



## Measuring customer perceptions of restaurant innovativeness: Developing and validating a scale



Eojina Kim<sup>a,\*</sup>, Liang (Rebecca) Tang<sup>b</sup>, Robert Bosselman<sup>b</sup>

<sup>a</sup> Department of Hospitality & Tourism Management, Pamplin College of Business, Virginia Tech, Blacksburg, VA 24061, USA, USA

<sup>b</sup> Department of Apparel, Events, and Hospitality Management, College of Human Sciences, Iowa State University, Ames, IA 50010, USA

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### ABSTRACT

The primary purpose of the study is to identify customer perceptions of restaurant innovativeness (CPRI), and accordingly develop a multidimensional scale for measuring the concept. Development and validation of this scale followed a rigid procedure with three component studies. Study 1 analyzed qualitative data from 47 written interviews using NVivo. In Study 2, exploratory factor analysis (n = 1465) purified and refined the scale generated in Study 1. Study 3 (n = 514), using confirmatory factor analysis, provided empirical support for validating the 17 item-scale for CPRI. The model with one second-order factor (CPRI) and its four corresponding first-order factors (menu, technology-based service, experiential, and promotional innovativeness) gained support. The current study illuminates the procedure for developing a complete scale for future hospitality research. Presumably, the CPRI scale can become a benchmark for practitioners' evaluation of the effectiveness of strategies for innovativeness.

### 1. Introduction

Appreciation of strategic innovativeness has been crucial in today's fast-changing business environments (Organization for Economic and Co-operation Development [OECD], 2012). A business' capability for innovativeness is the foundation for gaining competitive advantage in the marketplace (Camisón and Monfort-Mir, 2012; Day, 1994; Kazadi et al., 2016). Previous studies of innovativeness have predominantly investigated high-technology and manufacturing industries rather than service industries, despite the acknowledged significance of innovativeness in all types of industries (Ettlie and Rosenthal, 2011; Hogan et al., 2011). However, a simple transposition of the well-established notion of innovativeness from manufacturing to services is improper (Hipp and Grupp, 2005).

The notion of innovativeness for firms is distinct from that for customers (Danneels and Kleinschmidt, 2001; Rogers, 1962) since the two groups of stakeholders have perspectives from differing agendas (Kunz et al., 2011). A firm-centric view of innovativeness focuses solely on technical and functional aspects, while a customer-centric view places profound focus on a firm's creating and offering new experiences for customers (Danneels and Kleinschmidt, 2001). In business literature, previous research of innovativeness has primarily focused on the perspectives of a business or its administrators (e.g., Atuahene-Gima, 2005; Chandy and Tellis, 2000; Hogan et al., 2011; Zhou et al., 2005;

Zolfagharian and Paswan, 2008). Limited hospitality literature on innovativeness has investigated managers' methods for evaluating a firm's performance when creating newness (e.g., Binder et al., 2016; Sandvik et al., 2014; Tajeddini and Trueman, 2014).

The other view is customer-centric since the customer ultimately evaluates the success of innovative practices (Kunz et al., 2011). However, the sporadic examples of studies of customer-centric perspectives include Grewal et al. (2011), Kunz et al. (2011), and Lin et al. (2013) in business literature. Among studies with a customer-centric perspective of innovativeness, empirical research has been limited, with previous studies being largely restricted to manufacturing sectors (e.g., Kunz et al., 2011; Shams et al., 2015), while few have investigated innovativeness in retailing or service sectors (Anselmsson and Johansson, 2009; Lin, 2015). Furthermore, among existing studies of innovativeness in the service sectors, advancement of understanding innovativeness for the restaurant industry has proceeded more slowly (e.g., Lee et al., 2016). Innovativeness from the view of customers has been present in previous studies involving foodservice (e.g., Hyun and Han, 2012; Oronsky and Chathoth, 2007; Rodgers, 2007), none moved beyond discussing customers' perspectives as a conceptual construct to developing comprehensive measures. The present study aims to fill this gap in research.

Measuring customers' perceptions of innovativeness is considered crucial since creation of methods of measurement for a social

\* Corresponding author.

E-mail addresses: [eoijina@vt.edu](mailto:eoijina@vt.edu) (E. Kim), [rebeccat@iastate.edu](mailto:rebeccat@iastate.edu) (L.R. Tang), [drbob@iastate.edu](mailto:drbob@iastate.edu) (R. Bosselman).

phenomenon is recognized as the foundation for a scientific approach to gaining insight (Borgatta, 1992). Churchill (1979, p. 64) referred to scale development as “a critical element in the evolution of a fundamental body of knowledge.” Borgatta (1992) argued that the failings of actual scales to capture theoretical dimensions may represent a form of measurement error as social dimensions. Heise (2001) contended that high-quality measurements using quantitative research methods are necessary for developing accurate parameters for mature theoretical models, while exploratory research, of necessity, using available and affordable qualitative techniques to determine social dimensions, is worthy of extra theoretical and methodological investment. Therefore, creating a scale of customers’ perceptions of innovativeness following the rigorous procedure for developing measurement would be a foundation and significant step in advancing knowledge for restaurant management. However, the sparsely appearing measurement scales for innovativeness found in previous business literature have a basis in either narrow concepts of products (e.g., Alegre et al., 2006), or development only from a firm’s perspective (e.g., Hogan et al., 2011; Knowles et al., 2008). This measurement gap may generate barriers to understanding customers’ perceptions of innovativeness in service settings such as restaurants. The only immediately identifiable study which tested restaurant innovativeness from customers’ perspective was Jin et al. (2015), which measured innovation partially with seven-item scales adapted from Kunz et al. (2011), whose study focused on manufacturing. None of the previous hospitality studies have provided a clear conceptualization or followed rigorous procedures for development to create adequate scales for measuring restaurants’ innovativeness. To fill this gap in research, developing a reliable and valid scale measuring customer perceptions of restaurant innovativeness (CPRI) through a multi-dimensional conceptual approach becomes necessary and important. The present study builds on previous conceptual work of innovativeness from both general business and hospitality literature, extends the knowledge of innovativeness, and provides a theoretical foundation for future research regarding restaurant marketing and management. From a practical perspective, the measurement scales could serve as a guide for restaurateurs to assess or monitor the effectiveness of strategies for either short-term or long-term innovativeness.

