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	Comments	Max Mark	Actual Mark
Introduction *Identification of a valid topic, research question and objectives framed to Masters Level standard with academic rationale developed, clear industry contextualisation of the research topic*	**Supervisor Comments:** **2nd marker Comments:**	**10%**	
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The Relationship between Innovation Influence and Customer Loyalty: An Empirical Study of an Experience Economy Industry

A dissertation submitted in partial fulfilment of the requirements of the Royal Docks Business School, University of East London for the degree of MSc International Business Management

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The Relationship between Innovation Influence and Customer Loyalty: An Empirical Study of an Experience Economy Industry

Student Number: 1323850

Table of Contents

1. Abstract

Good customer experience is a driver to increased customer satisfaction, leading to customer loyalty. This is prominent in the context of experience economy industries, an industry where the main purchase is an experience. Previous conflicting theory depicts innovation as a positive influencer and non-influencer of customer satisfaction. To add value, a new research is proposed by incorporating two new elements. 1 - Innovation in the forms of customer related, innovation a customer directly experiences, and co-customer related, innovation a customer directly experiences and aides in the development process. 2 - The research uses two separate kinds of customers, loyal and non-loyal. This sets the stage for the research question: what is the relationship between innovation influence and different levels of customer loyalty? The hypotheses will test the correlation between the influences of the two innovation forms amongst loyal and non-loyal customers. The chosen industry is U.S. amusement parks and the sample population will be its customers. The research method will incorporate a normative questionnaire regarding participant opinions and behaviours towards certain elements. The data concluded that innovation plays little to no positive influence on customer opinion or behaviour. Conversely, the scientific testing discovered a significant positive correlation between the influences of the two innovation forms amongst loyal customers. Therefore, if your loyal customers are positively influenced by new products or services, they will be positively influenced by co-creating new products or services. Recommendations for a different industry context and a more varied description of customer loyalty are proposed for further research.

2. Introduction

2.1 Background

There exists conflicting views on the influence that innovation plays upon customer opinion and behaviour, even though there is no doubt that

innovation is an important element to organisational growth. To simply stop innovating results in certain organisational loss. The different choices of innovation, for instance process driven or product driven, results in different effects of growth. Innovation managers often use normative approaches to innovation which decreases the dynamic capabilities that other innovation choices could potentially produce (Ortt and Van Der Duin, 2008). Sometimes, managers need to introduce an innovation that will significantly enhance a customer's level of satisfaction.

Customer experience is a tremendous catalyst to the new age of business. It is often associated with employee and customer interaction, an intangible aspect of a purchase, but is not limited to them. Certain aspects of an experience can make or break a customer's decision to become a loyal customer and research has proven that customer expectations are increasing faster than organisations' abilities to meet them (Jenkinson, 2006). Conclusions were drawn that customer engagement, with regards to developing and testing ideas, was important to experience research (Johnston and Kong, 2011). Resulting efforts have come in the co-creation capabilities of certain organisations.

The experience not only influences the customer's return but the customer's willingness to recommend the organisation, also known as a very powerful advertising tool called word-of-mouth communication. As research concluded, customers of positive experience believe businesses should be rewarded with positive word-of-mouth communication and those customers demonstrated a certain commitment to the organisation (Cheung *et al.*, 2007). The positive experience gets customers talking, thus putting brand names in potential customer's heads leading to growth of an organisation's customer following.

The positive customer experience leads to the expansion of your loyal customer population. An organisation's loyal customers are the repeat users and customer loyalty was concluded as one of the mediating factors of

positive effect on word-of-mouth communication (Kazemi *et al.*, 2014). As there is no doubt about the importance of loyal customers, their opinions and behaviours are most likely influenced differently than one-time customers or customers who do not communicate about the organisation.

One of many forms of innovation is customer related innovation; innovation that a customer directly experiences. There exists research concluding that innovation can positively influence customer satisfaction and other research concluding innovation has no influence to customer satisfaction. For instance, Delafrooz (2013) concluded that new technology and service, play a positive impact to customer satisfaction while Simon and Yaya (2012) discovered no positive relationship between innovation and satisfaction. As both of these studies are recent, it is difficult to predict which trend further research would follow. To incorporate customer related innovation as the sole form of innovation may pave the way for theory adaptation.

Previously, factors of co-creation amongst customer and organisation have led to the enhancement of new product or service development. For instance, Rong and Ming discovered co-innovation as a proven important factor when radically innovating in a service industry (2014). The impact of co-innovation is shared value amongst all organisational stakeholders (Lee *et al.*, 2012). Therefore, the combining of customer related innovation and co-innovation are proposed to substantially affect the influences upon customer opinion and behaviour. The corresponding term of this innovation fusion is co-customer related innovation.

