



Customer Based Performance of the Hotel Industry: Analysis of Service Package and Brand Innovations

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Abstract

This study aims to examine the influence of service package and brand innovation on customer relational performance and customer profit performance of the hotel industry. Data were collected from 112 hotel operators. PLS-SEM was used to derive the path coefficient (β) and t statistics to determine the path relationship between service packages, brand innovation, customer based relational performance and customer based profit performance. This study shows that both service package and brand innovation have influence on both customer relational performance and customer profit performance. Brand innovation does not moderate the relationship between service package and customer relational performance of the hotel industry. The study findings may not be generalizable to other categories of the restaurant industry because of the relatively small sample size and the respondents selected from limited geographical area. The findings, however, will help hotel operators to implement critical packaging operations of the hotel services and improved brand innovations to elicit higher customers' based performance. Unlike the previous studies on marketing performance, this study examines the combined effect of service package and brand innovation on customer based relational performance and customer based profit performance of the hotels.

Keywords: Service Package, Brand Innovation, Customer Relational Performance, Hotel



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I. Introduction

The contribution of the tourism sector in every country is a concern to key stakeholders in the industries that define the tourism sector (Andersson and Getz, 2009; Demiroz and Ongan, 2005). The tourism sector's current role in expanding economic opportunities present a paradox (Ashley et al., 2007; Brida et al., 2007). Revolving this paradox offers tourism organizations the potential to develop and play its role towards achieving greater national development. Such an orientation has prompted hotel operators' attention on the need to improve on their performance by exploiting the potential of increasing their client base (Molina-Azorin et al., 2015; McManus, 2013). In the wake of growing competition and the pressure involved in providing customer satisfaction, CEOs of most hotels are confronted with the reality of adopting innovations (Becerra et al., 2013). Customer relational satisfaction is the major objective of businesses in the hotel industry (Satti et al., 2020; Berezina et al., 2016; Theodosiou and Katsikea, 2012). However, to ensure performance through satisfied customers, it is required for service-firms including hotels, to understand and meet the needs of their customers. It has, therefore, become imperative for hotels to be highly responsive to the ever changing customer demands and their expectations, and seek to provide high quality service that is different in order to ensure higher customer based performance (Cheng et al., 2019). In order to achieve this, hotels always seek to package their services in a manner that is close to the variety of expectations and needs their potential customers might have (Mohsin and Lockyer, 2010). According to Ladhari et al. (2011), surviving and thriving in the competitive hotel industry can only be made possible when hotels obligate to exercise good customer service in their operations.

Innovations are required to improve the outcomes of firms' service package; which can lead to a higher customer based performance (Campo et al., 2014; Hendrayati, and Gaffar, 2016). This assertion is put forward by Zomerdijk and Voss (2010), who argue that ensuring quality delivery through providing an enthralling service package is one way of promoting client acquisition. The improved service package leads to increased levels of client loyalty and satisfaction, which ultimately leads to increased profitability (Akoğlan Kozak

and Acar Gürel, 2015). Generally service providers including hotels are recognizing the importance of addressing client needs and expectations in order to increase service quality and profitability (Mohsin and Lockyer, 2010). With strong innovativeness, hotels can continuously upgrade the quality of their service package and its delivery; which will likely increase the perception and experiences of the customers (Martínez-Ros and Orfila-Sintes, 2009; Orfila-Sintes and Mattsson, 2009). Despite the importance of innovation in the field of marketing, literature has not given much attention to the role of brand innovation in the service package and customer relations literature. According to Accra and Kumasi, the capital and the second capital cities of Ghana respectively are experiencing a growth in hotel industry (Amoako et al., 2019; Kankam-Kwarteng et al., 2019), it as an opportunistic response to hospitality researchers.

