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The Effect of Non-Technological Food Service Innovation Dimensions on Value Creation in Restaurants within Hotels in Nairobi County, Kenya

Sarah Wambui Kamau Student, Department of Hospitality and Tourism, Kenyatta University, Kenya Mary Mutisya-Mutungi Lecturer, Department of Hospitality and Tourism, United State International University Kenya, Kenya

Abstract:

The study aimed to find out the effect of non-technological food service innovation dimensions on value creation. The study used a cross-sectional descriptive survey research design, which involved the 2016 TRA-registered hotels in Nairobi County. Multistage stratified sampling, purposeful, and random sampling techniques were used with a sample size of 385 respondents. Data collection instruments included questionnaires, interview guide, and observation-checklist, with a response rate of 82.9%. The coded data was analysed using descriptive and inferential statistical data analytical methods. Hypotheses were tested using multinomial regression, t-test and chi-square. Results indicated that in the new service concept dimension, restaurant atmosphere was the highest in enhancing customer satisfaction while in new client interface it was new restaurant equipment. Restaurant management greatly enhanced customer satisfaction in the new delivery system dimension, inline withthis the new service concept restaurant atmosphere were the highest factors in cost reduction. Restaurant management and food service procedures were the highest factors in cos reduction dimensions had a significant relationship with value creation in restaurants (p-value of 0.00). The study recommends original, singular, radical innovations that are difficult to imitate. The study further recommends a new approach to restaurant management—with innovation in strategy geared towards new concepts, customer experience, and front-line employees.

Keywords: Non-technological food service innovation dimensions, new service concept, new client interface, new service delivery system

1. Introduction

1.1. Background of the Study

In a dynamic, complex and competitive environment, restaurants need to innovate for survival and success (Parnia, Hosseni, & Fen, 2013). This need has impelled studies on non-technological innovation types and their contribution to the restaurant/ food service sector. Various studies have claimed that singular and unique non-technological innovations should be the lifeblood of service (Schmidt & Rammer, 2006; Enz, 2012). Furthermore Negrusa, & Starcu, 2017 posits that innovation is forms a base of value creation where new concepts replace old concept which is perceived as something new by the consumer On-technological food service innovation dimension refers to any implementation of new or significantly improved ideas without technology, as postulated by the Organization for Economic Cooperation and Development (2005).

Several studies have been done on presenting dimensions that describe and analyse non-technological service innovations (de Jong, Bruins, Dolfsman, & Meijgaard, 2003; Hertog & Bilderbeek, 1999). The dimensions suggested comprise the new service concept, new delivery systems, and new client interface innovations. Hertog and Bilderbeek (1999) claimed that the dimensions are not statistically tested. This study will consider new food service concept innovation dimension to include the restaurant type of operations, restaurant ambience/ atmosphere, and restaurant layout. The new delivery system innovation dimension elements are: Waiters' empowerment, restaurant management, and back of house support from kitchen housekeeping stewards, etc. Lastly, new client interface innovation includes new restaurant equipment, food service procedure, and food service systems.

Numerous studies provide significant evidence that new concept food service innovation makes the service offering attractive and thus enhances customer satisfaction (Khan & Khan, 2009; Parsa, Self, Njite, & King, 2005; Parsa, Gregory, & Terry, 2011). Subsequently, restaurants mainly differentiate themselves in décor, theme, branding and physical

design or atmosphere, dining area layout, and human factors; these are among the largest constructs tied to customer satisfaction (Ivkov et al., 2016; Ottenbacher & Gnoth, 2005; Rodgers, 2007; Sabir, Irfan, Akhtar, Pervez, & Rehman, 2014). A majority of studies have argued that non-technological innovation creates value and is a success factor in a competitive environment (Pereira & Romero, 2013; Parnia et al., 2013; Schmidt & Rammer, 2006; Rowley, Baregheh, & Sambrook, 2011). To support this, de Jong et al. (2003) maintain that although new service comprises all the service innovation dimensions, it is possible for service innovation to occur without technology. It is therefore critical to assess how the non-technological service innovation dimension creates value in organizations.

A restaurant product is a product service continuum with four service characteristics— inseparability, intangibility, heterogeneity, and perishability—which should be considered if a service innovation is to create value (Ottenbacher & Harrington, 2010; Ivkov et al., 2016). Consequently, de Jong et al. (2003) affirm that a specific approach to service innovation is necessary due to the precise characteristic of services. Tanase (u.d) elaborates that value creation is the ability to perform activities more distinctly and more effectively than rivals, and causes reduction in the cost of doing business while enhancing value to guests. A restaurant focusing on value creation will attract customers, develop loyal customers, and raise the profit margin.

Innovation dates back to 1934, with Schumpeter the pioneer of innovation theory. Despite debates on innovation, Lemanowicz (2015) still argues that today's economies need it, although differentiated from the Schumpeter approach. Further to this, the first service innovation study was done by Barras (1986) and the restaurant innovation started in 2007 (Ottenbacher & Harrington, 2007). The importance of restaurant innovations has been identified by Palmer and Griswold (2011), who showed evidence that innovations in restaurants target reducing cost, and attracting or retaining customers. Napitulu, Astuti, Djamhur, and Rahardjo (2016) further advanced this thinking by indicating that restaurants create innovation in the product, process, function, operation, and coordination to attract more customers. Due to simultaneity of service between product and process innovation, de Jong et al. (2003) contend that there is a thin line between them and that they always tend to coincide. Consequently, the dimensions of service innovation considered most appropriate are

that they always tend to coincide. Consequently, the dimensions of service innovation considered most appropriate are product and process innovation. Numerous studies (Chou, Horng, Liu, Huang, & Chung, 2016; Ivkov, et al., 2016;Mavale & Rautela, 2016; Ottenbacher & Harrington, 2009; Vila, Enz, & Costa, 2012), reinforced the fact that service innovation dimensions impact deeply on restaurant performance.