Lastly, there exists little research involving the correlation between two different forms of innovation influence. Discovering a correlation between the two could impact the implications of previously stated theory and propose a new marketing research technique for new product or service development.

2.2 Research Question, Research Objectives, and Rationale

A study measuring the relationship between loyal and non-loyal customers as well as customer related and co-customer related innovation could have significant impact to theoretical and managerial implications. Furthering the research of innovation impact upon customer satisfaction will hopefully drive one side, either positive or no effect, as the leading theory of innovation effectiveness. By introducing new elements and methods, a different perspective may be just what the overall innovation and customer relationship discussion needs.

This study poses the following research question: what is the relationship between innovation influence and different levels of customer loyalty? The research objectives elaborate the research question and are broken into three parts incorporating variable analysis and correlation testing using Pearson's Coefficient amongst a divided population. The first part is to determine overall consensus of customer related innovation influence and co-customer related innovation influence via participant data analysis. The second part is to determine the correlation between the influences of two innovation forms, customer related and co-customer related, amongst only loyal customers. The third part is to determine the correlation between the influences of two innovation forms, customer related and co-customer related, amongst only non-loyal customers.

To challenge the established theories and practices, this research applies common aspects of previous research but intends to incorporate different contexts through the chosen industry and the introduction of different innovation forms. More importantly, incorporating the customer demographic that is most important of all: whether the customer is or is not loyal.

Understanding your customers' desires allows you to innovate with your most important customers in mind. Market research analysts must use

compelling techniques to engage their customers effectively. Focusing on direct customer innovation and two kinds of customers, loyal and non-loyal, allows a manager to implement innovation strategies that sustain loyal customers and/or generate interest from potential loyal customers. Thus driving organisational growth through the satisfaction of important customers.

2.3 Chosen Industry, Sample Population and Research Method

In order to emphasise the experience element, the chosen industry for the study is truly an experience economy. An experience economy industry is defined by Christensen (2010) as an industry that primarily creates "experience-based values" for its customers. Therefore, the U.S. Amusement park industry is the chosen industry for this study as it exemplifies the epitome of an experience economy industry. The U.S. contains over 400 amusement parks and attractions and roughly 290 million people visited them in a year (IAAPA, 2014). They generate about $12 billion in revenue and contribute about $57 million to the U.S. economy *(ibid)*. The sample population will consist of customers of the U.S. amusement park industry.

As the study is marketing based, the research method incorporates normative research via online questionnaires of U.S. amusement park customer opinion and behaviour. The research method utilises convenience and snowball sampling as the main distribution channels of the questionnaire will be email and social media networks.

For the purpose of this study, innovation will be in the form of new amusement park attractions – a customer related innovation. Amusement park attractions include rides, shows and parades. There will be questions regarding the new attractions that amusement parks introduce and the opinion derived from the experience as well as the resulting behavioural influence. The questions will incorporate different forms of innovation, such

as radical and continuous, but will remain in the customer related innovation context.

To incorporate co-customer related innovation, co-creation amongst customer and organisation, hypothetical questions will be used to understand the resulting impact of opinion and behavioural influence. These questions will help determine if co-innovating is appropriate in the amusement park context, resulting in interesting managerial implications. Again, the questions will incorporate different forms of innovation but remain in the co-customer related innovation context.

In order to address the research question and parts two and three of the research objectives, some additional data variables will be constructed from original data to be used for the scientific testing. The sample population will be divided into two groups dependent upon a demographic variable of customer loyalty, either loyal or non-loyal. The scores from the original data, derived from the direct questionnaire responses, will be averaged to create an overall score amongst customer related innovation influence responses and co-customer related innovation influence responses.

Pearson's correlation coefficient will be used as the scientific testing of the hypotheses. The first part will test the correlation between customer related innovation influence and co-customer related innovation influence amongst loyal customers. The second part will test the correlation between customer related innovation influence and co-customer related innovation influence amongst non-loyal customers.

2.4 Hypotheses, Data Analysis and Conclusions

H1 Null Hypothesis: There is no correlation between customer related innovation influence and co-customer related innovation influence amongst loyal customers.
H1 Alternative Hypothesis: There is a correlation between customer related

innovation influence and co-customer related innovation influence amongst loyal customers.

H2 Null Hypothesis: There is no correlation between customer related innovation influence and co-customer related innovation influence amongst non-loyal customers.

H2 Alternative Hypothesis: There is a correlation between customer related innovation influence and co-customer related innovation influence amongst non-loyal customers.