The tourism industry in Ghana is projected to grow at an average of 4.1% over the next two decades (Ghana Investment Promotion Center, 2010). This growth suggests a growth in the business of hotels because the more tourists who visit Ghana, the more hotels they will need to lodge in. This growth also implies a growth in the revenue of the entire hotel industry, especially since hotels account for about a third of the total revenue from tourism. The relative stability of the Ghanaian political system, coupled with the continuous growth of the economy has served as a catalyst for the growth of the hotel sector. It is quite alarming that with so many hotels in the country, only few of them are well promoted. The researchers believe that service packages and brand innovations can contribute to customer relational performance which has a long term effect of the survival on the hotel industry. The purpose of the study, therefore, is to examine the moderating effects of brand innovations on the relationship between service package and customer relational performance in the hotel industry in Ghana.

II. Literature Review and Hypothesis Development

Effects of Brand Innovation on Customer based Performance

According to literature, the desire to provide an enthralling service experience to customers in order to increase market value and competitiveness, has necessitated the drive towards brand innovations (Grigoriou et al., 2016; Ottenbacher and Gnoth, 2005). Contemporary organizations have generally pursued innovations in order to provide superior valued services and products to the market (Wikhamn et al., 2018; Orfila-Sintes and Mattsson, 2009; Ottenbacher and Gnoth, 2005). The significant and positive impact of brand innovations is well recognized in extant literature. Researchers (Mattsson and Orfila-Sintes, 2014), explain that innovativeness have positive effects on service quality, consumer preference, enterprise' market value and share, employee productivity and customers satisfaction retention (Ballantine, 2005). A brand is expected to have effect on consumer behavior towards consumption by means of presenting innovations in services that encompass unique attributes likened to other brands (Grigoriou et al., 2016; Paek and Lee, 2018). In an environment with diverse brands, firms' innovativeness

represent a key element for the enterprise success (Kiani *et al.*, 2019; Ottenbacher and Gnoth, 2005). Improving the quality of the service brand through innovation enhances the quality of the rendered service which leads to a higher customer satisfaction (Kankam-Kwarteng and Donkor, 2016). While many measures compete for attention in evaluating marketing performance, customer-based performance stands out in bagging the usefulness of the enterprise' marketing operations and is estimated through activities to develop customers' relationship management and specifically monitoring and evaluating profitability accrued from customers (Hankinson, 2012). Customer based performance is an important concept that reflects the management's perceptions of the extent to which the firm has managed to deliver excellence in satisfying, developing and maintaining customers, and profitability analysis which is also an essential indicator for future decision-making (Cheraghalizadeh & Tümer, 2017; Neslin *et al.*, 2006; Nwokah, 2008). Notwithstanding its significance, brand innovations and their relationship with customer based performances is a major problem confronting the hospitality industry globally (Ottenbacher and Gnoth, 2005). It can therefore be hypothesized as follows:

H1: Brand innovation has a positive and significant impact on customer based profit performance.

H2: Brand innovation has a positive and significant impact on customer relational performance.

Effects of Service Package on Customer based Performance

According to literature, the total service experience obtained through the service package has an effect on customer based performance (Edvardsson *et al.*, 2005). Service packages that focus on providing significant service experiences are likely to prompt customer reactions intentions (Akoğlan Kozak and Acar Gürel, 2015; Baker *et al.*, 2002). A service package arranged by a hotel at an inclusive price with the provision of transportation, food and lodging services as well as security, recreational and aesthetic services creates a memorable and comfortable atmosphere. There has been a great demand for more personalized services that are specifically tailored to the individual customer and business requirement (Odekerken-Schröder *et al.*, 2003). Due to the complexities in consumer preferences, practitioners in the hospitality industry including hotels have learnt to develop creative ways of bundling different compartment of their services to their customers (Fischer *et al.*, 2017). The form and nature of service package offered have been geared towards providing an enthralling and complete service experience to clients to meet all the potential needs of customers (Shaw *et al.*, 2011). Concepts such as customer orientation, staying close to the customers, customer segmentation and niche marketing, customer as co-producer (Patel *et al.*, 2013; Wikstrom, 1996), value co-production, critical co-developer of knowledge and competence (Sivula *et al.*, 1997) and co-opting customer knowledge (Gibbert *et al.*, 2001), all point to the much more significant role of customers in business success than ever, which necessitates the focus of customer-based performance. Bowie and Chang (2005) explain that customers who patronize service package

experience hedonistic consumption and enjoyment which significantly influence their general satisfaction; a tool for both profitability and relationship building. Thus, it can be hypothesized as follows:

H3: Service package has a positive and significant effects on customer profit performance

H4: Service package has a positive and significant effects on customer relational performance.