The food service industry still adopts numerous practices that were developed in the 18th century, such as table set up and food service procedures. Numerous studies reveal undeveloped and fragmented service innovation research, no research laboratories, and restaurant managers not innovative in atmosphere, service, and the environment (Carvalho & Costa, 2011;Chou et al., 2016; de Jong et al., 2003; Hjalager, 1997 (as cited in Andrea, 2014); Heij, 2015; Ottenbacher & Harrington, 2010; Rodgers, 2007). Further to this, Camison and Monfort-Mir (2012) hold that the food service industry does not have a reputation for being highly innovative or having a learning culture. To address this situation, the Restaurant Chefs Association focused on other areas but not in non-technological dimensions of concept, client interface, or service delivery systems.

Palmer and Griswold (2011) concur by asserting that there is a need for innovation in restaurants in all aspects of food service that create value for the customer. The need to innovate in the restaurant sector is evident so as to keep the product profile competitive in a business with low margins (Ottenbacher & Harrington, 2009; Cognizant, 2013). Notably, although restaurant business is one of the major global foreign exchange earners and fastest growing industries in the world, it has an undifferentiated concept (Market Analysis, 2011; Parsa *et al.*, 2005; Shetty & Gopal, 2010).

Data provide evidence that innovation enables restaurants to compete globally by increasing the level of service quality and articulating the strategic direction (Rodgers, 2007; Koutroumanis, 2011). This was reinforced by Vila et al. (2012) in results from a non-technological innovation study of a new concept of a Gehry-designed winery restaurant in Spain, in which the hotel enjoyed a month-long waiting list, increased tourist arrivals by 68%, and caused about 20 new hotels to be started in the region. These findings further advanced that singular innovation with key resources and attributes creates unique competencies. For innovation to be successful, there is a need for a systematic service development process with new variables (Chen, 2011; Ottenbacher and Harrington, 2007; Oh & Parks, 1997; Oh, 1999). Notwithstanding this, Cooper (2001) indicates that the use of a model does not guarantee success, but it increases chances of such success.

This study will significantly contribute to the food service industry since today's global customers demand deeper emotional experiences, more personalized service, are attuned to local culture, and seek self-discovery and unique experiences with added value not provided by competitors (Frehse, 2005; Goffin & Michael, 2005). In addition, the study will contribute to recovery of the contracting Kenya hospitality industry due to lack of innovation (United Nations World Tourism Organization, 2017; Kenya National Bureau of Statistics, 2015;Valle & Yobesu, 2009; Kenya National Tourism Blueprint 2030 Overview). In contrast, despite the dynamics in the environment such as terrorism, the Spain hotel industry increased both room prices and occupancy rates in 2015 due to innovation (Vila et al., 2012; World Economic Forum 2013, 2015), since today's tourists associate with innovative cities.

Most food service innovation research has been done in developed countries such as England, Germany, the United States, The Netherlands, and Spain (Heij, 2015; Ottenbacher & Harrington, 2009), with little focus on Africa and Kenya. These studies assert that similar studies should be done in other regions. The study done in South Africa was to establish the state of innovation and did not focus on non-technological service innovations. The innovation survey was also quite general and did not cover a specific industry (Moses, Blankley, Labadarios, Makelane, & Nkobole, 2012). A more specific research on non-technological food service innovation would greatly benefit the food service industry in Kenya.

Studies in Kenya have focused on approaches to how new service development strategies adopted in the hospitality sector influence competitive advantage (Oduori, 2010; Wambura, 2012). Previous studies have focused on innovation and competitive advantage, but the emerging views are on value creation (Chaoren & Thawatthatree, 2011). This may explain the innovation knowledge gap in Kenya on the non-technological food service innovations and value creation. A study by Koutroumanis (2011) argues that although technological innovations improve service quality in hotels and restaurants, their cost is prohibitive, leading to laggard adoption. To this end, Parnia et al.(2013) advocate research on the relationship between specific dimensions of innovation and restaurant performance. In line with this, there is a need to understand the deeper insight on whether non-technology food service innovation dimensions create value to customers, and to propose an appropriate food service innovation model.

1.2. Statement of the Problem

One of the main reasons for the underperformance of the Kenya tourism industry is its failure to adapt and innovate. This had led to the industry taking a likely future strategic direction by trying to innovate and rejuvenate existing products (KNTB 2030 Overview). The importance of hotels and restaurants in contributing to tourist satisfaction of a destination has been emphasized by Lopes, Abrantas, and Kastenholz (2014). Furthermore, food service innovation has been recognized as critical for the long-term success of a restaurant concept (Ottenbacher & Harrington, 2009).

The restaurant sector has introduced food service technological innovations on a wide scale despite the fact that they are expensive. However, restaurants have generally been found not very innovative (Camison & Monfort-Mir, 2012). A majority of previous research has focused on innovation and competitive advantage (Oduori, 2010; Wambura, 2012) and few studies have been done on value creation. Although the importance of service innovations has been widely emphasized in various studies, Napitulu et al., (2016) notes that the effect of service innovation on value creation has not been adequately covered. In addition, Vila et al. (2012), stressed that service innovation can also be non-technological. Heij (2015) posits that non-technological innovation has received little attention.

A majority of related studies on non-technological food service innovation have focused on some aspects of new service concept such as atmosphere, comfortable seats, design, colour, and dining area design (Ivkov et al., 2016; Ferasat 2009; Chou et al., 2016; Khan & Khan, 2009). Inadequate studies have been done on the other facets such as restaurant types, lighting, scent, table set-up, and table arrangement.

