attain effective service innovation, hoteliers need to improve the benefits, performance, and value of the offerings, or making a product easier to use and enjoy. Service flexibility and customization of service are the proposed initiative implementations needed to be highlighted as the hotel competencies to achieve better service personalization and pleasant service atmosphere.

1.1) Service flexibility. It relates to an ability to adapt to situations. Since individual customer has dissimilar needs, hoteliers should have alternatives of service operational policies and procedures in place to cope whatever customers require to address effectively to the dynamics of customer encounter. Besides, the ability to communicate to customers and taking into account their expectations is necessary to be included when designing innovation regarding service flexibility to deliver a customer experience more seamless and personalized. Flexibility of check-in and check-out is one of the preferred customization options generally required by customers. Offering customers with a flexible time and alternative customization options to adjust their timing of check-in and check-out in a way that not only benefits customers but also the hotel, should be innovated. Granting the perk for free to customers who directly book, adjusted for loyalty hotel members, free or with a fee based on hotel availability are examples of service flexibility options. Offering such service flexibility, whether free or for a fee, it can make business sense. It can contribute to hotels' an extra revenue stream and also create customer loyalty toward a hotel brand. With service flexibility, it creates differentiation value of better atmosphere by providing customers with better

service adaptability to situations which resulting in better responsiveness to individual customer.

1.2) Customization of service. Personalized service or personalized attention is repeatedly cited not only as a motivational factor in customers' decisions to select small and medium-sized hotels, but also highlighted as a benefit of their staying. Offering a great personalized service needs an ability to inclusively understand the most important matters for each customer, thus, hoteliers should be more pro-active to make initiatives that emphasize on customer preferences. To initiate the customized service experience for customers is another way of service innovation. There are various obvious areas that service innovation can be introduced. Wowing the customers by attempting to create initiate activities to surprise their customers to create their delightful memorable experiences, providing one-stop shopping or service which allows hotel staff to help customers in planning for their entire vacation or any requirements. Furthermore, informal style of service is viewed as a distinguish service characteristic of certain small-scale hotels to foster them to create a unique and cordially intimate relationship between customers and staff which contrast to service provided in chain and large traditional hotels. The simple things can create a difference. Importantly, when designing the service innovation, hoteliers should consider to emphasize 'Thainess' as a critical ingredient to highlight the uniqueness of Thai hospitality service. Superior customization of service is a creation of differentiation value to serve customers with a superior service personalization and enable intimate service atmosphere between customers and staff which can enrich customers' personal experiences.

Service flexibility and customization of service are perceived as a differentiation value creation that enable small and medium-sized hotels to differentiate themselves with their unique of services and set them apart from the large hotels.

## 2) Process innovation

To attain more personalized approaches and superior hospitality services, it also requires the implementation of process innovation. In this context, process innovation relates to the produce of superior methods of back-office working process in order to facilitate effective service innovation. Innovative management is a theme of innovative

practices in approaching process innovation. To conduct innovative practices, it requires the firm's capabilities to initiate the working process or methods in order to access to customer needs and heighten staff's ability to take initiative to meet customer needs.

2.1) Access to customer needs. To best provide personalized service and individualization, an ability to access to customer needs must be met. It is said that hotels that trace and respond to customer needs and expectations perform at higher levels to achieve sustained success and competitiveness. Hoteliers need to introduce initiate methods to gather customer information to improve quality and tailor personalized product and service. Guest history record is recognized as a treasure trove of data which allows hoteliers to gain insights into their customers and best serve them in their present and future stays. Keeping the guest profile regularly updated and together with observing customers' behavior by service staff can result in better gain customers' information and access to their needs. Besides, emphasizing on new methods for evaluating the customer experience feedback, including using open forums where customers can share their experiences as website, social media or other e-communication channels, and designing systematic complaint systems in order that service failure can be retrieved before to a customer's departure, drive hoteliers a better access customers' need. In addition, internal communication needs to implement to design the coordination of daily activities within an organization. Sharing and exchanging of information among employees within and among different departments can create a pleasant working atmosphere and teamwork to foster the success of customer service. Moreover, adopting modern communication technology as a message app like LINE or Facebook enables the flow of communication, keep up-to-dated information, and more immediately responsive. With this innovative working process aiming at access to customer needs, it fosters differentiation value creation of better atmosphere by allowing hoteliers with valuable and necessary customer insights to better identify and respond to customer needs which facilitate superior service personalization and service atmosphere.

2.2) Encourage staff's ability. To serve customers with extra touches or more personalized attention and responsive, staff's ability is needed to enhance to take initiatives to meet customer needs. Experiential service innovation can be created

through frontline staff by their significant role of co-create customer experience. Service staff are in a position that directly relate to customers during service encounters, hence, staff needs to be encouraged and trained to be assertively initiative in identifying possibilities to improve aspects of the service experience process and create unforgettable service encounters through the customized services. This requires the support of human resources' eco-system, including recruitment, selecting, training, empowerment, motivation system, co-creation, and other forms of initiatives to enhance staff's capability to develop real-time analytical skills and competency in service delivery to generate the supreme customer service experiences when confronting in service encounters. Increasing employees' abilities can enhance differentiation value creation of better atmosphere as employees play a key role in ensuring hospitality services that affect service delivery. These capabilities can bring out employees' flexibility and responsiveness to match customers' expectations and needs.

### 3) Product performance innovation

To offer an accommodation with elements of a home-like setting and unique experience offering, product performance innovation needs to be employed to enable an ability in integrating architectural and design elements with distinguish feature to create a unique experience of stay.

Initiates of innovative architecture and design are proposed as an innovative theme to create a unique experience of stay. To implement, hoteliers need an ability to identify their hotel's value or distinctive features and integrate hotel's architectural and design elements with distinguish features of create unique experience. Mature travelers are now looking for unique and authentic experiences of lodging they stay. Design elements and unique of buildings are acknowledged as a differentiation strategy that distinguish small and medium-sized hotels from large branded hotels. In attempt to improve hotel atmosphere, hoteliers should build on the components that can make their hotel special. Uniqueness of buildings requires design features which include unique architecture and interior design, as well as unique pieces of furniture. Culture can also be utilized in creating hotel's value. The heritage buildings, site value of location in iconic historical areas, or local culture of its neighborhoods can strengthen a unique

experience of stay with a sense of place and authentic attachment. A theme-hotel is another form of the hotel initiated to focus on the need of customers who are searching for a novel experience of stay. The innovation on different creative themes can make the hotel more attractive. Furthermore, to provide a homely and comfortable environment, hoteliers should emphasize on the specific architectural and interior design to generate home-like atmosphere with a nostalgic sense of home, an experience that is comfortable, cozy, homeliness, and personalized, or offering a large-space of residential room with home facilities to create a homely feel. The distinctiveness of hotel's physical environment and specialized decor can enhance the differentiation value creation of better atmosphere in fostering the customers' feelings of special and more comfort to make them feel like at home.

#### 4) Product performance innovation

To deliver products or activities enhancing mature travelers' lives and experiences, product performance innovation is introduced to create value to hotel's product offerings. To implement, it requires a capability in integrating customer needs and trends with hotel's distinguish value or features to tailor products to fit customers' preferences.

Product performance innovation is implemented to offer distinctive product offerings aimed at creating better personalized holiday experiences. To offer a better mature travelers' product customization, hoteliers need to identify their distinguish value or features of their hotel's products intended to deliver to their customers by considering to customers' value, trends, and needs. In this context, specific experience offerings are initiated as a theme of innovative implementation to aim at providing a better product customization intended to mature travelers.

At this stage, hoteliers need to combine mature travelers' needs and trends together with hotel's distinguish value or features in terms of strengths, skills and specialization as well as the resource availability to tailor products to fit customers' preferences. Learning and enriching experience, health consciousness, and environmental awareness are emerged as significant market consumer trends in lifestyle and ethical behavior which are generally concerning among today's mature travelers. The creation of specific activities featuring with themes of such marketing

trends can foster hoteliers to add value to their products and enrich mature travelers' experiences and meet their satisfaction. There are various obvious areas that innovative products for mature travelers can be introduced, including health and well-being products, recreational activities with the featuring themes of culture, art, cuisine, spirituality, and environmental programs. These specific experience activities are proposed to mature travelers as a differentiation value creation to enhance their physical and mental health and to enrich their personalized and quality holiday experiences.

#### *Customer*

Attaining the differentiation value creation of better atmosphere, it enables a distinctive hotel atmosphere which is perceived as a critical factor to attract and satisfy customers. Providing superior personalized and hospitality services through the implementation of service innovation and process innovation can respond their psychological needs of love and belonging in terms of being pampered, treated as individual, friendship, and intimacy which fulfill customers with a sense of emotional value. Besides, the attractiveness and distinctiveness of hotel's physical environment and homely ambiance can attach customers at the emotional level which make them feel highly special and more comfort with a sense of nostalgic of home. Moreover, providing tailored products of recreational activity can respond the internal needs of mature travelers to escape from their mundane life, relax, improve their lives and experiences. To provide customers with a better exceptional hotel atmosphere can enhance customer satisfaction and positive customer experiences, willingness to recommend to others, finally, build loyalty and revisit.

The overview of a service innovation model on a dimension of better atmosphere is summarized in Table 6.20 to illustrated three aspects of differentiation value creation, innovative value creation capability, and customer gains.