The Moderating Effect of Brand Innovation

The use of innovation as a moderated component of organization resources was studied in previous research (Kankam-Kwarteng *et al.*, 2018). According to literature, brand innovation that focuses on providing a memorable service experience compliments the effort of other internal resources to increase customer relationships (Kimpakorn and Tocquer, 2010; Ottenbacher and Gnoth, 2005). Specifically, the ability of a hotel to implement package of its services such that it enhances the emotive as well as the utilitarian value customer obtain from patronizing these services increases the level of achieving higher customer relations may include innovation capabilities (Bowie and Chang, 2005). However, Orfila-Sintes and Mattsson (2009) also argue that the ability of hotels to develop new service offerings or upgrade existing brands increases the quality of service offerings. Thus it is expected that by engaging in brand innovations, the experiences provided by the service packages will highly improve and thereby boost the extent of customer relations. The implication is that service package offered with strong brand innovations will enrich customer experiences and thereby lead to a higher customer based performance (Satti *et al.*, 2020). Based on this discussion, it can be hypothesized as follows:

H5: Brand innovation moderates the relationship between service package and customer based profit performance

H6: Brand innovation moderates the relationship between service package and customer based relational performance

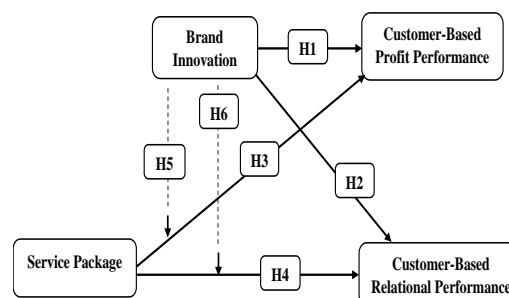


Figure 1. Conceptual Framework

Source: Authors' own compilation

III. Methodology

A sample size of 112 hotels in the Accra and Kumasi were included in this study. The hotel focused

questionnaire was formatted into three sub-sections. The questionnaire was designed using the ‘Likert Scale’ answering method. Responses to these questions were measured by a five-point Likert scale - “1” denoting strongly agree, to “5” denoting strongly disagree. The questionnaire was designed focusing on the hotels and how their operations relating to service package and brand innovation influence customer relational performance. The participants were selected based on willingness to return the questionnaire. 150 questionnaires were sent out to the targeted hotels. The 112 questionnaires which were returned after a number of visits to the hotels were used for the analysis. The data were analyzed using both descriptive and inferential analytical methods. The analysis was conducted in a stepwise manner based on SmartPLS procedures.

Measures

The brand innovation scale was composed of 4-items that asked the following listed statements: Brand innovation leads to services that are difficult to substitute with older services, brand innovation is a breakthrough innovation activity, brand innovation is an improvement over previous technology and brand innovation characterizes a major advance in our technological subsystem (Gatignon *et al.*, 2002). Service package was measured using 7 items which were adapted and refined from previous studies on service package (Baker *et al.*, 2002; Akoğlan Kozak and Acar Gürel, 2015; Odekerken-Schröder *et al.*, 2003) that are motivators for packaging, components in the service package, customer experience in the service package, pricing influenced by service package, customer delight of the service package, service package encourage customer to repeat purchase. Customer based performance has been categorized into two dimensions; customer based profit performance and customer based relational performance. Customer based profit performance dimension was measured using 5 items; identifying profitable customers, acquiring profitable customers, retaining profitable customers and converting unprofitable customers to profitable ones. Customer based relational performance dimension was based on 5-items: Customers are always happy with our services, minimum customer complaints about our services, referrals from our customers, good customer retention rate, customers are loyal and high customer commendation (Ramani and Kumar, 2008; Chang *et al.*, 2014; Patel *et al.*, 2013).