## 2. Literature review

### 2.1. Innovation and innovativeness

The terms “innovation” and “innovativeness” significantly differ, although their uses have frequently interchanged in the literature of business and hospitality. Generally, innovation focuses on the outcomes of new elements or a new combination of traditional elements in a firm’s activities (Schumpeter, 1934), while innovativeness refers to a firm’s capability to be amenable to new ideas, services, and promotions (Crawford and Di Benedetto, 2008; Kunz et al., 2011).

Innovation as an outcome of a firm’s endeavor to pursue new ideas is a necessity for its survival and competitiveness, since the dynamic marketplace constantly winnows organizations that lack the capability to explore new markets and opportunities (Luo and Bhattacharya, 2006; Schumpeter, 1934). Especially, diffusion of innovation has been a topic of research with a long history in sociology and marketing (e.g., Arts et al., 2011; Mahajan et al., 1990; Rogers, 1962; Witell et al., 2015). Rogers’ (1962) foundational study provided a precise definition of innovation as a concept, procedure, or system perceived to be unique by the adopting individual or organization. Based on the definition, Rogers (1962) further proposed the “innovation diffusion theory,” which identifies the characteristics of innovation, including relative advantage, compatibility, complexity, trialability, and observability to assist diffusion or adoption. Consistent with Rogers (1962), other earlier studies primarily investigated the concept of innovation as organizational behavior (e.g., Zaltman et al., 1973), ignoring the link to customer response (e.g. Ostlund, 1974). However, Gatignon and

Robertson (1985) argued that characteristics of innovation determine the likelihood and speed of its diffusion within a social system, which ultimately affects customers’ attitudes and behaviors. Aligned with Gatignon and Robertson (1985), examples of recent studies include Arts et al. (2011) and Couture et al. (2015).

In contemporary research, innovativeness has had greater adoption in marketing and management literature in comparison to innovation (Kunz et al., 2011; Sawhney et al., 2006). The definition proposed by Hurley and Hult (1998) has wide use, and describes innovativeness as a firm’s capability to develop and implement new ideas and products at a fast rate. However, Vilà and MacGregor (2007) argued that Hurley and Hult’s approach was myopic by over-addressing specific technologies or new products instead of assessing innovativeness as a general business concept. The definition proposed by Amabile et al. (1996) was consistent with the philosophy of Vilà and MacGregor (2007), which depicted innovativeness in business as “the successful implementation of creative ideas within an organization” (Amabile et al., 1996, p. 1155). More recently, Sawhney et al. (2006, p. 76) defined innovativeness from a business perspective as “the creation of substantial new value for customers and the firm by creatively changing one or more dimensions of the business system,” and suggested four “business anchors”: offerings, customers, processes, and presence.

Since the current study focuses on a restaurant’s practices or processes of pursuing novelty, “innovativeness” instead of “innovation” is selected as the appropriate term. Furthermore, consistent with the concept of innovativeness identified in general businesses (Amabile et al., 1996; Sawhney et al., 2006), the present study describes a restaurant’s innovativeness as a foodservice business’ broad activities that show capability and willingness to consider and institute “unique” and “meaningfully different” ideas, services, and promotions from customers’ perspectives when selected from alternative activities.

### 2.2. Innovativeness in hospitality and tourism literature

There has been less attention given to innovativeness in hospitality and tourism literature than that in general business literature. Gomezelj (2016) collected 315 articles relevant to innovativeness in the hospitality and tourism field published during 1990–2014 in 21 journals. Before 2006 the article number relevant to innovativeness remained at 10 or below per year. However, the number increased dramatically from six at 2006–42 in 2014. It shows that the importance of innovativeness has received considerable attention in the hospitality and tourism area during the past decade. However, these studies with different methods (i.e., theoretical paper, quantitative method, qualitative method, or combination of quantitative and qualitative methods) somewhat developed their investigation and discussions based on the conceptualization and measurement of innovativeness adapted from other disciplines (e.g., business management, information system, psychology) and other industries (e.g., Lee et al., 2016; Hyun and Han, 2012). It may be biased because the unique characteristics and scopes of products and services in an industry which are highly relevant to innovativeness were ignored (Ottenbacher, 2007). Hence, there is a discernible need for developing an effective tool in order to properly measuring innovativeness in the hospitality and tourism area.

Among the paper samples of Gomezelj (2016), 59.21% investigated the innovation phenomena in the hospitality and tourism area from the supply side, while only 4.61% examined customers from the demand side. To be more focused, the present authors demonstrated the primary literature relevant to perceptions of innovativeness in the hospitality and tourism area during 2012–2017 in Table 1, which showed the consistent finding with Gomezelj (2016). Specifically, most studies (e.g., Binder et al., 2016; Sandvik et al., 2014; Tajeddini and Trueman, 2014) investigated how managers evaluate their companies’ innovativeness from the supply perspective; while sporadic studies examined how customers evaluate a firm’s innovativeness from the demand perspective (e.g. Ariffin and Aziz, 2012; Jin et al., 2015; Jin et al., 2016;

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