In the end, data analysis and conclusions will be drawn from univariate data and bivariate correlation testing. Theoretical and managerial implications will be discussed as well as recommendations for organisations and further research.

3. Literature Review

3.1 Loyalty Business and Customer Experience

"Always treat your customers like they're made of gold" (Brooks, pg. 1) defines the essence of a loyalty business. Authors Lee and Carter define loyal business as a strategy used to create quality service leading to customer satisfaction and resulting in great brand success and wide recognition (2012, pg. 238). Promoting loyalty tends to result in characteristics of "trustworthiness, dependability, allegiance, devotion and excellence" (Brooks, pg. 25). Every instance a customer decides to spend money has some connection to customer loyalty (Brooks, pg. 3).

In order to achieve a loyalty business, a greater emphasis is being placed on customer experience. Authors Lindgreen *et al.* claim that one method is to develop memorable experiences through the strong grasp of the "science behind emotions and rationality" (2009, pg. 123). A successful product or

service must appeal to a customer's psyche while remaining logical and reasonable. Research conducted by Slåtten *et al.* concluded similar findings; "The design and organization of activities that appear to be attractive and not too challenging contribute to an important success factor for increasing positive emotions" (2011). An example can be seen within the first 4 years of the Port D'Hiver B & B in Florida. The quality accommodation facility was able to retain 25% of customers through top notch accommodation with a personal touch; examples included a variety of staff to suit customer demographics, quick reactions to customer recommendations and loyalty programmes allowing repeaters to stay for cheaper (Hudson and Hudson, pg. 153). The B & B's service used logic when introducing the employee to customer matching system and imposing quick reactions of recommendations, while triggering emotions related to self-importance through their loyalty programmes.

Authors Pine and Gilmore introduced the four realms of entertainment, educational, esthetic and escapist that drive the emotional experience (pg. 30, 1999). These realms are based on the customer's participation, active or passive and whether they are absorbed or immersed into the experience *(ibid)*; a customer must be engaged in the experience. Common perceptions of customer experience incorporate multidimensionality; including levels of comfort, hedonism, novelty and relational (Rageh *et al.*, 2013). In a sense, intangible aspects such as human interaction have been considered just as important as the tangible aspects of the experience (Canny, 2014). Gord Minor, a luxury hotel manager, believes that aspects such as quality product and great location helps, but the key to retaining loyal customers is service interaction (Hudson and Hudson, 2012). Offering incentives, a component of the four realms that ensure customer performance (Lindgreen *et al.*, pg. 126), for every milestone visit is a hotel's strategy for loyal business (Hudson and Hudson, pg.159).

Rather than emotional aspects, authors Lindgreen *et al.* concluded that rational aspects are imperatively important and should be an organisation's

first concern (2009, pg. 3). "It is very difficult to evoke and make memorable desirable emotions if the rational part on an experience does not work" (Lindgreen *et al.*, pg. 131). Vision, described as the goals, expectations and feedback integrated into an experience (Lindgreen *et al.*, pg. 125), can be heavily influenced when levels of experience are lower than levels of expectation, as they were in the research conducted by Bhowal and Paul on certain investment banks (2014). When levels of experience are lower than levels of expectation, this indicates scope for customer convenience improvement. Positive and memorable first impressions are harder to achieve where there exists high levels of expectations.

3.2 Customer Satisfaction, Retention, and Referrals

A majority of discovered customer satisfaction research was conducted using a service based organisation or industry due to the weighted importance of the experience for service businesses (Wilson, 2014). Customer experience expert Arvind Sathi believes memorable instances and noteworthy first impressions are key to satisfaction and loyalty; on the contrary, simple and trivial flaws can possibly lead to customer bias (2011, pg. 23). Memorable customer experiences are created by design, not default (Lindgreen *et al.*, pg. 132). Research concluded by Trif stated that achieving satisfaction is done by providing high quality services and a collaboration between client and company (Trif, 2013). Conversely, researcher Thomas argues that variables of price, product assortment, quality, and store service are the main influences to customer satisfaction (2013).

A concrete theme has emerged depicting trust and satisfactions as key components to customer loyalty. Trust is a major component of loyalty by decreasing the perceptions of risk, particularly in relation to research conducted within e-commerce industries (Kim *et al.*, 2009). Developed through her research of the Romanian banking industry, researcher Trif concluded that bank managers must incorporate customer satisfaction through competence, customer care and a warm attitude during each

interaction with financial officers in order to gain their trust (2013). Within the Indian fashion retailing industry, quality – a major influence of customer trust, was considered the top dimension of customer satisfaction over price (Thomas, 2013). Therefore trust, as well as satisfaction, are key components to retention.