PLS-SEM Measurement Model Validation

In order to estimate the internal reliability, this study performed Cronbach’s Alpha (CA), composite reliability (CR) and average variance extracted (AVE). Reliability coefficient indicates how well the items in a set are positively related to each another. Gerrard *et al.* (2006) explain that Cronbach’s alpha should be 0.70. Researchers (see; Kline, 2000; George and Mallery, 2003) also argue that Cronbach’s alpha for establishing the internal consistency reliability should be based on: Unacceptable ($\alpha < 0.5$), Poor ($0.5 < \alpha < 0.6$), Acceptable ($0.6 < \alpha < 0.7$), Good ($0.7 < \alpha < 0.9$) and Excellent ($\alpha > 0.9$). The variables included service package 7-items, brand innovation 6-items, Customer-Based Profit Performance 5-items and Customer-Based Relational Performance 5-items. The Cronbach’s alpha was shown as service package =0.919,

brand innovation =0.876, Customer-Based Profit Performance=0.870 and Customer-Based Relational Performance =0.851. (See; Table 1). Composite reliability denotes the ability of the measurement instrument or scale to produce results which are consistent if replicated in another study. The composite reliability value showed that Service Package = 0.935, Brand Innovation = 0.907, Customer-Based Profit Performance =0.906 and Customer-Based Relational Performance =0.894. Similarly, the average variance extracted values exhibited 0.672, 0.622, 0.659, 0.628 for service package, brand innovation, customer based profit performance and customer based relational performance respectively, showing required convergent validity of estimates since they are well above the recommended 0.50 estimate. Hence, reliability examines the instrument’s consistency over a diversity of different conditions.

Table 1: Reliability and Validity Test Results

Construct	Items	Loadings	CA	rho_A	CR	AVE
Brand Innovation	BI1	0.700	0.876	0.883	0.907	0.622
	BI2	0.707				
	BI3	0.840				
	BI4	0.835				
	BI5	0.863				
	BI6	0.769				
Service Package	SP1	0.790	0.919	0.922	0.935	0.672
	SP2	0.822				
	SP3	0.808				
	SP4	0.819				
	SP5	0.804				
	SP6	0.848				
	SP7	0.845				
Customer-Based Profit Performance	CBPP1	0.784	0.870	0.872	0.906	0.659
	CBPP2	0.776				
	CBPP3	0.843				
	CBPP4	0.820				
	CBPP5	0.834				
Customer-Based Relational Performance	CBRP1	0.860	0.851	0.859	0.894	0.628
	CBRP2	0.774				
	CBRP3	0.772				
	CBRP4	0.830				
	CBRP5	0.719				

*note: cronbach’s alpha (CA); composite reliability (CR); average variance extracted (AVE)

Source: SMARTPLS Software Output

Discriminant validity checks whether the items chosen to measure a variable fit the intended purpose. The Fornell-Larcker (1981) criterion was examined to determine the discriminant validity. With the Fornell-Larcker criterion, measures exhibited the required discriminant validity because constructs demonstrated a greater variance with items that measure the construct than with items of other constructs. The square root of the AVE for each factor (diagonal values) was revealed as higher than the pair-wise correlation between the factors (off-diagonal values) (Table 2). The cross loadings also exhibited that the items loaded higher on their respective constructs above 0.60 than on another construct (Table 2). 4 items were deleted from brand innovation construct because they showed low loadings below 0.60.

Table 2: Discriminant Validity: Fornell and Larcker

Variables	Criterion			
	BI	CBPP	CBRP	SP
Brand Innovation	0.788			
Service Package	0.774	0.812		
Customer-Based Profit Performance	0.627	0.627	0.793	
Customer-Based Relational Performance	0.536	0.518	0.540	0.820

*Note: Values on the diagonal are the square roots of the average variance extracted (AVE) for each factor

Source: SMARTPLS Software Output

Following Bagozzi and Yi (2012), some approximations fit heuristics were also estimated to exhibit additional information on model fit and the estimates is between acceptable to excellent fit. A six-factor confirmatory factor analysis model fits the data well, with estimates attaining the specific benchmarks observed in Table III which exhibits a chi-square = 480.452, NFI = 0.799, and SRMR = 0.072. All the constructs were significant and positive as shown in Table 3.