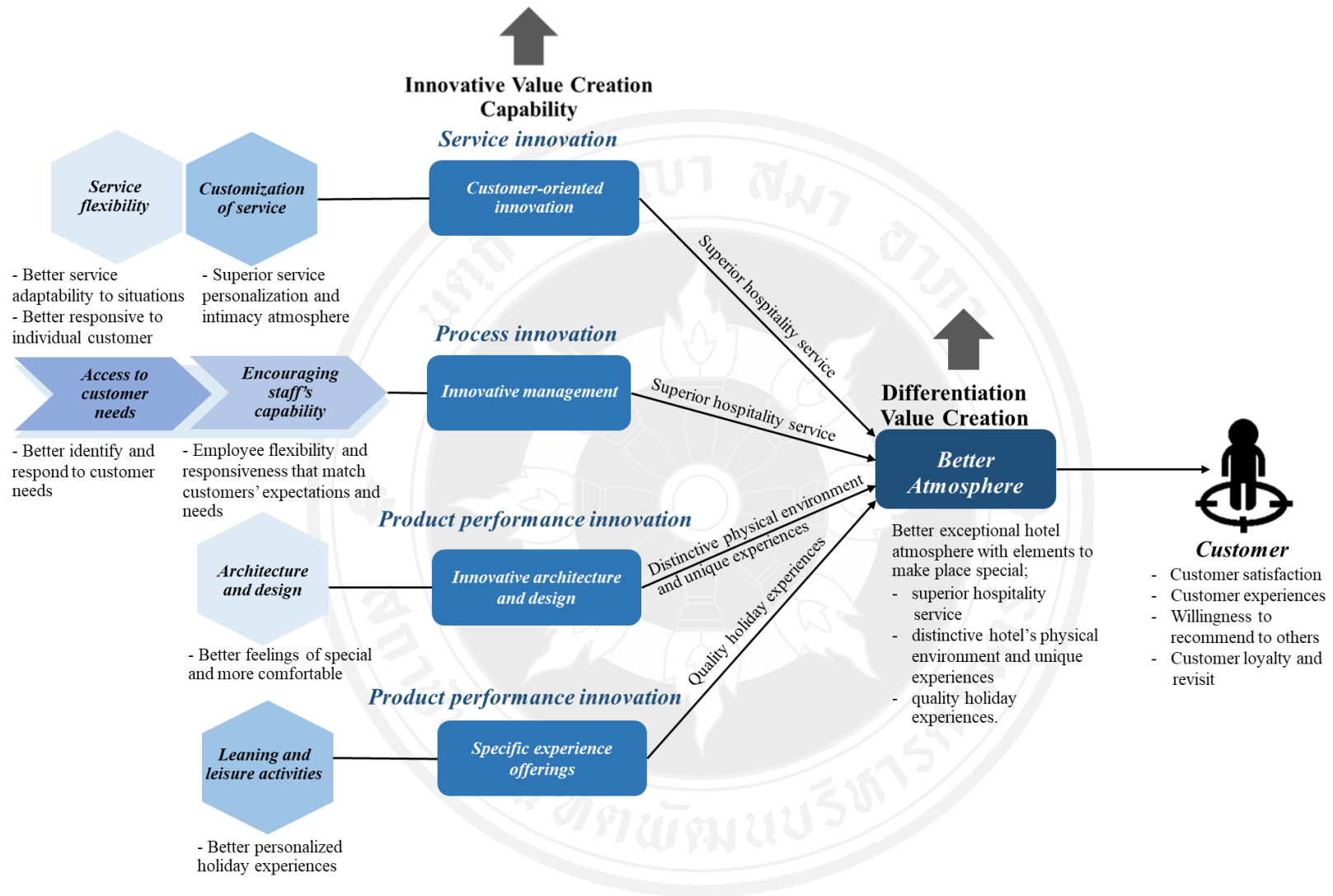


Figure 6.12 A Service Innovation Model on a Dimension of Better Atmosphere

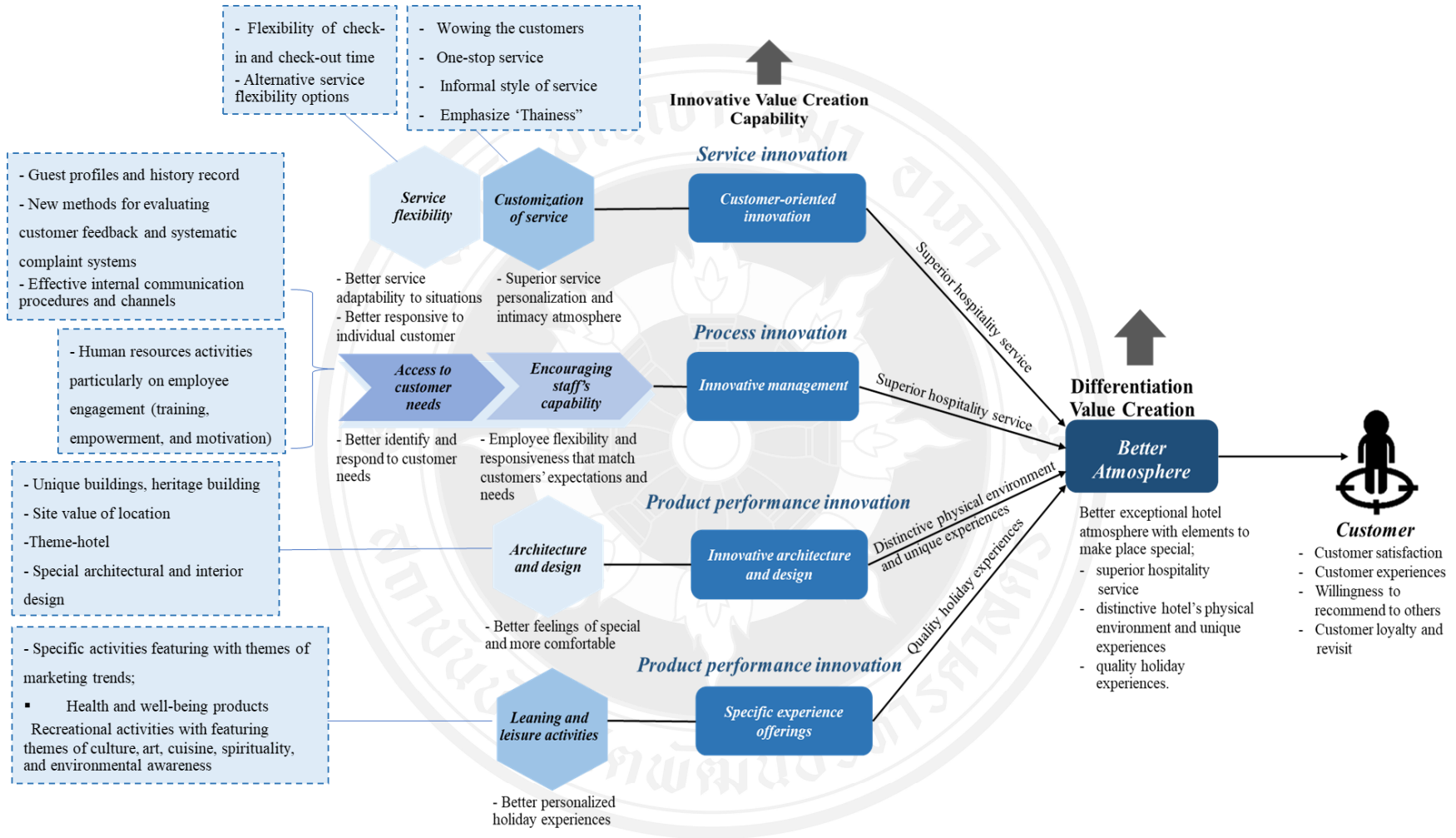


Figure 6.13 Innovative Implementation of a Service Innovation Model on a Dimension of Better Atmosphere

Table 6.20 Summary of a Service Innovation Model on a Dimension of Better Atmosphere

Differentiation Value Creation		Innovative Value Creation Capability				Customer
Required Value Proposition toward Differentiation Value Creation	Outcomes of Differentiation Value Creation	Required Innovation	Innovative Value Creation Capability Enhancement	Innovative Implementation	Differentiation Value Creation Enhancement	
- More personalized approaches and services	Better exceptional hotel atmosphere with elements to make place special; - superior hospitality service - distinctive hotel's physical environment and unique experiences - quality holiday experiences.	Service innovation (customer-oriented innovation)	- Creating pleasant hospitality atmosphere with highly service personalization and responsiveness	<i>Service flexibility</i> - Flexibility of check-in and check-out time - Alternative service flexibility options	- Better service adaptability to situations - Better responsive to individual customer	- Customer satisfaction - Customer experiences - Willingness to recommend to others - Customer loyalty and revisit
				<i>Customization of service</i> - Wowing the customers - One-stop service - Informal style of service - Emphasizing "Thainess"	- Superior service personalization and intimacy atmosphere	
				Process innovation (innovative management) - Better identify customer needs - Ability to take initiative and flexibility to meet customer demands	<i>Access to customer needs</i> - Guest profiles and history record - New methods for evaluating customer feedback and systematic complaint systems - Effective internal communication procedures and channels	
- An accommodation with elements of a home-like environment and unique experience offering		Product performance innovation (Innovative architecture and design)	- Integrating architectural and design elements with distinguish features to create a unique experience of stay	<i>Encourage staff's ability to take initiative to meet customer needs</i> - Human resources activities particularly on employee engagement (training, empowerment, and motivation)	- Employee flexibility and responsiveness that match customers' expectations and needs	
				<i>Integrating architectural and design elements with distinguish features</i> - Unique buildings, heritage building - Site value of location - Theme-hotel - Special architectural and interior design	Better feelings of special and more comfortable	

Differentiation Value Creation		Innovative Value Creation Capability				Customer
Required Value Proposition toward Differentiation Value Creation	Outcomes of Differentiation Value Creation	Required Innovation	Innovative Value Creation Capability Enhancement	Innovative Implementation	Differentiation Value Creation Enhancement	
- Products or activities enhancing mature travelers' lives and experience		Product performance innovation (Specific experience offerings)	- Integrating customer needs and trends with hotel's distinguish value or features to tailor products to fit customers' preferences.	<i>Creation of leisure and learning activities</i> - Specific activities featuring with themes of marketing trends; <ul style="list-style-type: none"> <li>▪ Health and well-being products</li> <li>▪ Recreational activities with featuring themes of culture, art, cuisine, spirituality, and environmental awareness</li> </ul>	- More personalized holiday experiences	



### 6.3 Profile of Key Informants

Five Academics and experts were invited to participate in this qualitative study to verify a service innovation model. The three selected key informants of academics are expertise in innovation management, service management, and mature consumers' behavior. Additionally, the other two key informants are the occupational experts from Thai Hotel Association (THA) who had a long experience with Thai hotel industry and mature traveler market. The profiles of all key informant are listed in the following table.

Table 6.21 Profile of Key Informants

Code	Gender	Educational Level	Position	Institute	Field of Expertise
E1	Male	Master's Degree	University Lecturer	Dusit Thani College	Service management and mature consumer
E2	Male	Ph.D.	Assistant Professor/ University Lecturer	College of Innovation, Thammasat University,	Service innovation management
E3	Female	Ph.D.	Assistant Professor/ University Lecturer	Faculty of Tourism and Hospitality Dhurakij Pundit University	Service management
E4	Male	Master's Degree	Honorary Advisor	Thai Hotel Association (THA)	Hotel business
E5	Male	Master's Degree	Chairman of Membership / Hotel Owner	Thai Hotel Association (THA) / Malaysia Hotel	Hotel business

### 6.4 Qualitative Research Results

To complete the study and ensure the validity of the model, the qualitative research method was conducted. The letters of requests and the proposed model were presented to the experts to consider, then, they were appointed to participate in the in-depth interview. To collect the data from the key informants, the semi-structure interview was adopted as a guidance. The qualitative data gathered from the five key informants were analyzed by employing the content analysis. The interviews were conducted in July 2020. The key informants are listed and outlined as follows.

Key informant E1: The interview was conducted on July 14, 2020, at Dusit Thani College. He is a lecturer in hotel management department and a Chairman of the

Executive Housekeeper Association of Thailand. He holds Master's degree in hospitality business management. The interview took about 60 minutes.

Key informant E2: The interview was conducted on July 15, 2020, at Thammasat University. He is an assistant professor (Ph.D.) in the Service Innovation and Service Design Programs, the College of Innovation, Thammasat University. The interview took about 45 minutes.

Key informant E3: The interview was conducted for 45 minutes on July 16, 2020, at Dhurakij Pundit University. She is an assistant professor (Ph.D.) and a Dean of Faculty of Tourism and Hospitality, Dhurakij Pundit University.

Key informant E4: The interview was conducted on July 18, 2020 and took about 90 minutes. He was a former Corporate Affairs Director at Seagram (Thailand) and now is an honorary advisor of Thai Hotel Association (THA). He holds Master's Degree in Public Administration, and Master of Arts (Hotel).

Key informant E5: The interview was conducted on July 22, 2020. He is an owner of Malaysia hotel, a chairman of membership of Thai Hotel Association (THA) and the committee of Thai Hotel Standard. He has an experience in managing the mature traveler's market. The interview took about 90 minutes.

The section reveals the comments, suggestions, and verification of key informants toward the proposed service innovation model. The interview questions emphasized three questions according to the service innovation A-R-H-A model. The interview questions are listed as follows.

1. What do you think about the proposed service innovation A-R-H-A model? Is it consistent with the results of the study? Does it appropriate to be implemented?
2. Is there anything else should be added or removed to make the proposed model complete?
3. Do you have any suggestions or cautions for creating service innovation for medium and small hotels?

#### 6.4.1 The Appropriateness of the Service Innovation A-R-H-A Model

From the interviews found that all respondents commonly agreed with the proposed service innovation A-R-H-A model. The significant statements obtained from the interview question 1 are illustrated as follows.

*“I think the findings can reflect win-win outcomes for both the mature travelers and the small and medium-sized hotel business which will resulting in the development of tourism industry through the emphasis of innovation. Furthermore, I agree that the propose model are in line with the findings, and are also applicable to apply in the small and medium-sized hotel business. I mostly found the research focusing on the large or 5-stars hotel on the topic related to innovation, however, it was rarely found in an area of small and medium-sized hotel setting. Consequently, I believe that this research will be beneficial to the service industry sectors as well as the education sector.” (Interview informant E1)*

*“ In my opinion, I think this proposed service innovation model is in accordance with the research findings and seem to be applicable since this model is quite complete and in detailed.” (Interview informant E2 and E4)*

*“ I agree with this service innovation model since the aging population is the global trend which increasing its significance and perceived as the potential marketing. Small and medium-sized hotels should consider to focus and invest in this market segment. Within the near future, after the epidemic, the mature travelers from Europe and America will absolutely return and become the propitious opportunity for Thailand hotel industry very soon, especially in terms of long staying.” (Interview informant E5)*

The key informant E3 agreed with the proposed model and also noticed that this model may not fit to all small and medium-sized hotels as their differences of internal factors. The practitioners should select and adapt to suit their demands.

*“The model is consistent with the results of the qualitative and quantitative studies, and it is suitable for application. To implement, however, hoteliers may select some or many parts of the model depending on their needs of each individual hotel.” (Interview informant E3)*

In sum, the significant statements from the interviews confirm the appropriateness and applicable of the service innovation A-R-H-A model.

### 6.4.2 Suggestions toward the Service Innovation A-R-H-A Model

This section presents the significant statements obtained from the interview question 2. The key informants provided the suggestion toward the service innovation A-R-H-A model as below.

#### 6.4.2.1 The Service Innovation Model on a Dimension of Better Accessibility and More Affordable

The key informants agreed with the proposed service innovation model in a dimension of better accessibility and more affordable. Additionally, the key informant E4 provided further suggestions toward the creation of product performance innovation in an area of brand reputation by highlighting the benefits of becoming a membership of hotel related associations as the value added to brand.