Moreover, other related studies done on the new delivery system dimension tend to emphasise on enhancing waiter-customer relation skills (Napitulu et al., 2016; Russel, Michael, & Hugh, 2011; Enz, Verma, Walsh, Kimes, & Siguaw, 2010) and few studies have been done on some features such as back-of-house (Orifila & Mattson, 2009; Noorani, 2014). Insufficient studies have been done on the other features of new delivery system dimension, including empowering employees on new skills and decision making, restaurant leadership and management, restaurant organisation, and back-of-house support from the kitchen and housekeeping department.

Studies in the new client interface dimension are scarce and mainly focus on food service, equipment design, and service procedure (Roger, 2007; Khan & Khan, 2009). Thus, there is a need for a better understanding on innovation on restaurant equipment, food service procedures, and food service systems. A majority of previous studies have focused on one non-technological innovation dimension, with only a few studies concentrating on two dimensions (Ivkov et al., 2016; Khan & Khan, 2009). Additionally, den Her tog and Bilderbeek (1999) observed that the four non-technological innovations have not been statistically tested. Therefore, there is a need to investigate all the non-technological dimensions, including all research gaps identified, and also to find out how they contribute to value creation in restaurant food service.

As a result, there is a need for research and understanding of the NTFSI activities and to establish how they enhance customer satisfaction and reduce the cost of doing business. Existing knowledge has not fully identified how NTFSI creates value in restaurants by enhancing customer satisfaction or reducing the cost of doing business.

A majority of food service innovations have been done in developed countries and they all identify the need for similar studies in other countries. Non-technological service innovation is receiving a lot of attention as an area of research. The restaurant industry is quite complex and should not only focus on technological innovation but also non-technological innovation such as new concepts, delivery systems, and client interface.

In addition, most service innovation studies have been done in fast-food and stand-alone restaurants, leaving out the restaurants in hotels. The studies have focused on culinary innovation; sustainable service innovation; product process innovation; physical design and food service technology; and adoption of strategies (Vila et al., 2012; Rodgers, 2007; Sabir et al., 2014; Ottenbacher & Harrington, 2009; Koutroumanis, 2011; Oduori, 2010; Wambura, 2012). Despite the fact that service innovation is borrowed from product innovation, it is not clear how non-technological food service innovations at the service encounter creates value in hotels' restaurants. Rodgers (2007) recommends that research on service techniques has the potential of increasing efficiency of operations. To this end, research has revealed a need for non-technological service innovations that create value (Vila, Enz, & Costa, 2012; den Hertog & Bilderbeek, 1999).

Nevertheless, this knowledge will contribute to the KNTB 2030 concerns on lack of innovation in the Kenya tourism industry and assist in their aim of rejuvenating of Nairobi city experience by introducing new ways of doing things in the restaurant. This research sought to find out how non-technological food service innovation dimensions at the service concept, client interface, and service delivery system create value by enhancing customer satisfaction or reducing the cost of doing business in restaurants in hotels. In addition, the study also developed an appropriate non-technological food service innovation model in Nairobi County, Kenya.

1.3. Objective of the Study

• To find out the effect of non-technological food service innovation dimensions on value creation in restaurants within hotels in Nairobi County, Kenya.

1.4. Significance of the Study

The study would be of benefit to policy makers in the Ministry of Tourism as they implement the KNTB2030 strategic direction of rejuvenating products and embracing new innovative approaches.

The study would benefit restaurateurs, since they will be in a position to select the type of non-technological food service innovations which create more value. The study would contribute in spurring growth in the industry despite the dynamics in the environment such as terrorism, and add value not provided by the competitors (World Economic Forum 2013, 2015; Frehse, 2005).

The industry practitioners may also use the proposed non-technological food innovation model to develop their innovations. This would help them in that the restaurants will develop products that create value, leading to more customers and increased profitability due to reduced costs. The study would contribute to the body of knowledge of the non-technological food service innovation model, with new variables necessary for creating value among restaurants in Kenya. The findings would also contribute to the body of knowledge in non-technological food service innovation where there is scanty information in Kenya. It would help in understanding and identifying the innovations that create value in restaurants.

2. Methodology

2.1. Area of Study

The location of the study was the Nairobi County, chosen because it hosts the highest number of hotels and restaurants registered by the Tourism Regulatory Authority (TRA), at 236 businesses. The study was conducted in restaurants within hotels with 30 or more rooms in Nairobi County. Nairobi was chosen since it is the only city county and the political capital of Kenya. According to the innovation index (2015) it is the most populous urban area (4 million) and the largest city in Kenya, in addition to being the UNEP headquarters. Studies by Vila et al. (2012) indicate that more innovation occurs in urban settings.

2.2. Research Design

The epistemological stance was objectivism/ positivism, where knowledge is established by following the correct scientific procedure based on natural sciences. In this instance, organizations are seen as systems that can be interrelated and can be independently observed, measured, analysed, and predicted (Kent, 2007).

The research design adopted was a cross-sectional descriptive survey, which obtains and records facts and captures respondents' data (Churchhill, Brown, & Suter, 2010; Bob, 2010) and at one point in time (Babbie, 2014). In fact, Babbie (2013) points out that it is frequently used in social science research and is good for obtaining original data describing a population too large to observe directly, and that it is useful in measuring attitudes and orientation in large populations. It is also good in units of analysis such as groups and some individual persons serve as respondents and use careful probability sampling. The design is suitable as one can generalize or make claims/ inferences about a population. In view of the above clarifications, cross-sectional descriptive survey was used to collect information from food and

In view of the above clarifications, cross-sectional descriptive survey was used to collect information from food and beverage managers, restaurant supervisors, and guests on the influence of non-technological food service innovation on value creation in restaurants within TRA-registered hotels in Nairobi County, Kenya. The design selected was appropriate in that it helped describe the relationship between independent and dependent variables—that is, the relationship between new service concept, new delivery system, new client interface and value creation, as well as non-technological food service innovation model and value creation.