Table 3: Model Fit Indices

	Saturated Model	Estimated Model
SRMR	0.069	0.072
d_ ULS	1.311	1.431
d_ G	0.590	0.602
Chi-Square	473.971	480.452
NFI	0.801	0.799

Source: SMARTPLS Software Output

IV. Results

Demographic Information

The demographic information of respondents and firms (see Table 4) shows that the majority of the hotels sampled have operated for more than 10 years. This is evident by the fact that 58.0% of the total sample of hotels reported having existed for more than a decade. In terms of size, it was gathered that majority of the sampled hotels are medium sized with 21-40 workers. The report showed a share of 45.5% of the total sample. Focusing on individual respondents' attributes, Table 4 shows that the majority of respondents are males (70.5%). Female participants represented 29.5% of the sample. With reference to age, the demographic analysis shows that a

significant proportion of participants are 30 years and above. However the age group with the largest representation is 30 to 39 (42.9%). It was also identified that the average work experience of the respondents is approximately 5 years.

Table 4: Firm and Respondent Background Information

		n	%	
Firm Age	Less than 10 years	47	42.0	
	10 years and above	65	58.0	
Firm size	5-20	40	35.7	
	21-40	51	45.5	
	41+	21	18.8	
Respondent's gender	Male	79	70.5	
	Female	33	29.5	
Respondent's age (years)	20 to 29	15	13.4	
	30 to 39	48	42.9	
	40 to 49	40	35.7	
	50+	9	8.0	
Respondent's position	Non-manager	44	39.2	
	Manager	68	60.8	
	Min	Max	Mean	SD
Firm age (years)	1	41	10.66	7.727
Respondent's experience (years)	1	18	4.88	3.100

Source: SMARTPLS Software Output

Coefficients of determination (R²) and adjusted R² (R² adj)

The coefficient of determinant (R²) exhibits the precision of prediction of constructs in structural frameworks. The PLS-SEM procedure aims at maximizing the R² estimates of endogenous latent variables in the path structure. R² estimates are weak, moderate and substantial if their values are 0.25, 0.50 or 0.75, respectively. The R² adj. estimate reduces the R² value to compensate for including non-significant exogenous latent variables in order to increase the explained variance R². The model illustrates moderate predictive accuracy (R² adjusted) value of 0.609 customer-based profit performance and relatively weak predictive accuracy (R² adj) estimate of 0.441 toward customer-based relational performance as shown in Table 5.

Table 5: Coefficients of Determination (R²) and R² Adjusted

Dependent variables	R Square	R Square Adjusted
Customer-Based Profit Performance	0.617	0.609
Customer-Based Relational Performance	0.452	0.441

Source: SMARTPLS Software Output

Direct Effects of Service Package and Brand Innovation

The PLS-SEM was utilized to estimate the four hypotheses for the study, which examines the inter-linkages between service package, brand innovation, customer-based profit performance and customer-based relational performance. The bootstrap procedure was run to test path significance and t-values (see Table 5). This was followed by the PLS algorithm to determine the path coefficient (β). The structural model supported H_1 , H_2 , H_3 and H_4 . In hypothesis 1, the study posited that service package has a significant positive effect on customer profit based performance in the hotel industry. The results indicate that service package has a significant and positive effect on customer-based profit performance (BI -> CBPP; $\beta = 0.676, t=11.723, p < 0.000, s.$). All the indicators, path coefficient, t-values and the p values show a significant of service package on customer-based profit performance in the hotel industry (see Table 5). Thus hypothesis (H_1) which states that there is a positive relationship between service package and customer-based profit performance is supported. In H_2 the study examines the effect of brand innovations on customer relational performance in the hotel industry. The results revealed a positive and significant effect of brand innovation on customer-based relational performance (BI -> CBRP; $\beta = 0.484, t=6.407, p < 0.000, s.$). (See Figure 2). The implication is that brand innovation activities is beneficial to the hotel industry as it affords the hotel the opportunity to achieve higher customer-based relational performance. Thus hypothesis (H_2) is also supported. In H_3 the study examines the effect of service package on customer-based profit performance in the hotel industry. The results revealed a positive and significant effect of service package on customer-based profit performance (SP-> CBPP; $\beta = 0.161, t=2.547, p < 0.011, s.$). (See Figure 2). The implication is that service package activities is beneficial to the hotel industry as it affords the hotel the opportunity to achieve higher customer-based Profit performance. Thus hypothesis (H_3) is also supported. In H_4 the study examines the effect of service package on customer-based relational performance in the hotel industry. The results revealed a positive and significant effect of service package on customer-based relational performance (SP -> CBRP; $\beta = 0.278, t=3.386, p < 0.001, s.$). (See Figure 2). The implication is that service package activities is beneficial to the hotel industry as it affords it the opportunity to achieve higher customer-based relational performance. Thus hypothesis (H_4) is also supported.