*“To create a brand reputation for non-chain hotels or stand-alone hotels, it is necessary to start from joining the membership of the hotel related associations, for example, Thai Hotel Association or Green Leaf Foundation in order to added value to their hotels’ brand. This implementation will provide them benefits in terms of creating trust to customers and being guarantee by government sector, gaining necessary information, knowledge and know how from the experts which enable them to create service innovation to their business.” (Interview informant E4)*

In addition to product performance innovation, the key informant E5 also emphasized the importance of innovative design of hotel freebies.

*“The ordinary complimentary amenities or freebies may not be impressed the customers. In order to make the amenities to be worth up, the package must look good and beautiful, but it does not necessary to be expensive. To allow the customers to feel proud of taking a hotel’s products or willing to take these freebies back home with them, it is salient for hoteliers to pay attention to details of the design, including the hotel’s logo. Storying telling of product amenities such as local products, sustainable products also create the good image and add value to such amenities as well as a hotel’s brand image. Thus, creating the beautiful and well-design products really means the innovation of product, not just offer any kind of product without attention to its details or designs.” (Interview informant E5)*



#### 6.4.2.2 The Service Innovation Model on a Dimension of Better Health and Security

From the interviews found that all key informant agreed with the proposed service innovation model in a dimension of better health and security. Some additional suggestions were provided by the key informants as follows.

The key informant E1 added the supporting opinion about the benefits of small-scale hotels toward creating better health and security environment.

*“I totally agree that the customer intimacy and highly attention by service employees are considered the strengths of small and medium-sized hotels to enable hotel’s safety and prevent the invasion by the strangers. It is not only resulting in the safety of customers, but also can engage with customers. Hoteliers should leverage their small size and customer intimacy to use their advantages.”* (Interview informant E1)

The key informant E4 and E5 were similarly suggested that keep informing mature travelers with the hotel’s security standard and procedure, conducting regularly fire evacuation drills as well as engaging customers to participate in the process of fire drill were perceived as the best implementations to build customers’ trust and confidence toward the hotel image of security concerns.

*“Regarding to the hotel safety and security, it was found that most chain hotels frequently conduct the fire drills about four times a year which are more than minimum required by the law. With this implementation, the foreign guests especially elderly guests are perceived great importance because this is a method that makes them feel more safe and secure. Moreover, they are also willing to join the fire drill since they want to see how the hotel makes them confident about the safety issues.”* (Interview informant E4 and E5)

*“It is necessary for the hotel staff to keep inform mature travelers with their hotel security standard and procedure when emergency to build customers’ trust and confidence that they are being well-protected.”* (Interview informant E4)

To ensure health and safety, “the Amazing Thailand Safety and Health Administration: SHA certification” is recommended for hotel operators to prepare and to be ready for the return of tourism after COVID-19 and to develop the customers’ confidence.

*“In this current situation, hoteliers need to find the way to ensure their health and safety procedure. They should prepare and confirm their readiness to provide safe services and safe hotel environment for the customer after the epidemic of COVID-19. To be certified and gain the Amazing Thailand SHA certification can assure the hotel’s operation procedures toward health and safety, ensure customers’ safety, and create customers’ confidence toward accommodations.” (Interview informant E5)*

In addition to health and safety, the key informant E5 further emphasized the significance of employee trainings as the key aspects to respond to mature travelers’ requirements. Trainings are recommended in both internal and external trainings. Adequate staff in-house training toward the mature travelers’ needs and wants are needed to be required. External trainings relating to health and security, first aid and CPR by cooperating with government sectors or hospitals are necessary to be initiated.

*“Hoteliers should focus on developing employees to be able to take care and handle the elderly customers by conducting internal customer training courses. Besides, external trainings also can be done by sending their staff to attend the training programs with external government agencies such as the Public Health Department, Health Department, Department of Skill Development, or even incorporate to invite the hospital personnel to train, educate the hotel staff on first aid and CPR trainings.” (Key informant E5)*

In terms of the hotel safety design, the adjustment of hotel space and facility design need to be conducted to meet the needs of mature travelers’ physical requirements.

*“To attract and accommodate the mature traveler segment, it is crucial for small and medium-sized hotels to invest and adjust their hotels to meet the requirements of this segment. It is not necessary to invest in a large amount of money, but the basic requirements as necessary must be met. They need to invest if they want to target this segment.” (Interview informant E4 and E5)*

#### 6.4.2.3 The Service Innovation Model on a Dimension of More Responsiveness

All key informants commonly agreed with the proposed service innovation model in a dimension of more responsiveness. Some of them provided further suggestions as below.

The key informant E5 agreed with the necessary of the highspeed WIFI as one of the most technological attributes for the current mature travelers. Hoteliers should also provide staff and supporting facilities to be ready to assist and provide mature travelers with more convenience when using technologies.

*“ Nowadays, mature travelers place their interests on the Internet using, the quality of WIFI is necessary. It is considered as a ‘must-have’ facility for today’s customers. To enable mature travelers to experience in the Internet surfing, hoteliers should provides staff who can assist mature travelers when they experiencing difficulties toward using of technology and together with the supporting facilities such as a keyboard to connect to TV screen and a large size and wild screen TV to allow them more convenience of using tech”. (Interview informant E5)*

The key informant E1 pointed out that some technological facilities were expensive to implement which may not be able to afford by small hotels. Alternatively, hoteliers may consider to their affordability and other alternative options with less expensive to suit their properties. Furthermore, some traditional facilities such as newspapers and magazines, or the manual service system such as traditional alarm clock still required this aging segment. Hence, hoteliers should be selective when designing technological and non-technological service innovation.

*“Certain technologies such as the master control panel may not applicable for the 3-star hotels because of the expensive of purchasing. They can consider an alternative option such as the master switch which is cheaper and possibly meet their budgets. In addition, the manual or traditional form of facilities as a manual alarm clock or newspapers and magazines are still required by this aging because it is more convenient for them, they may not want to connect to the internet or engage wit technologies all the time.” (Interview informant E1)*

In extent to the speed of service, the key informant E1 also agreed that reducing the operational process and things that may cause customer dissatisfaction must be illuminated.

*“ Hoteliers should focus on inter-functional coordinating to minimize time and facilitate speed of services. For example, improving the process to recheck the room before checking out, simplifying the check-out process and set the minimum standard time of service and conducting monitor and evaluation.” (Interview Informant E1)*

In relation to the hotel loyalty programs, The key informant E4 mentioned that the advantage of technology advancement enables independent hoteliers to possibly implement their own loyalty program with easier and less cost of expenses. And also highlight the important of loyalty programs as a tool to better access to customers' needs.

*“Today, conducting a loyalty program is easier owing to the advancement of current communication technology. Independent hotels can create their own loyalty programs. To better access and respond to their customers' needs, the hotel loyalty programs are the platform to connect customers which allow the hotels to attain their better service personalization.” (Interview informant E4)*

#### 6.4.2.4 The Service Innovation Model on a Dimension of Better Atmosphere

The key informants agreed with the proposed service innovation model in a dimension of better atmosphere. However, to complete the model, further suggestions are provided by some key informants as follows.

The key informant E1 suggested that to create the unique service atmosphere, the characteristics of Thainess should be concerned and adopted when designing the service innovation.

*“When creating the hotel gimmick or service innovation, Thainess should be used as the factor to distinguish the service of Thai hospitality. Since it is one of factors to draw the foreign tourists to Thailand. Hence, hoteliers should not discard this point.” (Key informant E1)*

In relation to leisure activities for mature travelers, the key informant E1 pointed out that leisure activities for mature travelers are rarely found in the hotels, but the activities are required for this segment. Hoteliers should focus on creating the activities that are not involved with a large cost of expenses and emphasize on utilizing their own internal resources.

*“Mature travelers need activities while staying. Hoteliers should arrange leisure activities for them. Some activities do not have to invest much money, such as taking out for tours that are not very expensive, providing morning food offering to the Buddhist monks, or create their own activities by using employees. Hoteliers should not just rely on their own limitations, they need the creativity and innovativeness.” (Key informant E1)*

Alternatively, the key informant E4 mentioned as trend of CSR activities provided to customers as an experiential activity to create the customers’ awareness to environment and enrich their experiences, and enhance the positive hotel image and reputation.

*“What hoteliers should do is ‘CSR’, such as joining fund raising with an organization. A hotel can create the storytelling to make a good sense of environmental preservation by implementing creative thinking about how to engage their customer to the fund raising. Such implementation can attach customers at their emotional level and create better positive image of a hotel. Creative thinking is necessary for entrepreneurs to be innovators.” (Key informant E4)*

To conclude, the data from the interview question 2 is presented in Table 6.22. The suggestions are further integrated into the proposed service innovation model.

Table 6.22 Summary of Interview Data Derived from the Interview Question 2

Dimension	Suggestions
<b><i>Better Accessibility and More Affordable</i></b>	<ul style="list-style-type: none"> <li>- Becoming a membership of hotel related associations as the value added to brand.</li> <li>- Placing importance on innovative design of hotel freebies.</li> </ul>
<b><i>Better Health and Security</i></b>	<ul style="list-style-type: none"> <li>- Utilizing positive aspects of small-scale accommodation and staff-customer intimacy as hotel's supporting factors when designing a hotel's security environment.</li> <li>- Building the hotel's image of security among mature travelers by emphasizing and promoting customers to engage in the hotel safety procedures.</li> <li>- Employing a certificate of health and safety by the governing sector to assure and build customers' confidence toward health and security issues.</li> <li>- Emphasizing on internal and external trainings toward health and security.</li> <li>- Adjustment of hotel space and facility design need to be conducted to meet the needs of mature travelers' physical requirements.</li> </ul>
<b><i>More Responsiveness</i></b>	<ul style="list-style-type: none"> <li>- Emphasizing on the quality of WIFI and providing staff and supporting facilities to be ready to assist and provide mature travelers with more convenience when using technologies</li> <li>- Considering to the affordability and other alternative options with less expensive to suit their properties (For the 3-star hotel or hotels with limited financial resources)</li> <li>- Being selective when designing technological and non-technological service innovation.</li> <li>- Reducing the operational process and things that may cause customer dissatisfaction must be illuminated.</li> <li>- Highlighting loyalty programs as a tool to better access to customers' needs.</li> </ul>
<b><i>Better Atmosphere</i></b>	<ul style="list-style-type: none"> <li>- Emphasizing 'Thainess' as a critical ingredient when design the service innovation.</li> <li>- Focusing on the creation of leisure activities that are not involved with a large cost of expenses and emphasize on utilizing their own internal resources.</li> <li>- Being more creative thinking when designing leisure activities.</li> </ul>

### 6.4.3 Further Suggestions or Cautions for Creating Service Innovation for Small and Medium-Sized Hotel

The key informants provide suggestions and cautions for creating service innovation for small and medium-sized hotel in five aspects as follows.

First, the definition of innovation should be clarified and understandable for hoteliers.

*“Many hoteliers still lack understanding of the meaning of innovation. Most of them comprehend the innovation as the technology or something that totally make changes. Actually, hoteliers do not need the high technology which with a lot of investment to innovate, instead, they can just look for things near them that will make the results come out better - that is innovation, or doing things that increasing its value. Therefore, it is necessary clarify the definition of innovation because if they do not understand, it will be misinterpreted.” (Interview informant E1)*

Second, the proposed service innovation model should be adjusted according to the firm’s individual requirements, abilities and necessity of each organization when implementation.

*“Most small and medium sized hotels in Thailand have a lower rate of investment and limitations of resources such as human resources or technology investments, and partially run by the family management. These characteristics may hinder or not ready to apply the innovation. This proposed model may suitable for organizations with high investments which have a target group of a high- end mature traveler segment that is a Niche market. However, it is a trend of the global society and it is beneficial to hotels that want to develop in this direction.” (Interview informant E3)*

Third, to attain the service innovation, hoteliers should emphasize on human resource management and development since employees play a key role as a driving machine to innovation.

*“It is crucial to focus on human aspects because people or employees are the machine engine to drive the hotel’s productivity. Small hotels often have an excuse for lack of qualified employees and loyalty since they consider themselves as a small organization that employees just come to learn and then leave. Therefore, want to look at the importance of people and use the heart to manage personnel more than just looking them as just an employee. Giving importance to the employees and love their employees by enable them for the well-being. And they may not need to provide a lot of benefits but it*

*should be able to assist their staff in their hard times. This will make people happy, then money can become a secondary issue. Finally, when the employees are happy, they will create an exceptional service and productivity for hotels.” (Key informant E4 and E5)*

Fourth, introducing a new marketing concept of innovative network as being innovative partnerships rather than being competitors.

*“Innovative hoteliers should look at their neighbors to know what to do and come together, instead of viewing them as a competitor. They should cooperate and join together as an innovative network to develop, do not compete for customers, and support each other. This can be considered as an innovative marketing approach. Let's talk and collaborate with competitors in doing different promotions and alternating to support each other.” (Key informant E4)*

Fifth, hoteliers should leverage the technical knowledge or innovative ness of suppliers to enable the service innovation.