The study adopted the Oslo manual, which was developed by OECD and the European Commission (Eurostat) to provide guidance in innovation survey, both for OECD and non-OECD states and with special attention to developing countries. The Oslo manual recommends a survey which can give both qualitative and quantitative data and acknowledges the difficulty in collecting quantitative data in innovation surveys (OECD, 2005). The research adapted the use of questionnaires, interview guide, and observation to gather data from the respondents.

2.3. Sampling Design

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The research used multistage stratified sampling with three strata: 30-99 rooms, 100-250 rooms, and more than 250 rooms. This is to identify subgroups in the population and their proportion and select from each subgroup to form a sample (Oso & Onen, 2009; OECD, 2005). Oslo manual also states that it is important to know the size of the firm in order to understand a developing country's innovation process. Hotels with less than 30 rooms are small hotels; Vila et al.(2012) claim that large economies of scale promote service innovation. According to David and Sutton (2012) and Salkind (2011), complex statistical analysis requires a minimum of a one-third rule of thumb, or 30%. The restaurants in hotels with more than 30 rooms were selected, totalling to 114 hotels, excluding the hotels used in the pilot study. This is because, as Chesbrough (2011) suggested, service innovation is promoted by large hotels' economies of scale due to increased usage and knowledge. From the 114 hotels and restaurants with more than 30 rooms, the researcher randomly selected 30% of these hotels and restaurants (35 hotels), as shown in Table 1.

No of Rooms in the Hotel	Hotels	%
30-99	10	28.6
100-250	17	48.6
more than 250	8	22.8
	35	100

Table 1: Distribution of the Selected TRA-Registered Hotels and Restaurants

The stratums were adopted from the study by Vila *et al.* (2012), although the percentages had insignificant differences (35%, 42%, and 23%).

Target population =114 hotels. The sample is 30% x 114 hotels = 35 hotels and restaurants.

2.4 Data Collection

Data collection commenced after ascertaining the validity and reliability of the research instruments, before the actual researcher visited the sampled hotels to seek permission and explain the purpose of research. Research assistants were trained to assist in conducting interviews, dropping and later picking the questionnaires, and filling the observation checklist. To improve the response rate, follow-up telephone calls were made together with reminder emails.

Appointments were made for interviews with food and beverage managers. The interviews commenced with a full introduction and explanation to the respondents: The purpose of the study, any foreseen risks, benefits, and compensation or lack of it.

2.5 Data Analysis

Qualitative and quantitative methods of data analysis were employed, since both methods are necessary to explore the full potential of a social and innovation research (Babbie, 2013; OECD, 2005). Moreover, innovation survey results can either be descriptive or inferential (OECD, 2005). The data was analysed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics described the basic feature of the data in the study. In analysing this data, a univariate and bivariate analysis approach was used.

The qualitative data was sorted in ranges of categories as identified in the research variables. The data was thematically organized in themes and subthemes. The themes were later used to complement the quantitative data and presented by direct quotes.

Spearman's Rank order correlation coefficient (R) measured the extent of agreement (strength of relationship) between the implemented food service innovation dimensions and the frequency. This was aimed at establishing the level of agreement on the implemented non-technological food service innovation dimensions of new concept, new client interface, and new delivery system. Spearman rank order of correlation coefficient is a statistical measure of the strength of a monotonic relationship in ordinal data.

Multinomial logistic regression tested the relationship between the prevalence of non-technological food service innovation activities and restaurant value creation—for example, the relationship between the new service concept, client interface, and delivery system prevalence and value creation.

One sample t-test tested the relationship between non-technological food service innovation activities and restaurant value creation. Correlation coefficient analysed the relationship between independent and dependent variables, innovation model and restaurant competitive advantage. All hypotheses were tested at 0.05 level of significance.

Chi-square test of independence (Oso & Onen, 2009) tested the relationship between non-technological food service innovation model and restaurant value creation. Quantitative data was initially analysed using a univariate and bivariate analytical approach. This was aimed at establishing the relationship between non-technological food service innovation model and restaurant value creation.

3. Data Analysis and Discussions

3.1. Cuisine

A majority of the supervisors (96.7%) indicated that the cuisine was local, while 3.3% said it was international; this concurs with a report by Cyton (2016) that indicates that a majority of Kenyan guests are local (87% local delegates, 13% international delegates). An analysis of the cuisines in the restaurants was tabulated in Table 2.

Cuisine	Custo	omers	Supervisors		
	Frequency	Percentage	Frequency	Percentage	
International	174	84.9	58	96.7	
Local	31	15.1	2	3	
Others	0	0	0	0	
Total	205	100	60	100	

Table 2: Cuisines in Restaurants

To compete in gastronomy, the restaurant managers should focus on increasing other innovative new food concepts in order to enhance the new restaurant service concept and raise the profitability margin. Significantly so, Vila et al. (2012) notes that Spanish hotels are promoting their restaurants by allying themselves with well-known chefs who give

consultation on developing new concepts, preparation of dishes, launching brands, and designing menus. The effect of this alignment is that the F&B division is being managed as an independent business unit with rising year-on year profit margins, in what was previously considered the weakest business unit. The alignment with renowned chefs would help restaurants be more innovative on the new service concept dimension. To this end, to enhance food services innovation, the chefs in Kenya need to rebrand themselves and acquire the globally-recognized Mitchelin star rating.