Verhoef *et al.* define customer referrals as "the extent to which customers advise other customers to do business with the focal supplier" (2002). It is a way to connect product or service appreciation with a desire to help others. Word-of-mouth advertising is a common customer referral tool defined as a form of informal communication that can be either positive or negative between consumers about a product, service or even a business (Tax *et al.*, 1993). It was concluded that not only customer commitment but positive customer word-of-mouth communication is also a reward of good customer experience (Cheung *et al.*, 2007). Author Helm stated that word-of-mouth should be focused more closely and effective referral management could potentially enhance a service provider's success (2003). Walls *et al.* concluded that hospitality business owners should consider developing positive relationships within their community to drive favourable word-of-mouth referrals (2008). Customer loyalty was concluded as one of the mediating factors of positive effect on word-of-mouth communication (Kazemi *et al.*, 2014).

Godes and Mayzlin argued that loyal customers should not be considered the "cornerstones of a successful word-of-mouth campaign" (2009). Their research concluded that networks of loyal customers are already familiar with new products and therefore have little impact (*ibid*). Although, one could argue that loyal customers do not exclusively communicate with other loyal customers and that word-of-mouth interaction between loyal and non-loyal customers could have a resulting impact.

3.3 The Experience Economy Era

Experience economy is a relatively new economic form compared with that of industrial and service (Wilson, 2014). Rather, it is derived from the service economy and has been used to measure service quality and evolved from "service" to "experience" (Hong, 2014). Author Christensen gives the definition for an "'experience industry' as all industries that do business by creating primarily experience-based values" for its customers (2009, p. 26). Common industries of this category include hotel, cruise line and cinema. On the contrary, all non-experience industries have an "experience creating dimension" (*ibid*). In other words, no matter what industry your organisation resides, there exists an experience element that is influential to your organisation's success.

Researcher Hong states that within the experience economy era, customers strengthen the trend of personalized consumption and gradually improve the level of participation of certain areas which in turn creates a lasting impression (2014). Barlow and Maul believe that within the experience economy era customers expect to have memorable, positive and emotional experiences throughout all stages of their transaction process (2000, pg. 21). According to research conducted by Rahman *et al.*, experience economy can have a direct and indirect effect on a customer's purchasing decisions (2012). Within the broadband internet industry, experience economy may influence a customer's intent to purchase the provider's service, whereas service quality along with customer perception play mediating roles (*ibid*). Therefore, it can be argued that creating an exceptional and unique experience is a competitive advantage.

3.4 Innovation in an Organisation

Author Carlson describes innovation as the art and science of the evolving future (2006). As innovation is normally defined by introducing a new product, process or procedure to a group or organisation, it has been stated that the product, process or procedure is not required to be absolutely novel rather novel to the relevant unit of adoption (West and Anderson, 1996). In a

sense, innovation can be concerned within the organisational context as well as the industry context. This results in many different forms of innovation.

As innovation is brought forth from a strategic development, there exists distinct patterns that emerge over time and across a firm's lifespan mostly related to the type of innovation or degree of novelty (Eiriz *et al.*, 2013). Due to the broadness of innovation, there exists diversity amongst innovation classifications. For instance, radical innovation, something completely new that potentially replaces an existing product or service, and incremental innovation, where innovation is derived to create solutions to new requirements (Tidd and Bessant, pg. 23). It is believed by some that the development of radical innovations is absolutely crucial to an organisation's long-term survival, since they are essentially the path to future products and services (McDermott and O'Connor, 2002). Researchers Inauen and Schenker-Wicki concluded that radical innovations should be emphasized within R&D management due to the new benefits they create for customers and accessibility of new market segments (2012). Radically innovating, particularly in the early stages of innovation development, requires proactiveness from customers in order for organisations to find out what they want or need (Sandberg, 2007).

Author Wallenburg divides innovation into two classes: customer-related, noticeable and directly impacting the customer, and pure internal, hidden and usually process driven (2009). In layman's terms, what a customer sees and experiences is customer-related; when he does not see nor experience the innovation, then this can be classified as pure internal. Similarly, the authors Cambra-Fierro *et al.* divide innovation by technical, similar to customer-related where it's tangible and used by the customer, and non-technical, similar to pure internal influencing process rather products or services directly (2013). There exists a link between non-technical innovations such as customer engagement and marketing capacity with the potential to generate competitive advantage (*ibid*). Within research conducted of the banking industry of Tehran, a constant research of

potential new services is a necessity as new services are key to industry success (Delafrooz, 2013).

Continuous innovation is "the development of new products that are different from previously available products" but allows the organisation to remain within the same industry or market and introduce new products or services on a reoccurring basis (Oxford, 2014). Google, an organisation well known for their continuous innovation capabilities, have created a culture of innovation orientation as well as change-prone top management, individuals who have a passion and are committed to innovating (Steiber and Alänge, 2013). Google thrives on their ability to continuously innovate.