*Hoteliers should consider the innovative suppliers who are specialist in their own business and leverage their strengths to advantage to the hotel business. Consulting with and gaining technical knowledge and know-how form their innovative suppliers can help hoteliers to enhance their innovation capacity. (Key informant E4)*

In summary, the findings of the interview question 3 are further integrated to the recommendations in Chapter 7.

## **6.5 The Final Service Innovation A-R-H-A Model**

The service innovation model was verified by the academics and experts as displayed in the previous section. To summarize, additional suggestions and cautions were identified. None of the proposed service innovation model was concluded to be removed, but only some suggestions and cautions were mentioned. Accordingly, these valuable suggestions and comments were integrated in the proposed service innovation A-R-H-A model to employ and apply as guidelines for implementation. The service innovation model includes dimensions of better accessibility and more affordable,



better health and security, more responsiveness, and better atmosphere as presented in the section 6.2.3.

## **6.6 Summary of Chapter Six**

This chapter illustrates the proposed service innovation model for small and medium-sized hotel business focusing on the mature travelers according to the research objective 4. The model is designed to provide as the guidelines for small and medium sized hoteliers by proposing a set of service innovation model in approaching each dimension of mature travelers' differentiation value drivers.

The first part of this chapter describes the process of developing a service innovation model, including the obtained data using in a model developing, the analysis of segments, value propositions and recommendations, innovative value creation and recommendations, and the proposed service innovation model in dimensions of better accessibility and more affordable, better health and security, more responsiveness, and better atmosphere, respectively.

The following section presents the model verification by presenting the qualitative results of interviews with academics and experts as well as the suggestions and cautions toward the service innovation model. The model was commonly agreed by all academics and experts and confirmed the appropriateness and applicable of the proposed model. In addition, to complete the service innovation model, the suggestions and cautions were integrated in the model implementation in sector 6.2.3 and concluded as the recommendations in Chapter 7.

## CHAPTER 7

### CONCLUSION AND RECOMMENDATIONS

#### 7.1 Introduction

This chapter describes the overview of the dissertation titled “A Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on Mature Travelers”. It contains three main sections. The first section displays the brief conclusions and the answers of all research objectives. Second, the recommendations toward a service innovation model are provided. Finally, the third section illustrates the limitations of the study and suggestions for further study.

#### 7.2 Conclusion

The study, titled “A Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on Mature Travelers” employed the mixed methods research to attain four research objectives. Since the intense hotel competition, small and medium-sized hotels become a challenge to survive and adjust themselves in terms of strategies to attract the potential market and their strategic management to increase their competitiveness and survive. The group of mature travelers is one of the most potential and lucrative market segments with its significance in size, potential and purchasing power which possible provide the opportunity for hotel industry, including small and medium-sized hotels. Thus, to target this segment, hoteliers need knowledge necessary and the strategic management. It is necessary for business to identify differentiation value drivers to respond to the value-oriented characteristic of the current mature travelers and adopt service innovation as a strategic tool to approach this segment. Consequently, a service innovation model is necessary as a guidance tool to enable small and medium-sized hoteliers to create the customer satisfaction and competitive advantage.

To obtain data to create a service innovation model, this study was conducted with the following objectives:

1. To study the components of differentiation value drivers of the mature travelers
2. To analyze the influences of mature travelers' profiles, motivations, and personalities on their differentiation value drivers
3. To analyze the innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and identify the key factors determining the firms' service innovation capability
4. To create a service innovation model for small and medium-sized hotel business focusing on the mature travelers

To gain the fruitful information, this study focused on two parts of stakeholders, including demand side or mature travelers, and the supply side or small and medium-sized business. To examine the differentiation value drivers of mature travelers, 384 questionnaires were contributed to the international mature travelers to survey their expected differentiation value drivers toward small and medium-sized hotels. Factors influencing mature travelers' differentiation value drivers also investigated. After qualitative results were gathered and analyzed, the finding results were further employed to develop the interview questionnaire for the supply side or owners/managers of small and medium-sized hotels. A total of 17 key informants were engaged in the in-depth interviews to explore and access their innovative value creation capability, and identify the key factors determining the firm's service innovation capability. With all data, finally, a proposed service innovation model was developed by integrating mature travelers' differentiation value drivers and the firm's innovative value creation capability. Then, the qualitative research was further conducted to verify the model.

This part intends to summarize the results of this research study. The findings were illustrated according to the research objectives.

### **7.2.1 Summarized Results on Research Objective 1: The Components of Differentiation Value Drivers of the Mature Travelers**

The findings suggested four components of differentiation value drivers, namely, better health and security, better atmosphere, more responsiveness, and better accessibility and affordable that mature travelers expected when selecting small and medium-sized hotels. Mature travelers rated all dimensions of differentiation value drivers as a “very important” level. When considering to an individual aspect, better health and safety, better accessibility and better affordability and atmosphere, and more responsiveness were cited at a level of “Very important”, respectively.

### **7.2.2 Summarized Results on Research Objective 2: The Influenced of Mature Travelers’ Profiles, Motivations, and Personalities on Their Differentiation Value Drivers**

The findings were illustrated in two folds; factors influencing mature travelers’ differentiation value drivers, and segments and value propositions of mature travelers toward their differentiation value drivers.

#### **7.2.2.1 Factors Influencing Mature Travelers’ Differentiation Value Drivers**

##### **1) Mature travelers’ profiles**

Among eight variables, five variables showed significant results on differentiation value drivers in different ways. Marital status and education showed significant differences only on a dimension of better atmosphere. Nationality had a significant difference only on a dimension of more responsiveness. Employment showed a significant difference on dimensions of better atmosphere, more responsiveness, better accessibility and more affordable, and total differentiation value drivers. Mature travelers with different level of total receivable revenue had different perspectives toward the importance level of all aspects of differentiation value drivers. While variables of gender, age, and health status had no significant results on any dimensions of differentiation value drivers.

## 2) Motivations of using small and medium-sized hotels

- Effects on a differentiation value driver of better health and security – the push factor of rest and relaxation, and the pull factors of convenience, special services, learning experiences, and price value had positive effects on a differentiation value driver of better health and security.

- Effect on a differentiation value driver of better atmosphere – the push factor of rest and relaxation, and the pull factors of uniqueness, special services, learning experiences, and price value had positive effects on a differentiation value driver of better atmosphere.

- Effect on a differentiation value driver of more responsiveness – the push factors of novelty seeking, personal values, and the pull factors of uniqueness, and learning experiences pull factors of uniqueness, special services, learning experiences, and price value had positive effects on a differentiation value driver of more responsiveness.

- Effect on a differentiation value driver of better accessibility and more affordable – there was only one variable of push factor or novelty seeking positively affected on a differentiation value driver of better accessibility and more affordable.

- Effect on total differentiation value drivers – the push factors of novelty seeking, rest and relaxation, and the push factors of uniqueness, convenience, special atmosphere, learning experiences, and price value had significant affected on total differentiation value drivers.

## 3) Personalities seeking differences

- Effect on a differentiation value driver of better health and security – mature travelers with midcentric personality and psychocentric personality had significant results on a differentiation value driver of better health and security.

- Effect on a differentiation value driver of better atmosphere – mature travelers with each personality trait (allocentric, midcentric, and psychocentric) showed significant results on a differentiation value driver of better atmosphere.

- Effect on a differentiation value driver of more responsiveness
- mature travelers with each personality trait (allocentric, midcentric, and

psychocentric) showed significant results on a differentiation value driver of more responsiveness.

- Effect on a differentiation value driver of better accessibility and more affordable - mature travelers with each personality trait (allocentric, midcentric, and psychocentric) showed significant results on a differentiation value driver of better accessibility and more affordable.

- Effect on a total differentiation value driver - mature travelers with each personality trait (allocentric, midcentric, and psychocentric) showed significant results on a differentiation value driver.

#### 7.2.2.1 Segments and Value Propositions of Mature Travelers Toward their Differentiation Value Drivers

##### 1) Segments and value proposition in relation to a differentiation value driver of better health and security

Mature travelers' value propositions toward a dimension of better health and security comprised three main elements; assuring clean and sanitation, enhancing comfort of stay, and maintaining safety and security. Besides, the value propositions for segments are proposed in six main aspects; sanitation standard, food experience, comfort of personalized guestroom, hotel privacy and safe environment, hotel image, and reassurance staying experiences.

##### 2) Segments and value proposition in relation to a differentiation value driver of better atmosphere

Mature travelers' value propositions toward a dimension of better atmosphere consist of three main elements; personalized approaches and services, product or activities enhancing mature travelers' lives and experiences, and a home-like environment and unique experience of stay. The five recommendations of value propositions for segments consists of enriching learning experiences and socialization, adopting promotional marketing, creating homely ambience, initiating product and service design, and encouraging service staff.

##### 3) Segments and value proposition in relation to a differentiation value driver of more responsiveness

Convenient in-room technologies, better responsiveness in customer service, and hotel loyalty programs are discovered as mature travelers'

differentiation value driver in response to more responsiveness. The value propositions for segments were introduced in six areas; emphasize hi-tech, balance hi-tech & hi-touch, utilize hi-tech as a differentiation strategy, design in-room technologies, enable speed and convenience of services, and enhance customization through loyalty programs

4) Segments and value proposition in relation to a differentiation value driver of better accessibility and more affordable

Mature travelers' value propositions toward a dimension of better atmosphere consist of two main elements; convenience of reaching hotel service, and value for money and affordable. The value propositions for segments are proposed in four aspects; providing effective communication channels, adding more value to products and services, utilizing promotional marketing, and adopting pricing strategy.

### **7.2.3 Summarized Results on Research Objective 3: The Innovative Value Creation Capability of Small and Medium-Sized Hotels in Response to the Mature Travelers' Differentiation Value Drivers and the Key Factors Determining the Firm's Service Innovation Capability**

To achieve mature travelers' differentiation value drivers, it required a set of innovative value creation capability to approach mature travelers' expectations. In order to assess the innovative value creation capability, the data were ranked by the point of innovative activity implemented by small and medium-sized hoteliers. A hotel with high frequency of innovative activities could gain more innovation points. Then, respondents were classified into two groups, the hotels with the above of mean scores were categorized as a 'well-performed' or higher capability group, if under, they were labeled as a 'less-performed' or lower capability group.

1) The innovative value creation capability in respond to a differentiation value driver of better health and security and the key factors determining the firm's service innovation capability

The results found that the well-performed group had higher capabilities to perform more innovative activities related to process innovation and product performance innovation to respond a differentiation value driver of 'better health and security. For process innovation, this group was distinguished in initiating superior

working methods through the innovative process management in areas of innovative cleaning, innovative kitchen operating, innovative sourcing, and innovative security patrolling to attain mature travelers' needs. Regarding to product performance innovation, hoteliers did best in providing distinctive value of their hotel products and service customization through health and gastronomic cuisine, and comfort and sleep-friendly bedroom offerings to create customers with feelings of better health, comfort, and secure while staying at a hotel. This group mentioned the firm factor, innovation management, employee factor, market orientation, and innovation networks as the supporting factors in encouraging their service innovation capability.

On the flip side, the lower capability group had a lower ability in conducting innovative practices when comparing the higher capability group in areas of process innovation, product performance innovation because of their restricted factors, including firm factor, innovation management, innovation networks, and law and regulation.

2) The innovative value creation capability in respond to a differentiation value driver of better atmosphere and the key factors determining the firm's service innovation capability

The findings revealed that service innovation, process innovation, and product performance innovation were the distinctive areas implemented by the higher capability group to attain a differentiation value driver of better atmosphere. For service innovation, the ability to provide better service customization and pleasant service atmosphere was remarkably found among this group. This finding confirmed the unique characteristic of small-scale hotels. As for process management, this group was superior in conducting innovative management to better access customers' needs and encourage staff to engage innovation to provide the best customer services. Regarding product innovation, specific experience activities and unique architecture and design were found distinctively among this group. With these outstanding implementations, firm factor, innovation management, employee factor, and market orientation were perceived by hoteliers as the enabling factors allowing them to well perform innovation in services.

While the lower capability group were less performed in areas of service innovation, process innovation, and product performance. The factors relating to firm,



innovation management, employee, and law and regulation were perceived as the obstacles hindered their service innovation capability.

3) The innovative creation capability in respond to a differentiation value driver of more responsiveness and the key factors determining the firm's service innovation capability

The results found that the well-performed group had higher capabilities to perform various innovative activities related to product performance innovation, process innovation, product system innovation, and network innovation. Regarding product performance innovation, this group performed well in providing in-room technologies as value added service attributes to offer customers with better personalized and service responsive. Furthermore, for process innovation, this group put their efforts in adopting technological innovation as well as non-technological methods to facilitate seamless working process aimed at service responsiveness. For product system innovation, hoteliers were distinguished in attempting to offer value added benefits of stay through the innovative hotel loyalty programs. Moreover, this group also had ability to connect with other firms as the network innovation to create additional value to product offerings. With these distinctive innovations, firm factor, market orientation, employee factor, and technological factor played the key role to encourage the firm's service innovation capability.