3.2. Nationality of Guests

A majority of the respondents (96.1%) were Kenyans, while 3.9% were citizens from other countries. This shows that the restaurants were mostly attended by Kenyans. These results, as depicted in Table 3, concur with Cyton (2016) that a majority of Kenyan guests are local. This implies that the number of tourists patronizing Kenyan restaurants has declined and domestic tourism is on the rise. The Economic Survey (2017) confirms that in Nairobi international tourist hotels, bed night occupancy and park visitation declined in 2016 despite the increase of tourists into the country. At the same time, domestic tourism grew by 20% from 2015 to 2016. There is a need, therefore, for hotel managers to focus on innovation to attract international guests, who bring foreign exchange into emerging markets (Vila et al., 2012).

Nationality		Kenyan	197	96.1	
		Others	8	3.9	
		Total	205	100	
Table 3: Guest Nationality					

3.3. New Service Concept Innovations

Results indicated that innovations in the new restaurant layout were: new condiment set in table set up, new look crockery, mats replaced table linen on the table, and some restaurants had introduced tray set up. Innovations in restaurant design included introduction of a restaurant with cubicles for four, and introduction of a healthy corner in the buffet.

On restaurant arrangement, a poolside restaurant had been changed to a coffee shop and those with mobile equipment kept on changing the location of the buffet.

On restaurant atmosphere, innovation findings indicated the introduction of unique, interesting, and original artefacts such as wine bottles, African woven mats, dry banana leaves, and decorative imported items. Other restaurants had introduced sofas in the restaurant with fabric cushion, and some windows were plain with no sheers. The décor made use of wall paper in black, cream and grey colour scheme, unique different paint colour shades on the walls, live flowers from Thailand, and a big ginger biscuit used for décor at the entrance. Innovations in the ambience involved temperature, which was controlled by an air conditioner. On lighting, the respondents indicated that the restaurants introduced different types of lighting fixtures, sensor lighting, additional lighting, dimming lights, and introduction of hanging chandeliers. The results contradict Ferasat (2009) and Chou et al. (2016), who viewed the atmosphere (ambience) as the area with the most innovation. The findings also concur with Ivkov et al. (2016), who found that restaurant managers considered atmosphere among the least important in innovation.

However, Ivkov et al. (2016) claims that young restaurant managers (up to 41 years) considered a pleasant atmosphere as a critical aspect of service delivery. The implication is that restaurant managers should focus their innovations on the restaurant atmosphere (ambience, theme, décor, lighting, and scent) to enhance service delivery.

Findings showed that new service concept innovations included studio restaurants, where guests could see the kitchen from the restaurant, giraffes allowed to peep through the windows during breakfast, VIP lounges for serving important guests, inclusion of a pizza corner in the menu, and a fine dining restaurant. Innovations included a meat roasting (choma) zone, bush dinner, coffee shop, and pizza inn coffee. Theme innovations observed were Mediterranean cuisine, African nights, Indian cuisine, vegan menu (vegetarian), and Indian buffet. Some food and beverage managers interviewed reported that there were no changes in the service concept.

The highest innovations in the new service concept dimension were in restaurant layout. However, the observed changes were fewer in this aspect. This could be attributed to the fact that there is continuous innovation in buffet set up, which is commonly used in Nairobi county restaurants. In addition, this could be due to the fact that a majority of the restaurants had replaced table linen with mats, hence seen as a major change. This also contradicts some studies (Ferasat, 2009; Chou et al., 2016), which saw the atmosphere (ambience) as the area with the most innovation.

New type of restaurant had the least response and this contradicts Napitulu et al. (2016) that new restaurant concepts are the most implemented innovations. Generally, the findings are lower (60%) than Vila et al. (2012) findings that had established that 85% new product concept had been implemented in Spanish hotels. It is the author's view that new service concept innovations are the way to go as they are not easy to imitate.

An analysis of the level of agreement of the new type of restaurant implementation showed that both genders agreed (Figure 1). However, it was noted that males are the ones who mostly disagreed, and a majority of those who strongly agreed were female.



Figure 1: Analysis of New Type of Restaurant Innovation by Gender

The implication in this is that the innovations implemented are likely to be more skewed to female preferences. It could also imply that males are not as quick to observe changes as females.

3.4. New Delivery System

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A majority of respondents (80%) strongly agreed on waiter empowerment, followed by new restaurant management at 75.5% and lastly (70%) on new back-of-house support, as shown in Figure 2.



Figure 2: Prevalence of New Delivery System Innovation Dimensions

Findings from qualitative data indicated that there was continuous training of waiters in most restaurants waiters trained on preparing coffee, lobster training module, etc. Waiters can make a discount of up to 15%. Training and empowerment of waiters focused mainly on new trends and products, and enhancing guest relation skills. Waiters with new skills such as mixology and barrister waiters were also engaged to enhance available competencies. These findings indicate that there is continuous training and empowerment of waiters, but this is not focused on empowering the waiters to be able to make decisions. This may be due to the fact that human resource management development is still in its infancy. This concurs with previous studies (Ottenbacher & Gnoth, 2005) that had identified employee empowerment as a success factor in innovation.

Results also indicated that innovations in new restaurant management were new organization structure, introduction of operations manager position under the general manager, democratic leadership, arbitration, open door policy, two-year contract management, management by walking around (MBWA), and use of a balance scorecard. Other restaurants introduced positions of deputy HoD, deputy operations manager, and assistant food and beverage manager. Also, executive chefs and operations managers were in the restaurant attending guests. Others had operations manager being also the human resources manager.

These findings contradict with Vila et al. (2012), who had found only 46% of hotels had implemented changes in the organization structure. This may imply that Nairobi County hotels are quite progressive, or else were making small incremental changes in the organization structure.

