

## Implications of Innovation for Quality in the Smes in the Restaurant Industry. An Empirical Study in Mexico City

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According to the World Trade Organization (WTO, 2015), the services sector plays a key role in the economy, accounting for two thirds of world GDP. Regarding to tourism, this is key to the economic development, generating higher revenues than those of the real estate or automotive sectors. The World Travel and Tourism Council (WTTC, 2017a) mentions that the tourism industry generates 1 in every 11 jobs and contributes 10.2% to world GDP. Thus, it is observed that, both in developed and developing countries, this activity is often the support of its economy.

Concerning to innovation, the World Intellectual Property Organization (WIPO, 2018) indicates that this is currently the most important ingredient of any modern economy, since it originates more than half the growth of countries such as Switzerland and the United States. Innovations are the engine of growth in market economies and the ability to innovate is crucial not only for the survival of individual companies, but for the economy of a modern nation.

For an entrepreneur, innovation means making any change that allows your company to increase productivity and improve its competitive position - at a sectorial, national and or, international level - towards activities with greater added value and distinguishing itself from its competitors. In this sense, companies in tourism can make the decision to innovate for reasons as diverse as: improving efficiency and or, quality of products or services, meet the demand, follow market trends, solve an internal problem, lack of availability of qualified employees or to optimize resources. Because of the aforementioned, innovation is seen as a competitiveness strategy to achieve differentiation from competitors, raise productivity, quality or profitability.

The importance of addressing the issue of innovation for service quality in catering establishments is relevant both, for public policies and for the permanence of the tourism sector, since it is not enough to have potential, it is also necessary to develop new products or processes that safeguard this economic activity. Thus, faced with the competitive landscape that this sector is currently experiencing, companies have

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considered driving a series of changes to address, on one hand, their profitability and, on the other, the quality of service to satisfy their customers. In such a way that the sector is intrinsically related to the ability to provide personalized services with the adoption of various types of innovations - in marketing, management, product or process - keys for business continuity.

Faced with this new situation, innovations become essential for survival. Together, this means concentrating efforts on being competitive by reducing costs, time or other types of resources. This should be the introduction to improve quality or create collaborative networks between catering companies and strategic companies. On the other hand, diners consider that for the choice of the restaurant are important tangible and intangible aspects of the establishment, such as the image (decoration), opening hours, food price, parking and staff -efficient-, which leads to loyalty.

Likewise, to catalyze the adoption of innovations, restaurants companies must consider the challenges that the sector faces when trying to obtain new solutions and identify areas of opportunity, that is, analyze their environment. These challenges are aimed at finding proposals for innovative and appropriate (viable) solutions for each type of company -according to their needs-.

In this sense, this work focuses on examining the innovation practices of small and medium-sized restaurant businesses and their involvement in the quality of service. Considering the above, from the review of the literature, this work has as a general objective to know the implications of innovation for the quality of the SME offered by the restaurant service in the Corredor Turístico Centro Histórico de la Ciudad de México (Historic Downtown Tourism Corridor of Mexico City). Thus, the following question arises: How does innovation influence the quality of the service of SME restaurants? It should be noted that this research considers innovation as: making any change that allows the company to increase productivity and improve its competitive position towards activities with higher added value and distinguish itself from its competitors.

The research is qualitative, through contextualization and theoretical knowledge of the variables defined in the study. In association, given the lack of empirical evidence about the importance of innovation for quality of service, this is exploratory and, therefore, inductive, since it is based on the experience of the interviewee to answer issues around the construct of study.

Thus, a structured questionnaire and an observation guide were designed. In the case of the questionnaire, it is organized into 5 sections: 1) specific factors of each company, 2) tourism marketing -design and product management, customer loyalty through quality, 3) use of technologies, 4) policy and regulatory framework and 5) characteristics of service provision. In turn, the observation guide considered the indicators associated with the tangible aspects of quality service: 1) infrastructure, 2) security, 3) furniture and equipment, 4) hygiene, 5) contact personnel, 6) dishes, and 7) other services.

It is important to mention that the Corredor Turístico Centro Histórico was chosen because of the importance it has for tourists who visit Mexico City, the main tourist destination in the country. In addition, this corridor is located in the Cuauhtémoc City Hall, which according to the Secretaria de Turismo de La Ciudad de México (2018) is the Mayor's Office with the most influx of tourists.

Based on the results obtained in the fieldwork during the reference period, it is found that 56% of the companies declare carrying out innovation activities in marketing, which means that they incorporate new methods and ways of commercialization. Another important proportion (23%) is identified as organizational-



type innovators, which means that they implement new methods in knowledge management, in the workplace or in the management of their external relations. 12% identify themselves as innovative companies in processes, that is, they introduce methods of production, distribution, administration, design, provision of services -whether new or modified-, with substantial changes in their performance. Lastly, 9% make improvements in their products or services.

At the same time, it is identified that creating collaboration networks between restaurant companies with some other strategic companies allows the reduction of costs, time or other types of resources. The finding is that, a high percentage (88%) of the companies have not introduced technological changes that could be a competitive advantage, since for them it implies an expense and an investment. It is known that the use of social networks is largely experimental and that, despite being a growing trend, only 5% of catering companies take advantage of their potential, which reflects the technological backwardness. Also, it is demonstrated that the quality in the service has a positive impact on the company, by increasing consumer loyalty and the likelihood of future purchases, reducing the possibility of changing to another brand or service provider and increasing the recommendations by word of mouth.

Simultaneously, the need for restaurants must focus their attention on the level of service offered to delineate new business systems, new channels of information and distribution or new services that help offer quality experiences.

Derived from the above, it is worth mentioning that the discussion extracted from the field work is difficult to generalize beyond the limits of the particular analyzed cases. Consequently, the conclusion about the effect of innovation on the quality of service is based on evidence obtained through company-level data.

According to the results obtained, in this search for information on the implications of innovation, the manager or managers of the establishments manifested some other impacts that had not been contemplated at the beginning of the investigation. In this sense, the results of the field study have also made it possible to identify impacts that are not closely related to the quality of the service, such as reducing costs, generating collaborative networks or increasing market share. It is also stated that innovation is not always related to quality, but may favor other actions carried out in the company.

Lastly, the contribution of empirical evidence to an area of research that has not been addressed and pioneered in the Mexican restaurant industry is mentioned as one of the most significant contributions.