Table 6: Path Significance of the Structural Model

Paths	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	p-values	Sig.
BI -> CBPP	0.676	0.678	0.058	11.723	0.000	Yes
BI -> CBRP	0.484	0.486	0.076	6.407	0.000	Yes
SP-> CBPP	0.161	0.161	0.063	2.547	0.011	Yes
SP -> CBRP	0.278	0.278	0.082	3.386	0.001	Yes
SP*BI-> CBPP	-0.044	-0.044	0.049	0.897	0.370	No
SP*BI-> CBRP	0.022	0.019	0.054	0.413	0.679	No

*Note: moderation effect (service package * brand innovation)

Source: SMARTPLS Software Output

Moderation Analysis

The H_5 focused on examining the moderation effect of brand innovation on the relationship between service package and customer-based profit performance in the hotel industry. Based on the PLS-SEM product indicator procedure for moderation analysis, it was found that the interaction of brand innovation and service package has no significant positive effect on customer-based profit performance (SP x BI→ CBPP; $\beta = -0.044, t=-0.897, p < 0.370, ns.$). (See Figure 2). The implication is that brand innovation decreases or reduces the negative effect of service package on customer-based profit performance in the hotel industry. The conclusion is that hypothesis (H_5) which states that brand innovation negatively moderates the relationship between service package and customer-based profit performance is rejected. The H_6 focused on examining the moderation effect of brand innovation on the relationship between service package and customer-based relational performance in the hotel industry. Based on the PLS-SEM product indicator procedure for moderation analysis, it was found that the moderation of brand innovation has no significant positive effect on customer-based relational performance of the hotel industry (SP x BI→ CBRP; $\beta = 0.022, t=0.413, p < 0.679, ns.$). (See Figure 2). The conclusion is that hypothesis (H_6) which states that brand innovation moderates the relationship between service package and customer-based relational performance is rejected. Thus, all the moderation hypotheses were rejected as shown in Table 6.