Lastly, back of house support had the least rating in strongly agree (70%) on new back-of-house support. Observation and interview guides indicated that some restaurants had a proper kitchen set up for live cooking, some had employed expatriate chefs, and some had a telephone in the restaurant to link with the back office and room service. Also, in others there were daily briefings of chef and F&B, and job description issued, while in others there were meetings with back-of-house departments.

The low response contradicts some studies (OECD, 2005; Orifla-Sintes & Mattson, 2009) which had suggested that back office innovations were important and they attracted customers. In addition, Groonroos (2007) also emphasized that

all quality generating activities should be well planned as what happens in the invisible (support) affects what is visible (interactive) in a service organization.

The findings on the back-office innovation being the least reflect the restaurant industry, which ignores activities in the back area, yet these contribute heavily to service delivery. However, these findings contradict previous studies (OECD, 2005; Orifila-Sintes &Matsson, 2009) which suggested that back office innovations were important and they attracted guests. The restaurant manager, therefore, should consider having innovations in the back office so as to enhance service delivery and alleviate the slow service in restaurants.

3.5. New Client Interface Innovations

In the new client interface dimension, the highest strongly agreed implementation of 66.7% was for new food service procedures, followed by 63.3% for new food service system, and lastly 56.7% for new restaurant equipment/furniture/materials.

Results from the qualitative data identified innovations of a computerized system with table number incorporated and service timing; runners who assist waiters in picking the food from the kitchen; waiters getting immediate feedback from guests after a meal; cashiers taking orders to kitchen; and follow-up and introduction of tray service. Other restaurants introduced SOPs, modified SOPs, changed food service procedures because of change of menu, stricter standard sequence being followed, an aboyeur (barker) in charge, control of the hot plate over the service period, hot towels, additional waiters, and a record kept of all room service done.

A member of staff, "Supervisor 1', supported this point: "We do not have menu cards in the restaurants; guests are served with what they want to eat. The waiters are trained on assisting the guest on the possible way of preparation.'

In new food service system, it was observed that the introduction of buffet style was considered a new style, since it is quite different from a la carte service. Other observations included fine dining service, gueridon service, personalized live cooking, breakfast with giraffes, construction of a service centre, and updating of micros to capture slow service,

Other results indicated new physical resources such as new equipment—including electronic warmers, informant coffee machine, crockery and cutlery changed annually, and all furniture. Electrical heat regulated chaffing dish, cappuccino machines were considered unique restaurant equipment, and in terms of furniture there were new changed seats, metal tables with polished wooden tops, and unique types of seats. On materials, some restaurants were using upholstered seats and velvet cushions. They further introduced a gift shop in the restaurant. All these were incremental innovations, not singular and easy to copy. This concurs with the view of Cox, Davidson, and Wilkins (2011) that incremental innovations are pivotal in restaurant performance. The implication here is that restaurant managers need also to come up with novel radical innovations that are difficult to imitate.

3.6. Guests' Response on Food Service Innovations

Figure 3 shows that the highest agreement by the guests on prevalence was at both the new service concept/ type of restaurant operation and new restaurant layout with 96.6%, closely followed by restaurant atmosphere at 95.1%. This differs from supervisors' observations, whose result indicated that the highest is restaurant layout and the least is new service concept. The difference may occur since the supervisors are referring to the changes being made in the restaurant, while the guests may be comparing with other restaurants.



Figure 3: Prevalence of Non-Technological Food Service Innovations

Results show that in the new delivery system, the highest rate of 92.7% of the guests said there was back-of-house support, followed by both the restaurant management and empowered waiters at 87.8%. This contrasts with supervisors' results that show that the least innovations were in the back-of-house support. The results may imply that the guests did not understand the back-of-house support, since it is always invisible to the guests.

Findings from new client interface indicated that strong agreement was highest on new food service procedures at 95.1%, followed by food service systems at 85.9%, and lastly restaurant physical resources at 75.1%. This contradicts with the supervisors' findings, in which physical resources had the least level of strongly agreed. The disparity could be attributed to the fact that a new item which is not unique may not be recognized by a guest. However, restaurants should purchase unique physical resources to enhance guest satisfaction at the client interface.

The researcher sought to test the strength of the relationship between prevalence and non-technological food service innovation variables using spearman rho. The study variables did not have a significant correlation with the level of prevalence since all the p-values were greater than the critical value. This contradicts Chou et al. (2016), who indicated that restaurants had to innovate to be competitive; however, the following variables were found to have statistically significant correlations: Type of restaurant had a significant correlation with waiter empowerment (p=.008), restaurant equipment (p=0), and food service procedures (p=.03).

3.7. Non-Technological Food Service Innovations and Cost Reduction in Doing Business

3.7.1. New Service Concept and Cost Reduction in Doing Business

The supervisor respondents were requested to indicate how non-technological food service innovation dimensions reduce the cost of doing business. The findings were as shown in Table 4:

	SA (%)	A (%)	U (%)	D (%)	SD (%)
New type of restaurant operation	43.3	33.3	11.7	11.7	
New restaurant atmosphere	51.7	33.3	3.3	8.3	3.3
New restaurant layout	40	51.7		8.3	

Table 4: New Service Concept and Cost Reduction in Doing Business Source: Field Data (2017)

Results from Table 4 show that new restaurant atmosphere had the highest level of agreement at 51.7% reduction on cost of doing business, followed by new type of restaurant innovation at 43.3%, and lastly new restaurant layout at 40%.

Results revealed that new concepts such as roof top restaurant reduce cost, as there is no need for lights during the day. Restaurant atmosphere innovations had cost reduction implications due to the low cost of bulbs and controlled lighting. This may indicate that restaurant atmosphere innovation would reduce light energy consumption or temperature control. An F&B manager (FBM4) commented: "Cost reduction on restaurant theme depended on the cuisine, since African themes were costly as African guests tend to overeat in comparison with others.'