Implementation is a crucial stage of innovation, where the idea must garner full support. Significant relationships emerged that displayed "the important role of supervisor expectations, as well as supervisor support, on unit personnel expectations as well as the differential role of managers' and supervisors' expectations on innovation implementation effectiveness" (Leiva *et al*, 2011). Authors Choi and Chang further added to this theory by stating that "employees' collective efficacy and innovation acceptance" are thought to be mediators between "institutional factors and implementation outcomes" (2009). This draws to the conclusion that innovation must be a consensual organisation decision for absolute effectiveness.

3.5 Customer Related Innovation

A firm's ability to innovate with the customer in mind can be a key tool to its longevity (Wilson, 2014). Research has concluded that new services or technology have a positive impact on customer satisfaction (Delafrooz, 2013) and that a proactive improvement, within a firm or its outputs, is a strong driver of customer loyalty (Wallenburg, 2009). Authors Swan and Zou link the aspect of appealing to the emotional customer, discussed previously in this review, via innovating using emotional design (2012, pg. 113). According to innovation design researcher Norman, there exists three

elements of emotional design: behavioural, aiming to make things functional, visceral, aiming to appeal to the senses, and reflective, aiming to tap the highest levels of cognition (2007, pg. 36). For instance, the products of Global Knives create functionality through sharpness and balance, an aesthetic appeal from its sleek and industrial build and a deeper meaning through the advertised similarity between its products and samurai swords (Swan and Zou, pg. 114).

Other research has concluded that creating radical innovations fulfilling customer needs is very difficult, since it is usually unknown who the customers are for the innovation that is under development (Deszca *et al.*, 1999) and even if the customers were known it would be difficult for them to communicate the need for the innovation (Veryzer, 1998). Therefore, researcher Sandberg studied the need for organisations to invest in customer-related pro-activeness and found that pro-activeness is not always needed (2007). However, during the development stage in particular, some of the studied firms were able to behave reactively towards its customers but did put their first-mover advantages at risk (*ibid*). It was discovered by Liao and Chiang that strategic management and technological innovation played an important role in customer satisfaction and that technological innovation and customer satisfaction displayed a significant correlation (2005).

Although the majority of discovered research pertaining to innovation influence and customer satisfaction was a positive relationship, some discovered studies displayed no significant relationship between the two elements. An older discovery between innovation influence and customer satisfaction concluded that a slower pace of innovation leads to customer satisfaction in the form of product quality and reliability, program and contract management, and cost competitiveness (Ellis and Curtis, 1995). In a newer study of interaction amongst organisational innovation and customer satisfaction, no positive effect was discovered (Simon and Yaya, 2012). Surprisingly, marketing innovation was the only form of innovation that had a recognisable effect on satisfaction (*ibid*). The double interaction between

two forms of innovation, process and customer related, was found to have no positive effect on customer satisfaction within a large number of ISO qualified Spanish organisations (*ibid*). Simon and Yaya's study concerned itself with multiple variations of innovation similar to the technique of this study.

3.6 Co-Innovation

A relatively new paradigm of innovation is co-innovation. Authors Desouza *et al.* (2006) believe that "customers are increasingly becoming co-creators of innovative products and services", almost as if customers are becoming partners of the organisation's research and development team. This is an idea behind a dimension of co-innovation, a partnership between an organisation and its customers in order to innovate. Most processes of innovation development now focus on customers' needs, from idea generation to launch (Little *et al.*, 1984). In some instances, the customers are the complete creators of an organisation's innovations. In the case of software development, some firms will purchase add-ons, scripts and other artefacts that were originally created by their customers; these innovations will then be incorporated into later editions of the software products (Desouza *et al.*, 2006).

Co-innovation is contemplated when an organisation and its customers can identify each other's values and beliefs, while sharing organisational identity with compatible stakeholder identity can advance the innovation process (Jacobs, 2013). This results in the birth of shared value amongst all stakeholders and the focus organisation (Lee *et al.*, 2012). Higher efforts of co-innovation have led to higher productivity, particularly regarding time-to-market (Van Blokland *et al.*, 2008). Johnston and Kong concluded that developing and testing ideas using customer engagement proved important to experience research (2011).