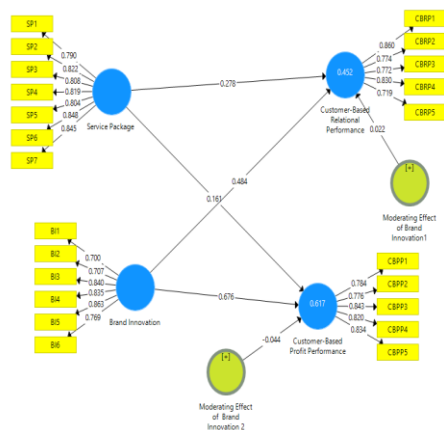


Figure 2. Path Significance

V. Discussion

This study examined the relationships between service package, brand innovation and customer based performance in the hotel industry in Ghana. Customer based performance was conceptualized into customer based profit performance and customer based relational performance (Newell 2003; Prahalad and Ramaswamy 2004; Brown *et al.*, 2005; Ramani, and Kumar, 2008). The study was necessitated by the limited amount of research work focusing on the effect of service package in the hospitality industry and the moderating role of brand innovations and their contribution towards the development of the tourism industry. The effective packaging of the hotel services has a significant effect on achieving both customer profit performance and customer relational performance of firms in the hotel industry. According to literature, customers demand services to satisfy their needs. The brand innovation was also found to have significant effect on customer profit performance and customer relational performance in the hotel industry. It has been emphasized that the constant use of service package provides the contemporary businesses the capacity to meet the needs of its customers (Mohsin and Lockyer, 2010; Andersson *et al.*, 2007). Bowie and Chang (2005) found that service package, experience hedonistic consumption and enjoyment significantly influence overall satisfaction. According to Bowie and Chang (2005) and Nawi *et al.* (2019), the successful deployment of service packages provides positive effects or functional improvement to the welfare of customers. It was also found that hotels that innovate or most likely to recreate or revise their branding activities are most likely to obtain more satisfied customers than those which do not (Paek and Lee, 2018; Upadhyaya, Hakeem, and Chavan, 2013; Ottenbacher and Gnoth, 2005).

Contemporary organizations have generally pursued innovation in order to provide superior valued services and products to the market. Typically, innovative organizations constantly engage the market in order to obtain reliable feedback from customers and to find out the preferences and needs of customers (Kimpakorn and Tocquer, 2010). According to Edvardsson *et al.* (2005), due to the intense competition in the service industry, it is imperative for hotels to effectively monitor and advance the value of service provided. Improving the quality of the service brand through innovation according to the findings of this study enhances the quality of rendered or delivered

service to customer which leads to a higher customer profit performance and customer relational performance (Kankam-Kwarteng and Donkor, 2016). Moreover, it was detected that brand innovations leverages the effect of service package on both customer based profit performance and customer based relational performance. According to Orfila-Sintes and Mattsson, (2009) the ability of hotels to develop new service offerings or upgrade existing brands increases the quality of service offerings. Thus it is expected that by engaging in brand innovations, (Grigoriou *et al.*, 2016) the experiences provided by the service packages will highly improve and thereby boost the extent of customer relational performance of the hotel industry. The implication is that service package offered with strong brand innovations enriches customer experiences and thereby leading to a higher customer profit and customer relational performance.

Based on the findings of the study, it is important for hotel management to focus on service package and brand innovations if aims to succeed in competitive business market through the achievement of high customer based performance. It is observed that an engagement in effective and suitable package of services will yield a higher customer based performance (customer profit performance and customer relational performance). Hotels can package services such as room services, accommodation and restaurant services, recreational activities and health services to excite customers. Customer needs are dynamic and the preferences of customer are observed to change, contingent on several factors. It has therefore become imperative for hotels to be highly responsive to the ever changing customer demands and their expectations, and seek to provide high quality service that is different in order to ensure customer relational performance is achieved. In order to do this, hotels always seek to package their services in a manner that is close to the variety of expectations and needs their potential customers might have. This will provide a holistic and enthralling experience to customers. This is because customers are highly likely to patronize hotels that offer service package which actually involve a complex bundle of sub-environments or subsectors including optional tours, room services, restaurants, health and recreational benefits, attractive and serene environment, sports among others. A service package that comprises these attributes is therefore likely to yield a higher customer relational performance. Finally, managers and operators should ensure that employees are well trained and understand the various levels of service packages that the hotel expects to provide for their customers. Employees should be able to demonstrate personal knowledge in promoting brand innovations of the hotel and how customers are likely to benefit from such initiatives. Ensuring that employees are well positioned, and giving the needed attention to critical service innovation elements that will provide improved customer relational performance.

This study has some limitations. The sample size used for this work was small and the application of convenient sampling techniques may not be completely representative of developments in the hotel industry. The small sample size may affect the results of this study or limit its capacity to make generalizations. As a result, more research with randomized design and larger sample are suggested for future research in the study area. Also the research was designed as cross sectional study. For a

more rigorous appreciation of the operational capabilities of the hotel industry, future study into service package, brand innovation and customer based performance (customer profit and customer relational performance) should take longer periods of time or a longitudinal study. This study also reconfirms the importance of delivering service package in the hotel industry, and suggests that practitioners in the hospitality industry move further toward the development. Another limitation is that the research bundled all the hotels to determine to study service design and brand innovations across the industry. Future research should shed light on such issues as how various categories (budget, guesthouse and star hotels) in the hotel industry actively design their service packages and build brand innovations to excite customers.

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