Therefore, one can conclude that cost reduction depends on the theme nights. In addition, the mats replaced table linen and thus reduced laundry costs and table setting time. Results may also imply some décor are more economic as some colour types that may be used in the restaurant are dirt-resistant and hence reduce cleaning costs.

New layout was unusually the least, since a restaurant can be economically organized to accommodate more people without increasing the number of employees. New service concepts included using new affordable raw market goods, new equipment, and increased costs. A manager noted that a new concept "does not necessarily reduce costs but increases efficiency.'

3.7.2. New Delivery System and Cost Reduction in Doing Business

In the new delivery system, respondents indicated restaurant management innovation had the highest reduction in the cost of doing business at 81.7%, followed by waiter/waitress empowerment at 78.3%, and lastly back of house (61.7%).

Other findings noted that waiter empowerment resulted in less time wasted solving problems. There were reduced breakages and reduced wastage. Restaurant management improved efficiency but increased costs due to an improved organization structure and a new back-of-house support.

These findings may imply that the restaurant management innovation is highest in cost reduction since it focuses on an organization structure and new leadership styles that increase efficiency, which leads to reduction of costs. This contradicts findings by Schmidt and Rammer (2006), which shows a marginal reduction of 16%. Waiter empowerment did not feature strongly, since most restaurants focus on technical skills training rather than empowering the waiter/waitress in decision making. Results also show that there is a need for the restaurant industry to be innovative in the back of house initiatives to reduce costs. This could be because it is an area with minimum focus by the management. Notwithstanding this, it is a major cause of customer complaints in the industry.

Results contradict Orifila and Mattson (2009), who claim that back-of-house innovation enhances service delivery. Results imply that restaurant managers should therefore aim to be creative and develop new innovation for back of house. This will reduce slow food service, wrong food orders, or serving cold food.

3.7.3. New Client Interface Innovation and Cost Reduction in Doing Business

Findings on new client interface dimension indicated that the highest reduction in the cost of doing business was in the area of new food service system at 68.3%, followed by new service procedures at 61.7%, and lastly new restaurant equipment at 33.3%.

Results show that new service procedures and systems streamlined the process so as to cut loss of business due to slow service. Introduction of Point of Sale saves time and wastage, eases controls, and guests are not overcharged. Flambé and buffet reduce food cost by 40% and also improve on food preparation and service times. New snack menu and kids' menu enabled quick and easy service. According to FBM5:

New equipment like cappuccino coffee machine had cost reduction in doing business because of reduced time wastage, less water used, and the use of flasks. Most of the new furniture was made of materials that are easier to clean and polish. The implication is that although the industry has been reluctant to change food service procedures, guests feel that changes would lead to reduction in the cost of doing business.

3.7.4. Food Service Innovation and Enhancement of Customer Satisfaction

All supervisors agreed that the frequency of introducing innovations enhances customer satisfaction. All of them agreed on annual frequency, while 81.7% agreed on every two years, and the least was 58.3% for every three years. This could be attributed to the fact that supervisors have direct contact with guests and hence know what is best for them.

The result concurs with the Oslo manual (OECD, 2005), which indicates innovation should be ideally looked at annually, but recommends every two years and if this is not feasible every three years. This shows that the frequency of improvements—especially when done regularly—increased customer satisfaction. According to a study by Gyuracz-Nemeth et al. (2013), hotels had to be innovative so as to open throughout the year. These findings on the impact of introducing innovations would go a long way in helping Kenyan hotels remain open throughout the year. The current position is that coastal hotels normally close during the low seasons. This hurts the national economy, the firms, and their employees.

3.7.5. Food Service Innovation Frequency and Cost Reduction in Doing Business

The highest frequency of reducing the cost of doing business (RC) was annual at 81%, followed by 70% for every two years, and lastly three years and above at 63.3%. An F&B manager (FBM6) agreed: "There is cost reduction in doing business when plastic mats are used instead of linen due to lower laundry costs. Also, using a giraffe in the restaurant to attract guests cuts high marketing charges.'

The result concurs with some studies (OECD, 2005; Ivkov et al., 2016) which hold the view that changes in the restaurant business are silent and invisible, and that guest lives are ever changing and therefore need a prompt response through annual reviews.

3.7.6. New Service Concept and Enhancement of Customer Satisfaction

The respondents were requested to indicate whether the new service concept activities implemented enhanced customer satisfaction. All respondents irrespective of their educational level strongly agreed that the new type of restaurant enhanced customer satisfaction. This concurs with Schmidt and Rammer (2006), who observed that innovation improves service delivery.

Results on the new service concept dimension showed the highest agreement on customer satisfaction was new restaurant atmosphere at 78.3%, followed by new type of restaurant operation at 73.3% and new restaurant layout (73.3%).

According to the results, new service concepts such as coffee shops enhanced customer satisfaction due to the new ambience. New décor of artefacts increased customer satisfaction. New furnishings were easier to clean, reducing laundry costs, while temperature control reduces fuel, and mats reduce laundry costs.

3.7.7. New Delivery System Innovation and Enhanced Customer Satisfaction

A majority of the respondents (91.7%) strongly agreed that restaurant management enhanced customer satisfaction. This is followed by waiter/waitress empowerment (88.3%), and lastly back-of-house support (75%). The results concur with Schmidt and Rammer (2006) results, which indicated that organizational innovation includes management and improved quality of service by 51 %. However, the findings contradict Roger (2008), who had singled out the importance of back-of-house support. These results do not concur with earlier studies that had identified empowering of employees as quite critical (Enz et al., 2010; Napitulu et al., 2016).