In contrast, the lower capability group less performed in conducting innovative implementations in certain areas of product performance innovation, process innovation. Product system innovation and network innovation were not found among this group. The factors related to firm, innovation management, employee, market orientation, and especially innovation networks were considered as the limitations which constrained their ability to perform service innovation.

4) The innovative creation capability in respond to a differentiation value driver of better accessibility and more affordable, and the key factors determining the firm's service innovation capability

The results unveiled that channel innovation and product performance innovation were the distinctive areas of innovation implemented by the higher capability group at achieve mature travelers' differentiation value driver of better accessibility and more affordable. As for channel innovation, this group did well in

providing various forms of communication channels to enable customers with the better accessibility to the service providers. Besides, this group had ability in offering alternatives of strategic pricing based on customer value to provide customers with more affordable and value for money. Firm factor, innovation management, employee factor, market orientation, and technological factor were mostly cited as the enabling factors that strengthen their service innovation capability.

Whereas, the lower capability group underperformed in areas of channel innovation, and particularly in product performance innovation which was rarely found. The factors relating to firm and employee were perceived by hoteliers as the restrictions hindered their service innovation capability.

#### **7.2.4 Summarized Results on Research Objective 4: A Proposed Service Innovation Model for Small and Medium-Sized Hotels Business Focusing on the Mature Travelers**

The significant results and discussion of all previous research objectives, including mature travelers' value propositions and innovative value creation of small and medium-sized hotel business, were integrated and analyzed to determine a service innovation model, and identify the most appropriate recommendations.

The proposed service innovation model encompassed four components of mature travelers' differentiation value creation. The model was named as "A Service Innovation A-R-H-A Model" according to the purposes of individual dimension of differentiation value creation. Each sub-model presented a set of desirable innovative value creation needed to be implemented to achieve each theme of mature traveler's differentiation value creation, including better health and security, better atmosphere, more responsiveness, and better accessibility and affordable. Furthermore, the recommendations for market segmentation and managerial implications were proposed (See section 6.2.1 and section 6.2.2).

The qualitative method, subsequently, was conducted to verify the proposed service innovation A-R-H-A model. The key informants of five experts ( 3 academics and 2 professional experts) were invited to validate the model by in-depth interviews. Then, additional comments and suggestions were combined to complete the proposed service innovation model (section 6.2.3) and recommendations (section 7.3). The

service innovation A-R-H-A model was verified and confirmed the appropriateness and applicable of the proposed model by the expert panel.

### 7.3 Recommendations

7.3.1 The application of the service innovation A-R-H-A model – this proposed service innovation model is based on the best practices of innovative value creation implemented in small and medium-sized hotels and serves as a prototype of service innovation model to allow hoteliers to apply to enhance their service innovation capability. Since small and medium-sized hotels are differences in terms of their internal factors, when implementing, hoteliers should apply and adjust the model implication according to their firm's individual requirements, abilities, affordability, and necessity of innovative implementations.

7.3.2 In the future, if the studies find that the mature travelers' differentiation value drivers have changed, hoteliers should not rely on the former differentiation value drivers, instead, they need to adjust themselves to the new set of differentiation value drivers. In order to develop service innovation to cope with mature travelers' differentiation value drivers, hoteliers need to undertake the activities to the generation of developing ideas leading to innovation at the end as follows.

Firstly, understanding customer needs and wants in order to well-identify and analyze problems together with defining the weaknesses of firm's existing working process or products.

Secondly, generating the idea to comprehend the causes of problem which is possible in various ways. To illustrate, customer drive ideas, it refers to customer insights, it relates to understanding customers' demands, behavior, trends, and what customers may value. Employees are perceived as very considerable as they are truly involved within daily working procedures. Furthermore, technology driven ideas are consequences of the continuing technological developments and possibility of modern technology which known as technological push.

Thirdly, problem identification together with the idea generation are integrated to analyze and define the concept of problem needs to be developed which eventually come up with insights in terms of firm's required innovation.

Finally, when the solution brings up with the required innovation, hoteliers further need to identify the required innovative capabilities to perform their innovation in services and innovative practices to respond mature travelers with differentiation value creation.

7.3.3 Integrating innovative ecosystem – to enable small and medium-sized hotels to achieve service innovation to create value to customers, it requires the collaboration within the innovative ecosystem to create the supportive atmosphere in encouraging innovation in small and medium-sized hotel business. Hotel innovative ecosystem consists of three sectors, including business ecosystem, knowledge ecosystem, and the ecosystem that supports innovation.

For hotel business ecosystem, it comprises of hotel business, suppliers and customers that play a key role in using resources to create value for customers. Among the hotel business, innovative hoteliers should adopt innovative network or partnerships rather than being competitors. Joining and supporting each other to develop the hotel's innovative marketing can results in enhancing innovation and productivity. For suppliers, utilizing suppliers' business expertise to support the entrepreneurs by advising or proving knowledge about the technical knowledge and know-how can assist them to create innovation. Besides, customer co-creation is recognized as a source of innovation. Since innovation is created for customers, hoteliers need an aspect of customer as a critical ingredient for creating service innovation.

In relation to knowledge ecosystem, it includes universities, research institutes, and technology entrepreneurs. This segment plays a significant role in creating, improving, and disseminating knowledge and new technology. This knowledge sector should provide training programs, consultation, or conducting the research projects to support and educate entrepreneurs to develop the innovation.

Regarding to the ecosystem that support innovation, it consists of private and public sectors. Tourism Authority of Thailand (TAT) and Thai Hotel Association (THA) should provide full support to pave the way for small and medium hotel operators to steadily achieve success in the innovation by organizing training courses, and consultations. Moreover, development and management of telecommunication networks are the critical factor to support innovation, it should be the responsibility of Ministry of Digital Economy and Society to take action. Furthermore, the financial

institute or bank should provide the hotel loan for small and medium-sized hotel to renovation or develop their business, and facilitate hotel business in operating online financial transaction.

#### **7.4 Limitations of the Study and Suggestions for Further Study**

There were some challenges during the process of study.

Firstly, the data were gathered during the period of November - December 2019 when most hotels were busy because of the high season period. Thus, many hotels denied to participate in the interviews because of their time constraint. Hence, further studies should avoid to collect data during the high season period. If it is inevitable, the interview questionnaire should be well-design to fit the time constraints by specifying the appropriate duration of the interview that is not too long or use minimal time as possible.

Secondly, some hotels refused to give interviews since they perceived their hotel information was strictly confidential which could not be provided to outsiders. Thus, when designing invitation letter, the researcher should provide the adequate information by emphasizing on the confidential of data obtaining, the significance of the study and its contributions or the clearly benefits that hoteliers could gain from the research outcomes. Besides, use of snowball sampling or referral can fit to the situation that the key informants are hardly to reach.

Thirdly, gathering data from the mature travelers at the tourist destinations was complicated. Respondents had limited time to complete since they were more concentrated on their trip and many of them were unwilling to answer the questionnaires. Therefore, this study recommends to collect data from the airport by approaching the respondents who have more time while waiting for their departure. Besides, employing an online survey to gather data from mature travelers is also recommended as an alternative solution.

## 7.5 Summary of Chapter Seven

This chapter concludes the overview of the dissertation titled “A Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on Mature Travelers”.

The first part of chapter illustrates the conclusions of the findings and answer the research questions according to the four research objectives. According to research objective 1, the components of differentiation value drivers of mature travelers consisted of the four dimensions including, better health and security, better atmosphere, more responsiveness, and better accessibility and more affordable. For research objective 2, the influenced of mature travelers’ profiles, motivations of using small and medium-sized hotels, and personalities seeking differences were revealed. Then, segments and value propositions of mature travelers toward their differentiation value drivers were also identified for further analysis for the research objective 4. In relation to research objective 3, the innovative value creation capabilities of small and medium sized-hotels were described and assessed. Besides, the key factors determining the firm’s service innovation capability also analyzed. For research objective 4, the proposed service innovation model was emerged and named ‘A-R-H-A’ model according to the purposes of differentiation value creation. The model was verified and approved by the five experts.

The second part, the three aspects of recommendations toward the service innovation model were proposed in terms of the model implication, future studies, and integrating of innovative ecosystem to enable small and medium-sized hotels to attain service innovation. Finally, the last section mentions limitations of the study and suggestions for further study.

## BIBLIOGRAPHY



**APPENDICES**





## Appendix A

### Questionnaire and Interview Form



#### The participant information and consent form

##### Title of research project:

**A Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on the Mature Travelers**

Dear participant,

This research is partial fulfillment of the requirements for the Degree of Doctor Philosophy in Integrated Tourism Management, the Graduate School of Tourism Management, National Institute of Development Administration (NIDA), Thailand. The aim of this research project is to propose a service innovation model for small and medium-sized hotel business focusing on the mature travelers.

The questionnaire survey consists of 4 parts and should take approximately 10-15 minutes to complete. Your responses to this questionnaire will be kept confidential and only used for research purposes. Please do not attach your name to the questionnaire. Ms. Daosook Boonyasarn, the PhD candidate and her supervisor are the only people who will see the completed questionnaire. You can withdraw yourself from responding the questionnaire at any time.

If you have any inquiry, please feel free to contact me, Daosook Boonyasarn Email: [daosook@hotmail.com](mailto:daosook@hotmail.com) or phone +668-1425-8169. Thank you for your participation to complete this questionnaire.

Sincerely yours,

Daosook Boonyasarn

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 ----  
**Are you at the age of 55 years old or over?**

Yes (If "yes", please continue to the next question below)

No (If "no", please skip this survey)

**Have you ever experienced to stay at small and medium-sized hotels<sup>1</sup> in Thailand?**

Yes (If "yes", please identify the name of hotel you are staying  
 .....)

No (If "no", please skip this survey)

**Are you an independent tourist who is traveling and vacationing with a self-booked itinerary?**

Yes (If "yes", please continue to Part 1 in the next page)

No (If "no", please skip this survey)

---

<sup>1</sup> **Small and medium-sized hotels** in this study refer to the hotel with less than 149 rooms

**Participant:** Please circle your answer below:

1. Yes / No, I wish to participate in this survey under the conditions stated in the information sheet.
2. Yes / No, I agree to provide information to the researchers under the conditions of confidentiality as mentioned in the information sheet.

**Part 1: Mature Travelers' s Profile and Behavior**

**Direction:** Please mark  for your answers and/or fill in the blank where indicated.

1. Gender  Male  Female
2. Age  55-60 years old  61-65 years old  Over 65 years old
3. Marital status  Single  Married  Widowed/ Divorced
4. Nationality (please specify your country of residence)
 

<input type="checkbox"/> Africa .....	<input type="checkbox"/> The Americas.....	<input type="checkbox"/>
Europe.....		
<input type="checkbox"/> Middle East .....	<input type="checkbox"/> South Asia .....	<input type="checkbox"/> East Asia .....
.....		
<input type="checkbox"/> Southeast Asia.....	<input type="checkbox"/> Oceania.....	
5. Highest educational level
 

<input type="checkbox"/> Under bachelor degree	<input type="checkbox"/> Bachelor degree
<input type="checkbox"/> Master degree	<input type="checkbox"/> Doctoral degree
6. Employment status
 

<input type="checkbox"/> Employed full-time	<input type="checkbox"/> Employed part-time
<input type="checkbox"/> Retired	<input type="checkbox"/> Unemployed
7. Please identify the level of your total receivable revenue (all sources of revenue/ USD).
 

<input type="checkbox"/> Less than \$30,000 yearly/per household	<input type="checkbox"/> \$30,000 - \$44,999 yearly/per household
<input type="checkbox"/> \$45,000 - \$59,999 yearly/per household	<input type="checkbox"/> \$60,000 - \$74,999 yearly/per household
<input type="checkbox"/> \$75,000 - \$99,999 yearly/per household	<input type="checkbox"/> \$100,000 yearly/per household or more

or please specify ..... (currency.....) yearly/per house hold
8. Please identify your health status.
 

<input type="checkbox"/> Excellent	<input type="checkbox"/> Good
<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

**Part 2: Mature Travelers' Hotel Selection Factors Toward Small and Medium-Sized Hotels**

**Direction:** Please indicate the importance of these hotel selection factors when you choose small and medium-sized hotels in Thailand by using the scale below.