Co-innovation creates shared value for an organisation and its customer,

where customer value provides for better products and services for customers (Lee *et al.*, 2012). A study concluded the positive effects of co-creation through the perceived joy and relaxed atmosphere from a customer's desire to contribute and be creative (Sodden and Kristensson, 2012). Van Blokland *et al.* concluded that within the automobile manufacturing industry, co-innovation by introduction of automobile additions from the aerospace market had a positive effect on market share (2008). Within the agricultural industry, it was proven that co-innovation was the catalyst to a farmer's ability to thrive using tightly integrated relationships between suppliers and customers (Bonney *et al.*, 2007). Even during radical innovation development it was concluded that co-creation activities were important within a service based industry (Rong and Ming, 2014).

3.7 Proposed Added Value to Loyalty Business and Customer Experience

There exists research based on the essence of good customer experience from authors Rageh and Melewar, basing their research on the lack of a pure definition for customer experience (2013). The majority of conclusions drawn are as follows: a customer expects a level of experience that is constructed from a few dimensions that affect the level of satisfaction and one's desire to become a loyal customer (Wilson, 2014). This theory is enhanced when considering an experience industry where the experience is your main purchase.

Surprisingly, most discovered research within the realm of customer experience and loyalty business is conducted using a non-experience industry; that is an industry that sells a product or service and not an experience. Possibly due to the obscure understanding of the influence of experience within these industries. Within the amusement park industry, an experience industry, there is a potential for the theories derived from the influence of customer experience on customer loyalty to be applicable. For example, Slåtten *et al.* discovered that management of winter amusement

parks must account for emotions when collecting information about how customers experience their service (2011).

The added value to this discussion will come through research that pinpoints certain elements of an organisation's offerings that create the most effective customer reactions. Particularly, with respect to the influence of an organisation's offerings on customer retention and referrals. The customer opinion towards attractions within an amusement park will test the theories that have been presented. The result of this added value to customer experience discussion will create for new managerial implications regarding the customer experience desired by certain types of customers.

3.8 Proposed Added Value to Customer Related Innovation and Co-Innovation

With reference to previously stated theory, it has been acknowledged that innovation has conflicting influence on customer opinion and behaviour. In particular, the research of Simon and Yaya (2012) concluded that organisation innovation had no positive effect on customer satisfaction and establishing the appropriate customers, and what they want, is a difficult task to accomplish (Deszca *et al.*, 1999). Conversely, other research has concluded that new services or technology have a positive impact on customer satisfaction (Delafrooz, 2013) and that a proactive improvement, within a firm or its outputs, is a strong driver of customer loyalty (Wallenburg, 2009). There are instances were innovating directly for the customer has positively influenced customer satisfaction and instances where there was no influence on customer satisfaction.

Innovation is mainly associated with product developments and process improvements but is divided into main categories dependent upon on how and who it affects (Wilson, 2014). According to Desouza *et al.*, innovation is becoming increasingly customer driven and customers are now more often co-creators (2006). Ru-Jen Lin *et al.* concluded that attaining the desired

innovation capabilities requires looking beyond internal activities and collaborating with customers (2010). In addition to these theories, there must be an organisational consensus of innovation decision making for maximum potential (Choi and Chang, 2009). Innovation implementation must account for the influence of many organisational stakeholders.

Customer-related innovation, innovations that are noticeable and directly impact the customer (Wallenburg, 2009), has direct influence to the customer and is related to customer satisfaction (Wilson, 2014). Data collection is a necessary step towards customer driven innovations, as argued by Desouza *et al.* who claim knowledge is how you develop product enhancements and innovations (2006). This kind of knowledge can result in a decision for either radical or incremental innovation, each having certain risks and rewards associated with them.

Within the customer-related innovation discussion, little research has been conducted that incorporates the influences from different levels of customer loyalty. Most research is conducted over a differentiated sample of customer base. As innovation can influence customer behaviour, customer expectations can influence innovation. By concerning this study with different levels of loyalty, focused implications can be developed in order to satisfy the most important customers and the customers that have yet to be swayed.

This research plans to add value to previous research conducted on the influence of innovation on customer loyalty by focusing on the variables of customer-related innovation and co-innovation as the primary innovation forms (Wilson, 2014). Research on the innovation influence of customer opinion is often conducted in the form of intangible innovation; usually through interaction between employee and customer. This will only concern itself with tangible innovation influence.

The form of co-innovation that is used in this study is a branch of customer

related innovation as we are still only dealing with innovation that a customer directly experiences. Therefore, this study introduces "co-customer related innovation" as a focused form of innovation that customers help create and experience directly.

Within these two forms of innovation, customer related and co-customer related, other innovation forms such as radical and continuous will be incorporated to further enhance the essence of innovation influence. In addition, innovation research is commonly associated with manufacturing industries. As service industries grew, and more importantly the surge of experience industries on the rise, focusing on a purely experience economy industry will add new dimensions to previously discussed theories.