Other results indicated that waiter empowerment enhanced customer satisfaction due to easier handling of complaints, and waiters got more tips, hence waiter attitude improved. New management structure enhanced customers due to improved efficiency, hence issues were resolved quickly.

Additional waiters increase costs but enhance customer satisfaction. Well-trained and well-remunerated waiters have a low turnover. Other factors include no front office employees, duty manager checks on guests, removal of red tape to enable clients engage with directors, a manager appointed to check on guest satisfaction, and control and coordination of staff and thus enhancing customer satisfaction. Monthly meetings to sort out complaints reduce costs as there are no meal cancellations. Managers' use of Trip advisor cut costs on marketing, and improved "efficiency in service delivery hence increased more satisfied guests'.

This may be attributed to the fact that good management yields satisfied employees, who produce satisfied guests. The result on back-of-house support as the least again raises the question of the importance of back-of-house support on service delivery.

Findings from other studies show back-of-house support is critical in the success of an organization.

3.7.8. New Client Interface Innovation and Enhanced Customer Satisfaction

A majority of the respondents, at 78.3%, strongly agree on new restaurant equipment, followed by new food service procedures at 73.3%, and finally new food service systems (63.3%), as shown in Figure 4.



Figure 4: New Client Interface and Enhancement of Customer Satisfaction

Some restaurants had no changes in almost all dimensions. Other respondents indicated that the introduction of the use of trays enhanced customer service. These findings suggest that today, guests like new and unique things. New food service systems were least in enhancing satisfaction, since over the years the service system has not changed much. The results concur with Chou et al. (2016), who recognized new equipment as critical in enhancing customer satisfaction.

3.7.9. Non-Technological Food Service Innovation and Value Creation

Customers indicated the highest aspect that enhances customer satisfaction as the restaurant atmosphere at 87.3%. This was followed by new concept at 80.5%, and lastly restaurant layout at 75.6%, which also had the highest response of 24% in cost reduction in doing business. This concurs with models by de Jong et al. (2003), who asserted that innovation increases customer value.

The implication is that restaurants should continue innovating in ambience as this strongly enhances customer satisfaction. This perhaps would encourage restaurants to stop imitating, but instead innovate with more original ideas that are not easy to imitate.

Table 5 shows that the highest response was on back-of-house support at 93.7%, followed by new restaurant management at 82.4%, and lastly empowerment of the waiters at 67.8%.

	E (%)	R (%)	Mean	Std. Deviation
New empowered Waiter/waitress;	67.8	32.2	1.32	.468
New Restaurant management;	82.4	9.8	1.25	.589
New back of house support	93.7	6.3	1.06	.244

Table 5: New Delivery System Innovation and Cost Reduction in Doing Business Source: Field Data (2017)

The results imply that innovation in the back-of-house support would greatly enhance customer satisfaction. Restaurant managers should focus a majority of their innovations in back-of-house support. For instance, to avoid delay in food service, the kitchen and restaurant staff need to develop more creative ways of serving food faster.

Food service/ waiter procedures were the highest in cost reduction of doing business at 97.6%, followed by food service procedures and systems at 89.8%, and lastly new restaurant physical resources at 88.3%. It should be noted that much as the buffet procedure of food service is gaining momentum, it denies guests quality service.

This may discourage some of our international guests, who may prefer a personalized service. The restaurant managers should focus on how the buffet can have a more personalized service.

4. Conclusions and Recommendations

4.1. Conclusions

4.1.1. Non-Technological Food Service Innovation and Value Creation

The study established that in the new service concept dimension, the results were quite low at 51-40%. The restaurant atmosphere had the highest score in both reducing cost of doing business and enhancing customer satisfaction. Restaurant layout was the lowest in both reduction of cost in doing business and enhancing customer satisfaction. It is important to note that restaurant layout, although the most prevalent, scored the least in value creation. Restaurant managers should therefore focus on innovations that are substantively creating value in restaurants.

On the new delivery system, the study established that restaurant management had the highest scores in both reducing the cost of doing business and enhancing customer satisfaction. Likewise, innovation at the back of the house scored lowest in both enhancing customer satisfaction and reducing the cost of doing business.

The study established that in the new client interface, new equipment and furniture scored the highest in enhancing customer satisfaction, while food service systems innovations came last. In reduction of the cost of doing business, innovation in the food service system scored the highest, while new equipment came lowest.

<u>4.1.2. How Non-Technological Food Service Innovation Dimensions Create Value in Restaurants within Hotels in Nairobi</u> <u>County</u>

Restaurant atmosphere, restaurant management, and new equipment innovations were the highest in enhancing customer satisfaction. Restaurant layout, back of the house, and food service systems innovation were the least in enhancing customer satisfaction.

Restaurant atmosphere, restaurant management, and food service systems were highest in reducing the cost of doing business.

Non-technological food service innovation dimensions create value in restaurants. Consequently, restaurant managers should come up with unique and singular innovations that would not only promote the hotel but the destination as well.

Study findings also indicate that restaurant layout, back of the house, and new food service equipment had the lowest influence on value creation. Therefore, restaurant management teams should be more creative in developing innovations in these aspects in order to boost value creation.

There was lack of focus on organization management (new delivery) and customer experience (new concept and client interface). If these areas are given focus, then value creation would be boosted even further.

4.2. Recommendations

Based on the findings of the study, the following recommendations were made:

- Restaurant managers should develop innovations in restaurant atmosphere, restaurant management, and food service system as these greatly reduce the cost of doing business.
- A further study be done on the impact of non-technological service innovations in other major hotel departments such as housekeeping, food production, and front office.
- A study on comparing technological innovation and non-technological innovation be done in food service and other function areas in Kenyan hotels and restaurants
- There is a need to conduct a longitudinal survey on non-technological food service innovation so as to understand its development and challenges encountered.

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