Extremely important	Very important	Moderately important	Neutral	Slightly important	Low important	Not at all important
7	6	5	4	3	2	1

Items	Level of Importance						
	7	6	5	4	3	2	1
1. Ease of contacting service provider (by phone, fax, email, websites, social media)							
2. Convenient online reservations							
3. Easy to access hotel information online							
4. Reasonable room rate/ value of money							
5. Availability of price discounting							
6. Availability of privileges offering through loyalty programs or access to partner discounts/rewards							
7. Speed of check-in process							
8. Speed of check-out process							
9. Fast payment and billing process							
10. Availability of innovative in-room comfort technologies (free Wi-Fi, in room telephones, alarm clock, voice mail, lighting system)							
11. Availability of in-room entertainment technology amenities (music, high-definition TV, in room movies)							
12. Availability of modern technologies in room service and hotel facilities							
13. Safety design of room and facilities							
14. Provision of new technologies related to safety and security (electronic door lock, safety box)							
15. Availability of security system in hotel's public areas							
16. Providing of clean and hygienic rooms							
17. Providing of clean and hygienic environment							
18. Providing of clean and hygienic food							
19. Comfortable bed, mattress and pillow							
20. Good soundproofing between bedrooms							
21. Availability of high quality in-room temperature-control mechanism							
22. Availability of ergonomic designed mature-friendly facilities in guestrooms							
23. Availability of mature-friendly visible facilities in public areas (well-lit public areas, night light, legible and visible signs, large print menus and information)							
24. Availability of mature-friendly walkway facilities in public areas (low-pile carpet, slip resistant flooring, wide doorways)							
25. Homely atmosphere (warm and relax)							
26. Attractiveness and uniqueness of exterior design/appearance							
27. Stylish interior décor, furnishing of room/lobby							
28. Individual attention for customer							
29. Personal warm care given by staff							

Items	Level of Importance						
	7	6	5	4	3	2	1
30. Understand the specific needs of customers							
31. Creation of leisure activities for enriching learning experience							
32. Availability of products/services aimed at mature travelers							
33. Flexible check-in and check-out policies							

**Part 3: Mature Travelers' Motivations of Using Small and Medium-Sized Hotels**

**Direction:** Please indicate the level to which you agree with the following statements regarding to your motivation of using small and medium-sized hotels by using the scale below.

Strongly agree	Moderately agree	Slightly agree	Neutral	Slightly disagree	Moderately disagree	Strongly disagree
7	6	5	4	3	2	1

Motivation	Level of Agreement						
	7	6	5	4	3	2	1
1. I want to escape the larger traditional hotel.							
2. I want to experience something new and different.							
3. I want to break away from routine of everyday life.							
4. I want to get rest and relaxation.							
5. I prefer privacy.							
6. I want to have experience I could tell other people about.							
7. I want to have a warm relationship with host.							
8. I want to have more personalized interaction with host.							
9. I want to spend more time with my couple/family or friends.							
10. I want to meet new people with the same interests as mine.							
11. The hotel has unique appearance of architecture.							
12. The hotel has uniquely designed appearance of interior decoration.							
13. The hotel is conveniently reached by various mode of transport.							
14. The hotel is in a good location to travel to tourist attractions.							
15. The hotel offers home style hospitality (warm and cordial welcome).							
16. The hotel provides a 'homely' feeling during stay (being cozy, secure, and comfortable).							
17. The hotel provides good services and high-quality accommodation.							
18. Hotel staff provide enthusiastic and caring services.							
19. Hotel staff treat me as an individual with personalized services.							
20. The hotel offers an accommodation that integrates local cultures.							
21. The hotel provides an authentic local experience							
22. Useful local knowledge, culture or custom are provided by the host.							
23. The hotel offers plentiful experience with reasonable cost.							
24. Accommodations are reasonably priced.							
25. The hotel offers a good value for money.							

**Part 4: Mature Travelers' Personalities Seeking Differences**

**Direction:** Please indicate the level to which you agree with the following statements that best signify your travel personality by using the scale below.

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
5	4	3	2	1

Statements	Level of Agreement				
	5	4	3	2	1
1. I prefer tourist package vacations.					
2. I enjoy sense of discovery.					
3. I like to travel alone.					
4. I prefer only rest and relaxation.					
5. I prefer to drive rather than fly.					
6. I seek for novel and different things on my vacation.					
7. I like to explore and learn about things, places, and people.					
8. I prefer familiar tourist destinations.					
9. I am a highly active person.					
10. I prefer similar amenities to those at home.					
11. I prefer non-touristy areas.					
12. I prefer non-foreign atmosphere and socialize with people with the same culture.					
13. I like to meet and deal with people from different countries or cultures.					
14. I prefer a vacation trip that all arrangements are made for me.					

**Thank you for completing this questionnaire.**



参与者知情同意书

调查问卷题目：

以老龄者为中心的中小型酒店服务创新模式

各位参与者：

本人 Daosook Boonyasarn 女士在泰国 NIDA 大学旅游管理学院攻读博士学位。此调查问卷是为了完成旅游管理博士学位的要求。该研究的目的是为老龄旅行者提供针对中小型酒店业务的服务创新模式。

此问卷调查由 4 部分组成，大约需要花 10-15 分钟作答。问卷仅用于科学研究，我们将严格遵守调查研究的规范，对您的回答进行保密，请不要在调查表中填写您的姓名。调查内容结果仅供研究人员 Ms. Daosook Boonyasarn 和她导师审阅和分析。

如果您有任何疑问，请随时与我联系，邮箱为：[daosook@hotmail.com](mailto:daosook@hotmail.com) 或拨打电话：+668-1425-8169。

非常感谢您参与此次调查问卷

此致

敬礼

Daosook Boonyasarn

你的年龄是否为 55 岁及以上？

- 是（如果“是”，请继续回答下一个问题）  
 否（如果“否”，请跳过此问题）

您是否曾入住过泰国的中小型酒店？

- 是（如果“是”，请填写您入住的酒店名称 \_\_\_\_\_）  
 否（如果“否”，请跳过此问卷调查）

您是否是独立的旅游者，行程预订是否由自己来完成？

- 是（如果“是”，请继续阅读下一页的第 1 部分）  
 否（如果“否”，请跳过此问卷调查）

参加者：请在下面问卷调查圈出你的答案：

1. 是/否，我愿意在问卷调查中回答问题。
2. 是/否，我同意在问卷调查中的保密条件下向研究人员提供信息。

## 第一部分：个人信息

注：请在□打钩“√”，或者在指定的空位处作答。

1. 性别  男  女
2. 年龄  55-60 岁  61-65 岁  65 岁以上
3. 婚姻状况  
 单身  已婚  丧偶/离异
4. 国籍（请注明您的居住国家/地区）  
 非洲 \_\_\_\_\_  美洲 \_\_\_\_\_  欧洲 \_\_\_\_\_  
 中东 \_\_\_\_\_  南亚 \_\_\_\_\_  东亚 \_\_\_\_\_  
 东南亚 \_\_\_\_\_  大洋洲 \_\_\_\_\_
5. 最高教育程度  
 大学以下  大学  
 硕士研究生  博士研究生
6. 工作状况 Employment status  
 全职  兼职  
 退休  失业
7. 年收入（所有收入来源/美元）  
 低于 \$30,000 每年/每户  \$30,000 - \$44,999 每年/每户  
 \$45,000 - \$59,999 每年/每户  \$60,000 - \$74,999 每年/每户  
 \$75,000 - \$99,999 每年/每户  \$100,000 每年/每户  
其他：\_\_\_\_\_
8. 健康状况  
 非常健康  良好  
 一般  较差

## 第二部分：老龄旅行者酒店选择中小型酒店的因素

注：当您选择入住泰国的中小型酒店时，请您指出以下选择因素的重要性。

非常重要	很重要	较重要	一般	有点儿重要	不太重要	完全不重要
7	6	5	4	3	2	1

问题	重要程度						
	7	6	5	4	3	2	1
1. 易于联系（手机、传真、email、网站、社交媒体）							
2. 方便在线预订							
3. 易于在线访问酒店信息							
4. 合理的房价/金钱价值							
5. 价格折扣							
6. 通过忠诚度计划，酒店提供特权或获得联盟合作伙伴折扣或奖励							
7. 办理入住手续的速度							
8. 办理退房手续的速度							
9. 付款结算流程速度							
10. 室内的舒适设计（免费 Wi-Fi、电话、闹钟、语音留言、室内照明系统）							
11. 室内娱乐技术设施（音乐、电视机、免费电影）							
12. 酒店的客房服务和设施是否提供智能设施							
13. 房间和设施的安全设计							

问题	重要程度						
	7	6	5	4	3	2	1
14. 室内提供与安全 and 保障有关的新技术 (电子门锁、保险箱)							
15. 酒店公共区域具备安全系统							
16. 酒店客房卫生质量							
17. 酒店的清洁环境							
18. 酒店餐饮卫生							
19. 床垫、枕头的舒适度							
20. 客房隔音措施							
21. 室内温度控制系统							
22. 客房给老龄人群提供符合人体工程学设计的设施							
23. 酒店的公共场所给老龄人群提供便捷设施 (光线充足的公共区域、小夜灯、清晰易读的标牌、易读菜单和信息)							
24. 公共场所提供老龄人群通道设置 (绒毛地毯、防滑地板、宽大的门)							
25. 温馨的气氛 (舒适放松)							
26. 外观设计/外观的吸引力和独特性							
27. 室内装饰设计、大厅装饰设计							
28. 关注客户的个人需求							
29. 酒店对顾客关怀							
30. 了解客户的具体需求							
31. 为了丰富度假经验, 休闲活动是否有创造性							
32. 针对老龄人群的产品和服务							
33. 灵活的入住和退房政策							

### 第三部分: 老龄旅行者入住中小型酒店的动机

注: 请根据您对入住中小型酒店动机的赞同程度进行选择。

非常同意	较同意	有点儿同意	中立	不太同意	不同意	非常不同意
7	6	5	4	3	2	1

动机	同意程度						
	7	6	5	4	3	2	1
1. 我不太喜欢大型酒店							
2. 我想获得新的体验							
3. 我想摆脱无趣日常生活							
4. 我想休息和放松							
5. 我比较喜欢保留个人隐私							
6. 我想分享我的个人经验							
7. 我希望与酒店有着良好关系							
8. 我希望与工作人员有亲切互动							
9. 我想花更多时间和我的爱人、家人或朋友在一起							
10. 我想认识有共同爱好的新朋友							
11. 酒店建筑外观非常独特							
12. 酒店有独特室内设计							
13. 酒店交通便利							
14. 拥有优越的地理位置							
15. 酒店创造舒适环境							



动机	同意程度						
	7	6	5	4	3	2	1
16. 入住期间提供亲切的感觉（舒适、安全）							
17. 酒店提供高品质硬件设施与服务							
18. 酒店工作人员提供热情周到的服务							
19. 酒店工作人员针对个人的个性化服务							
20. 酒店展现出与当地文化的结合设计							
21. 酒店提供真实的当地体验							
22. 酒店提供有用的当地文化习俗的知识							
23. 酒店以合理的价格提供丰富的体验							
24. 住宿价格合理							
25. 入住此酒店感到物超所值							

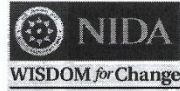
#### 第四部分：与老龄旅游者的个性调查

注：请对以下内容的同意程度进行选择

非常同意	同意	中立	不同意	非常不同意
5	4	3	2	1

调查项目	同意程度				
	5	4	3	2	1
11. 我更喜欢旅游套餐					
2. 我喜欢探索					
3. 我喜欢独自旅游					
4. 我更喜欢休息和放松					
5. 我更喜欢开启新的东西而不仅仅是旅行					
6. 在度假期间我希望发现新奇的东西					
7. 我喜欢探索和理解人、事物、地方					
8. 我更喜欢去有名的旅游景点					
9. 我是很活泼的人					
10. 我更喜欢与自己家里装饰相似的酒店					
11. 我更喜欢非著名旅游景点					
12. 我不太喜欢异国情调气氛而喜欢与相同文化圈的人群交流					
13. 我喜欢跨文化交际					
14. 我更喜欢为我专门制定的旅游计划					

非常感谢您参与本次问卷调查, 谢谢!