4. Methodology

4.1 Chosen Experience Economy Industry

The U.S. amusement park industry has twelve of the top twenty-five parks worldwide in 2012 (AECOM, 2012) and has been chosen for this research. A top reason for this choice is because the amusement park industry is the epitome of an experience-based industry or experience economy (Wilson, 2014). Author Christensen's definition of an experience industry is a "business by creating primarily experience-based values" (p. 26); where visitors at an amusement park pay for the generated experiences. There also exists an organisational strategy to retain loyal customers through certain pay incentives such as annual passes for multiple entries in a year and in-park discounts for those pass holders (Wilson, 2014). The distinguished forms of innovation could potentially play a large role in retention and recommendation, which will be incorporated into this research.

In order to discover how an amusement park retains its loyal customers, the importance of amusement park elements must be discovered. An online poll

conducted by Kleinhenz suggested that amusement park attractions ranked first with 57% of the votes (2014). This creates interest towards a possibility that new park attractions could be a sustainable reason for loyal customers to remain loyal. This study will focus on new amusement park attractions as customer related innovations and incorporate hypothetical co-innovation scenarios of new amusement park attractions which this study defines as co-customer related innovations. An American patent defines an amusement park attraction comprising of "a path adapted to be followed throughout the attraction, scenery positioned along said path at selected locations and a ride vehicle adapted to follow said path" (Baxter *et al.*, 1995). Although innovation can be found amongst other amusement park elements such as eateries and shopping stalls, this study will focus only on the top amusement park element of attractions.

As proven by previous research, innovation is deemed a success factor for other industries and inactiveness can lead to critical issues such as negative innovation cycles or even face shortening life cycles of innovations (Pikkemaat and Shuckert, 2007). "The industry always needs new concepts" claims an established amusement park ride engineer (Cohn, 2009). The lack of concepts within the amusement park industry could potentially be explained through the focusing of innovation on internal influence and disregard to customer involvement in the innovation process.

4.2 Research Sample

The target population of this study is amusement park visitors. The sampling frame is then focused to customers who have attended U.S. amusement parks (Wilson, 2014). This will keep the framework of the study within a manageable boundary and allow for a concise set of data. International amusement parks will most likely have different customer profiles resulting in an unfocused range of data *(ibid)*. Much more research about cross-cultural consumer opinion and behaviour would be necessary for a larger sample group, as explained by authors Watkins and Gnoth who noted that

"values are socially constructed and inherently cultural" (2005). Culture plays an important role in customer wants and needs, therefore this study will remain within the U.S. amusement park industry.

The sample is then narrowly focused by the sampling frame prerequisite of age. Participants must be 18 years of age or older. A screening process allows for a reliable and valid data collection foundation (Waters, 1991). The reason for the age limit is that the participant would need to be legally an adult in the U.S., declaring their ability to make personal decisions (Wilson, 2014). Most customers under 18 are not economically capable of such purchases and are influenced by their parent's economic status. With this in mind, much research concludes that children have an influence on family purchases, particularly a strong influence with vacation decision making in Israeli and American families (Shoham and Dalakas, 2003). Also, the father figure has very low involvement during all stages of the decision making process (Tinson and Nancarrow, 2007).

This research will be comprised of convenience and snowball sampling. As defined by Handcock and Gilet (2011), this study will seek participants that are able to identify other potential participants, a snowball effect, creating a non-probability sample. This style of sampling allows research to be conducted on a limited budget. The population that will be exposed to the questionnaire advertisements are mainly from an area where amusement parks are abundant. This may potentially create a sampling population that is weighted heavily by loyal customers.

4.3 Research Philosophy and Proposed Method

Dating back to the 1960s, the research discussion of consumer behaviour has constructed a traditional positivist paradigm through cognitive prospective that believes in the translation of buyer information into behavioural decision making (Galalae and Voicu, 2013). Behaviour is internally focused with external stimuli creating an influence. This study will

take a similar approach.

A normative approach is developed for this study through opinion-based research and deductive reasoning. Loyal customers are a form of consumer behaviour phenomena increasingly making an impact on business. Their opinions, which is a focus of this study, are driven by something that is being offered. In addition, a customer's opinions are agued to be included in the innovation process. Therefore, this study contains two dimensions of perspectives.

From a realist perspective, it has been proven that returning customers yield a high profit for a business. The reality is that customers that have a good experience will most likely come back. Previous studies, such as Liljander and Strandvik's, incorporated many positive and negative connotations in regards to the emotions experienced during a service (1997). Rather than a study focusing primarily on internal emotional response, this study will concentrate on the response of the relationship between participant and external stimuli. In this case we are using customer related innovations, in the form of new amusement park attractions, as the external stimuli.