参加者情報及び同意書

研究課題名：

中小ホテルビジネスのためのサービスイノベーションのモデル  
：シニア旅行者に集中する

研究参加者殿

本研究は、タイ国立開発行政研究院（NIDA:National Institute of Development Administration）大学院観光経営研究科総合観光経営博士授与の要件の一環として行われています。この研究プロジェクトの目的は中小ホテルビジネスのためのサービスイノベーションのモデルを提案することにあります。

この調査アンケートは4つの部分から成り、完了するのに要する時間は10～15分頃であります。ご記入いただいた内容が秘密として管理され、本調査目的のみに利用されます。当アンケートにお名前を記入する必要はありません。Ms.Daosook Boonyasarn、博士号候補生と指導教官のみ完了したアンケートを見ます。本調査へのご参加を取りやめることはいつでもできます。

ご質問がございましたら、私、Ms.Daosook Boonyasarn、メール: [daosook@hotmail.com](mailto:daosook@hotmail.com)あるいは電話番号:+668-1425-8169にお気軽に連絡してください。調査アンケートへのご参加、ご記入のためにお時間を割いて頂きありがとうございました。

敬具

Daosook Boonyasarn

あなたは55才以上ですか。

はい。「はい」の場合、下記の質問に答えて続けて下さい。

いいえ。「いいえ」の場合、このアンケートを止めて下さい。

あなたはタイにおける中小ホテルに泊まった経験がありますか

はい。「はい」の場合、泊まるホテルの名前を記入して下さい。(.....)

いいえ。「いいえ」の場合、このアンケートを止めて下さい。

あなたは自分で予約する旅程による旅行・休暇をする個人旅行者ですか。

はい。「はい」の場合、次のページのパート1答えて続けて下さい。

いいえ。「いいえ」の場合、このアンケートを止めて下さい。

参加者情報：答え合わせをして正解に○をつけてください。

1. はい / いいえ 私は、情報シートに記載されている条件の下で本調査に参加したいです。
2. はい / いいえ 私は、情報シートに言及されている秘密性の条件下で研究者に情報を提供することを同意します。

パート1：シニア旅行者の個人情報及び行為

指示：答え合わせをして正解に☑をつけて、指摘されている空欄にも記入してください。

1. 性別  男  女
2. 年齢  55-60 才  61-65 才  65 以上
3. 結婚状況  独身  既婚  死別 / 離別
4. 国籍 (居住地国)
- アフリカ .....  アメリカ大陸 .....  ヨーロッパ .....
- 中東 .....  南アジア .....  東アジア .....
- 東南アジア .....  オセアニア .....
5. 最高学歴
- 学士号より低い  学士号
- 修士号  博士号
6. 雇用形態
- 就業 フルタイム  就業 パートタイム
- 定年退職  失業
7. 総収入金額 (全部の収入源 / US ドル) の程度を指定してください。
- 世帯年収 \$30,000 未満  世帯年収 \$30,000 - \$44,999
- 世帯年収 \$45,000 - \$59,999  世帯年収 \$60,000 - \$74,999
- 世帯年収 \$75,000 - \$99,999  世帯年収 100,000
- あるいは、日本円で指定してください ..... (日本円...)
8. ご健康状態について教えてください。
- 非常に良い  良い
- 普通  悪い

パート2：シニア旅行者の中小ホテルの選択要因

指示：以下の評価スケールを使用することで、タイにおける中小ホテル選択に対してこれらのホテル選定要因の重要性を指定してください。

非常に重要	とても重要	重要	どちらでもない	やや重要	あまり重要ではない	全然重要ではない
7	6	5	4	3	2	1

事項	重要性の程度						
	7	6	5	4	3	2	1
1. サービス提供責任者と連絡しやすさ(電話、ファクス、メール、ウェブサイド、ソーシャルメディアによる)							
2. 便利なオンライン予約							
3. ホテル情報オンラインへのアクセスが簡単にできる							
4. 合理的な部屋の料金 / お金の価値							
5. 価格値引きの可用性							
6. ロイヤルティプログラムに通じる特別オファーあるいはパーナー値引き / 賞品の可用性							
7. チェックイン工程の速度							
8. チェックアウト工程の速度							
9. 速い支払い / 請求システム							

事項	重要性の程度						
	7	6	5	4	3	2	1
10. 部屋内の革新的な快適テクノロジーの可用性(無料 Wi-fi、部屋内電話、目覚まし時計、ボイスメール、照明制度)							
11. 部屋内のエンターテインメントテクノロジーの可用性(音楽、高精細度テレビ、部屋内の映画)							
12. ルームサービス・ホテル施設向けの現代テクノロジーの可用性							
13. 部屋及び施設の安全設計							
14. 安全・安心に関する新しいテクノロジー(電子ドアロック、安全ボックス)							
15. ホテルの公共区域における安全制度の可用性							
16. きれいで衛生的な部屋の供給							
17. きれいで衛生的な環境の供給							
18. きれいで衛生的な料理の供給							
19.心地いいベッド、マットレスと枕							
20. 部屋間の良好な防音							
21. 部屋内の高品質な温度調節機構の可用性							
22. 応接室における、人間工学に基づいて設計された高齢者にやさしい施設の可用性							
23. 公共区域における、高齢者にやさしく見える施設の可用性(明るい公共区域、夜光、読みやすく見える符号、大きいサイズで印刷されたメニュー・情報)							
24. 公共区域における、高齢者にやさしい歩道の可用性(低パイルカーペット、滑り止め床工事、大きい出入口)							
25. 家庭的な雰囲気(暖かくリラックス)							
26. 外装設計・外観の魅力と独自性							
27. おしゃれな内装装飾、部屋/ロビーの家具備え付け							
28. お客様一人ひとりに対する配慮							
29. スタッフから提供される、個人向け暖かい心遣い							
30. お客様の特定ニーズを理解すること							
31. 学習体験強化に対する余暇活動の創造							
32. シニア旅行者向けの商品 / サービスの可用性							
33. 柔軟なチェックイン・チェックアウトの方針							

### パート3： シニア旅行者の中小ホテル使用の意欲

指示：以下の評価スケールを使用することで、中小ホテル使用の意欲に関して以下陳述のホテル選定要因ホテル選定要因の重要性を指定してください。

強く同意する	同意する	多少同意する	どちらとも言えない	どちらかという同意しない	同意しない	全く同意しない
7	6	5	4	3	2	1

意欲	同意性の程度						
	7	6	5	4	3	2	1
1. 私はより大きい伝統的なホテルを逃げたい							
2. 私は今までにない新しい経験をしたい							
3. 私は日常生活のルーティンを離脱したい							
4. 私は休みをとってリラックスをしたい							
5. 私はプライバシーを好む							
6. 私は他人に教えられる経験をしてほしい							
7. 私はホストとの良好な関係を持ちたい							
8. 私はホストとのもっとより個別的な交流を持ちたい							

意欲	同意性の程度						
	7	6	5	4	3	2	1
9. 私は配偶者、家族、あるいは友達ともっと多くの時間を過ごしたい							
10. 私は共通の興味を持つ新しい人々に出会いたい							
11. ホテルは建築により独自外観がある							
12. ホテルは内装装飾で独自に設計された外観がある							
13. ホテルは色んな交通モードで便利に到着できる							
14. ホテルは観光名所への旅行に対する場所にある							
15. ホテルは家庭風(心から暖かい歓迎)の歓待を提供する							
16. ホテルは滞在中に「家庭的」ような気持ちを提供する							
17. ホテルは良いサービスと高品質な宿泊施設を提供する							
18. ホテルスタッフは熱心で心づかいサービスを提供する							
19. ホテルスタッフは個人化されたサービスで私を個人的に扱ってくれる							
20. ホテルは地方文化と統合された宿泊施設を提供する							
21. ホテルは本物の現地体験を提供する							
22. ホストは有益な地方固有の知識、文化、あるいは慣習を提供する。							
23. ホテルは合理的な価格で豊かな体験を提供する							
24. 宿泊施設は合理的な価格である							
25. ホテルは金額に見合う価値があるのを提供する							

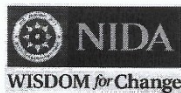
#### パート4：シニア旅行者の性格相連の探究

指示：以下の評価スケールを使用することで、ご旅行性格を最良に表明する次の陳述に対して同意性の程度を指定してください。

強く同意する	同意する	どちらとも言えない	同意しない	全く同意しない
5	4	3	2	1

陳述	同意性の程度				
	5	4	3	2	1
1. 私は観光者向けのパッケージ休暇を好む					
2. 私は発見感を好む					
3. 私は1人で旅行することが好む					
4. 私は休暇及びリラクスのみ好む					
5. 私は飛行機を乗るより車を運転するほうが好む					
6. 私は休暇中に小説と異なる物を探す					
7. 私は物事、場所、人間等について探検して学ぶことが好き					
8. 私はなじみのある観光地を好む					
9. 私は非常に活発な人である					
10. 私は家にあるものと似ているアメニティを好む					
11. 私は非観光地を好む					
12. 私は非外国の雰囲気及び同じ文化の人々と社会化を好む					
13. 私は異なる国や文化からの人々と会って取り引くのが好む					
14. 私は私のために全ての準備が整われる休暇旅行を好む					

アンケートにご協力いただきありがとうございました。



**The participant information and consent form**

**Title of research project:**

**A Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on the Mature Travelers**

Dear participant,

This research interview is partial fulfillment of the requirements for the Degree of Doctor Philosophy in Integrated Tourism Management, the Graduate School of Tourism Management, National Institute of Development Administration (NIDA), Thailand. The aim of this research project is to propose a service innovation model for small and medium-sized hotel business focusing on the mature travelers.

Your information from the in-depth interview will be kept strictly confidential and only be used for this research. Ms. Daosook Boonyasarn, the PhD candidate and her supervisor are the only people who will see the information from this interview. The researcher hopefully could have your cooperation to participate in the interview and permission to use data. The in-depth interview will be recorded in writing via note-taking. Tape-recording and photos taking will be conducted under your permission. However, you can withdraw yourself from responding the questions at any time.

The interview should take approximately 45-60 minutes to complete. The interview questions consist of 2 parts: Part 1) The participant and business profile; Part 2) The innovative value creation capability of small and medium-sized hotels in response to the mature travelers' differentiation value drivers and key factors determining the firms' service innovation capability. Thank you for your kind cooperation.

Sincerely yours,

Daosook Boonyasarn

Graduate Student, Integrated Tourism Management  
 Faculty of Tourism Management, National Institute of Development Administration  
 Email: daosook@hotmail.com  
 Tel. 081 4258169

Date..... Time.....  
 Place.....

Participant.....

Please circle your answer below:

1. **Yes / No**, I wish to participate in this in-depth interview under the conditions stated in the information sheet.
2. **Yes / No**, I agree to provide information to the researchers under the conditions of confidentiality as mentioned in the information sheet.
3. **Yes / No**, I permit the researchers to use the data from this interview under the conditions of confidentiality as mentioned in the information sheet.
4. **Yes / No**, I permit the researcher to record audio during the interview.
5. **Yes / No**, I permit the researcher to take photos during the interview.



**Question 3:** If the mature travelers expect differentiation value drivers in a dimension of *“More responsiveness”*, for example, modern technologies in hotel rooms and facilities, fast payment and billing process, speed of checkout process, and privileges offering through loyalty programs.

3.1 What are innovative activities that your hotel implemented to respond to their expectations toward a dimension of *“More responsiveness”*?

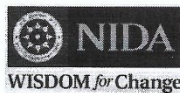
3.2 How well can you perform such innovations? And what are the key factors that enhance or restrict your hotel’s service innovative capability?

**Question 4:** If the mature travelers expect differentiation value drivers in a dimension of *“Better accessibility and more affordable”*, for example, ease of contacting service provider, convenience online reservations, easy to access hotel information online, and reasonable room rate/value for money.

4.1 What are innovative activities that your hotel implemented to respond to their expectations toward a dimension of *“Better accessibility and more affordable”*?

4.2 How well can you perform such innovations? And what are the key factors that enhance or restrict your hotel’s service innovative capability?





**The participant information and consent form**

**Title of research project:**

**A Service Innovation Model for Small and Medium-Sized Hotel Business Focusing on the Mature Travelers**

Dear participant,

This research interview is partial fulfillment of the requirements for the Degree of Doctor Philosophy in Integrated Tourism Management, the Graduate School of Tourism Management, National Institute of Development Administration (NIDA), Thailand. The aim of this research project is to propose a service innovation model for small and medium-sized hotel business focusing on the mature travelers.

Your information from the in-depth interview will be kept strictly confidential and only be used for this research. Ms. Daosook Boonyasarn, the PhD candidate and her supervisor are the only people who will see the information from this interview. The researcher hopefully could have your cooperation to participate in the interview and permission to use data. The in-depth interview will be recorded in writing via note-taking. Tape-recording and photos taking will be conducted under your permission. However, you can withdraw yourself from responding the questions at any time.

The interview should take approximately 45-60 minutes to complete. The interview questions consist of 2 parts: Part 1) Personal information of the key informant; Part 2) Comments and verification of a service innovation A-R-H-A model of small and medium-sized hotels focusing on the mature travelers. Thank you for your kind cooperation.

Sincerely yours,

Daosook Boonyasarn

Graduate Student, Integrated Tourism Management  
 Faculty of Tourism Management, National Institute of Development Administration  
 Email: daosook@hotmail.com  
 Tel. 081 4258169

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**Part 1: Personal Information**

Name-Surname..... Organization..... Position.....

Date..... Time..... Place.....

Please circle your answer below:

1. Yes / No, I wish to participate in this in-depth interview under the conditions stated in the information sheet.
2. Yes / No, I agree to provide information to the researchers under the conditions of confidentiality as mentioned in the information sheet.
3. Yes / No, I permit the researchers to use the data from this interview under the conditions of confidentiality as mentioned in the information sheet.
4. Yes / No, I permit the researcher to record audio during the interview.
5. Yes / No, I permit the researcher to take photos during the interview.

**Part 2: Comments and verification of a service innovation A-R-H-A model of small and medium-sized hotels focusing on the mature travelers**

**Question 1:** What do you think about the proposed service innovation A-R-H-A model? Is it consistent with the results of the study? Does it appropriate to be implemented?

.....  
.....  
.....  
.....  
.....  
.....

**Question 2:** Is there anything else should be added or removed to make the proposed model complete?

.....  
.....  
.....  
.....  
.....  
.....

**Question 3:** Do you have any suggestions or precautions for creating service innovations for medium and small hotels?

.....  
.....  
.....  
.....  
.....  
.....

**Appendix B**  
**Statistical Assumption Testing**

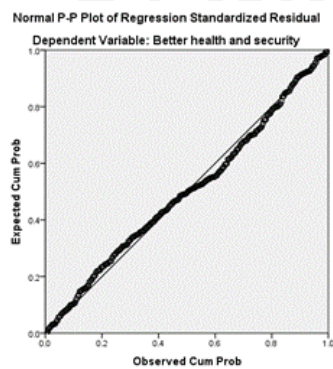


## Appendix B.1

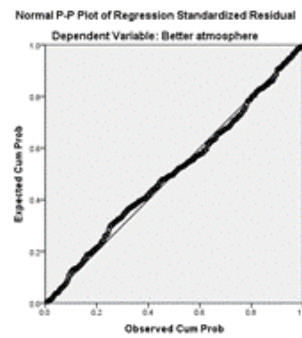
### Testing the Assumption of Linearity in Multiple Regression Analysis

B.1.1. The Normal Probability Plot (P-P) of Regression Standardized Residual of Differentiation Value Drivers in Dimensions of

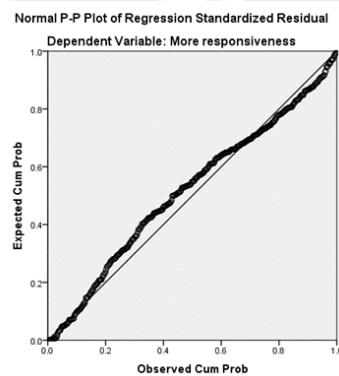
1) Better health and security



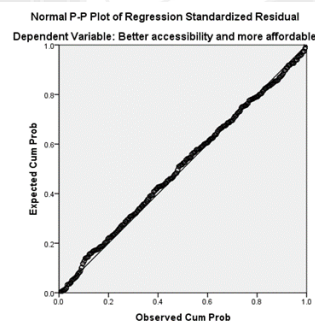
2) Better atmosphere



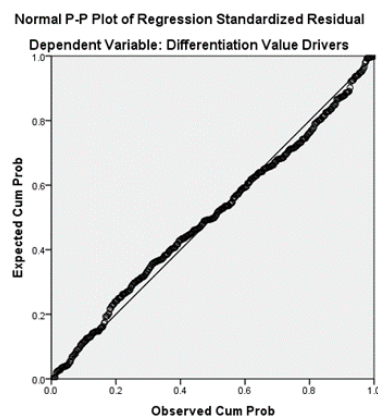
3) More responsiveness



4) Better accessibility and more affordable



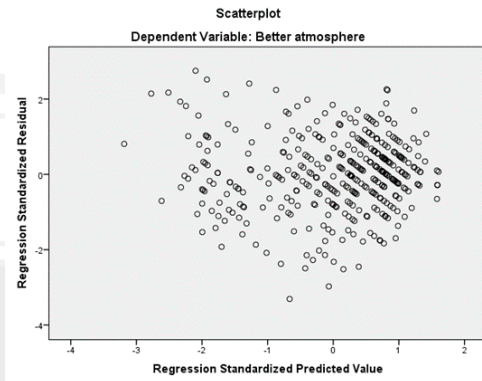
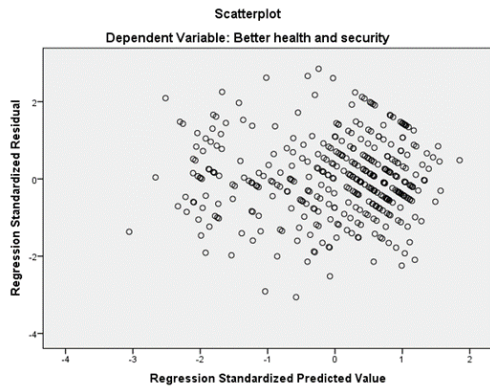
5) Total differentiation value drivers



B.1.2 The Scatterplot of Regression Studentized Residual and Regression Standardized Predicted Value of Differentiation Value Driver in dimensions of

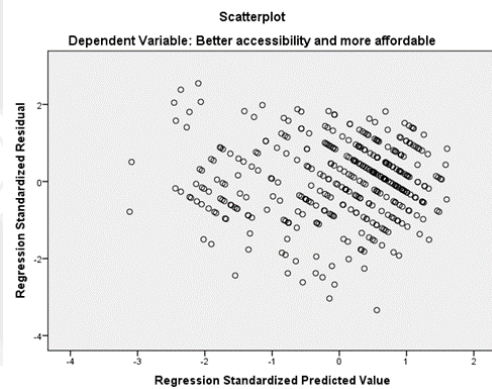
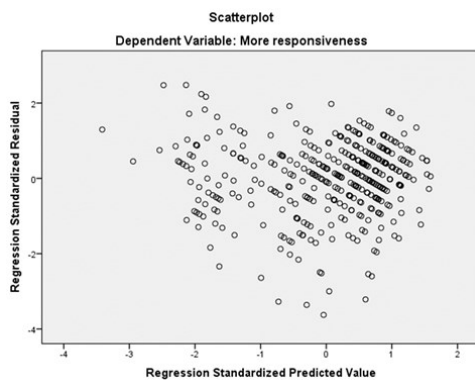
1) Better health and security

2) Better atmosphere

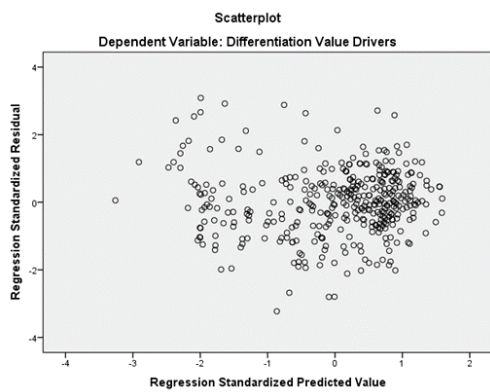


3) More responsiveness

4) Better accessibility and more affordable



5) Total differentiation value drivers

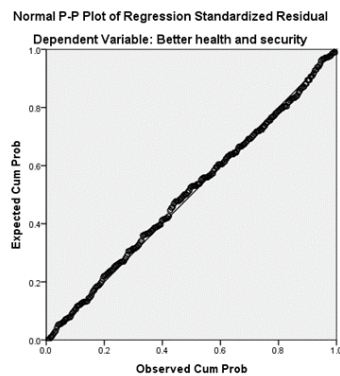


## Appendix B.2

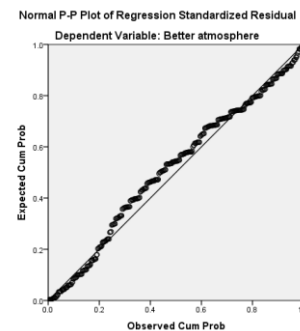
### Testing the Assumption of Linearity in Simple Regression Analysis

B.2.1. The Normal Probability Plot (P-P) of Regression Standardized Residual of Differentiation Value Drivers in Dimensions of

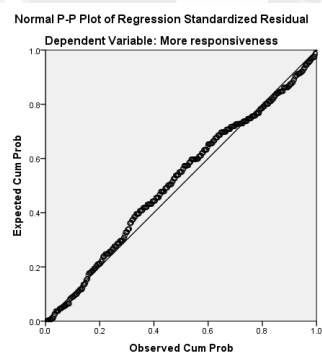
1) Better health and security



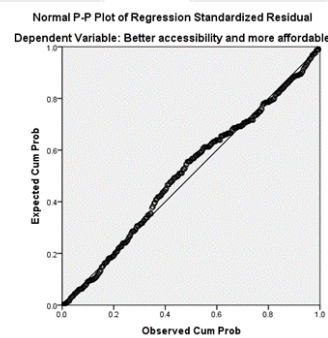
2) Better atmosphere



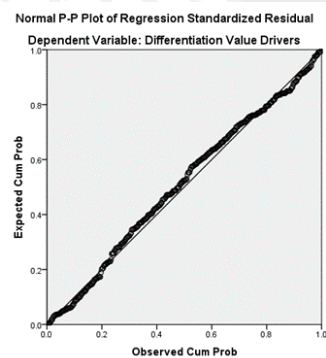
3) More responsiveness



4) Better accessibility and more affordable

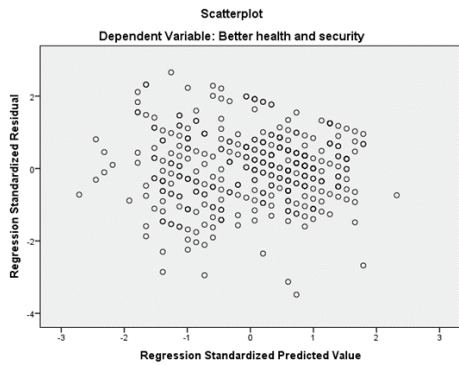


5) Total differentiation value drivers

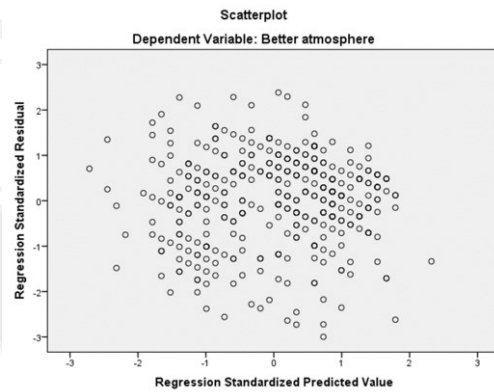


B.2.2 The Scatterplot of Regression Studentized Residual and Regression Standardized Predicted Value of Differentiation Value Driver in dimensions of

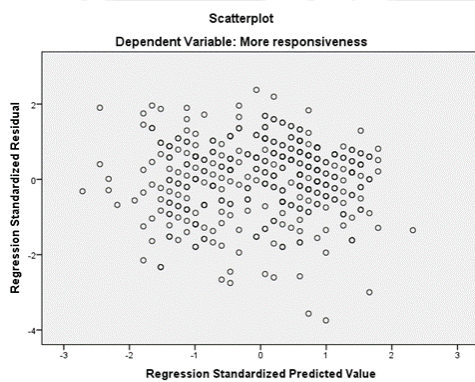
1) Better health and security



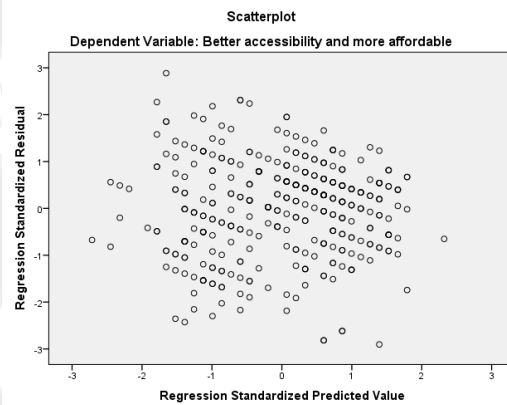
2) Better atmosphere



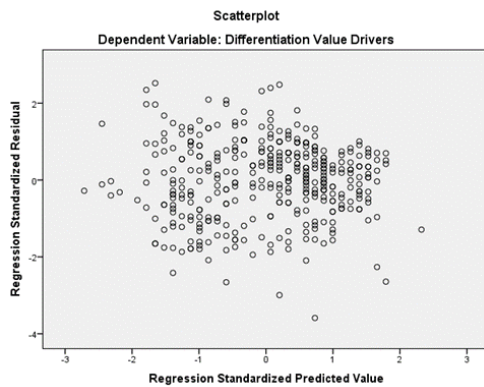
3. More Responsiveness



4. Better accessibility and more affordable



5. Total differentiation value drivers







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