In addition to this paradigm of innovation having positive influence on loyal customers, there exists co-innovation as the new innovation paradigm. A form of co-innovation exists between an organisation and customers where relevant feedback can contribute to the innovation process. This study will test the customer's opinion of co-innovation, distinguished as co-customer related innovation, and whether it is appropriate in this research context. The two forms of innovation, customer related and co-customer related, will be separated for customer perspective analysis.

The normative and quantitative approach to this study will incorporate a questionnaire. The questionnaire will contain opinion and behavioural based questions for the participants. The customer related innovation questions will be based around real and previously experienced scenarios. The co-

customer related innovation questions will be based around hypothetical scenarios, as it is based around a concept. The responses to these questions will make up the original data variables. New variables will be constructed from the original variables as part of the hypothesis testing, but an overall simple framework will be applied to keep the study from over-complexity.

To incorporate the loyalty variable of this study, correlation testing between the influences of the 2 forms of innovation will be conducted amongst loyal and non-loyal customers of the amusement park industry. From there, scientific conclusions will be drawn about the relationship between innovation and loyal customers.

Lastly, due to the marketing nature of the questionnaire, there must be a substantial amount of participants questioned in order to draw conclusions about the relationship effectiveness (Wilson, 2014). The normative analysis philosophy is an appropriate tool for marketing research as this study proposes to understand "the world the way it should be" (Buck, 2012).

4.4 Questionnaire Composition and Univariate Propositions

The questionnaire will begin by asking demographic questions to draw conclusions about specific customers relative to the research topic (Wilson, 2014). Those questions will relate to sex, age, attraction preferences, willingness to ride and disabilities (if any), desired experience and who the participant normally attends amusement parks with. The answers to these questions will help associate certain participants and help to make predictions about their choices. For instance, a participant with a disability that restricts them from going on certain rides would most likely be less influenced by certain new attractions. Refer to Appendices 1 and 2 for the demographics section of the questionnaire.

After the demographic questions, there will be questions relative to customer related innovation and co-customer related innovation and will

compose the main data variables. As the data from these variables are not directly used for this study's main scientific testing, there will be no scientific hypotheses for them. There will be propositions which will be named accordingly. Refer to Appendices 3 for the customer related innovation section of the questionnaire and Appendix 4 for the co-customer related innovation section of the questionnaire.

With reference to the influence that innovation plays upon returning visits from a customer, a question will be asked regarding the participant's desire to come back to the specific amusement park (Wilson, 2014). More specifically, a question using a Likert scale asking if new amusement park attractions are an important influence to the desire of a visitor to return. Data would be collected from the participant's behavioural response, or an opinionated response if the visitor had only attended once, to a customer related innovation. There are multiple reasons for a person to attend an amusement park. With respects to Simon and Yaya's theory that innovation plays no positive influence to customer satisfaction (2012), it is proposed that customer-related innovation by way of new amusement park attractions will have little influence on the loyal customer's opinion. Proposition 1 (P1) is developed.

> P1: New attractions have no influence on a customer's willingness to return visit

The introduction of a single customer related innovation is sometimes adequately sustainable for an organisation's long term success. Other organisations plan for a continuous innovation strategy where one is simply not sustainable. Continuous innovation is potentially attractive for customers to stay loyal. Another Likert scale question will ask the participant if an amusement park should introduce a new attraction every year, reflecting continuous innovation. This data will gauge the new attraction frequency to retain loyal customers. Steiber and Alänge stated that Google's ability to continuously innovate allows them to thrive (2013). The same theory is

applied to a proposition about continuous innovation in amusement park attractions. Proposition 2 (P2) is developed.

P2: Customers expect amusement parks to introduce a new attraction every year

Other questions will relate to the previously discussed forms on innovation. For instance, whether the originality of the innovative offering would have substantial influence, reflecting radical innovation. As amusement parks tend to copy each other's attractions, attraction originality could potentially play a large influence in retaining customers. McDermott and O'Connor concluded that radical innovations are absolutely crucial to an organisation's long-term survival (2002). The implications of the answers pertaining to this research objective would heavily influence research and development spending. If new attraction originality is important to loyal customers then cost will be a major factor. If originality is less important than cost will be a minor factor as the attraction will already be developed. This question will use a Likert scale and ask the participant to rate the importance of new attraction originality. Proposition 3 (P3) is developed.

P3: New attraction originality is important to customers

Furthermore, questions related to customer recommendations, otherwise known as word-of-mouth advertising, will be included. For instance, a question asking the participant whether they refer to new attractions when recommending the amusement park (Wilson, 2014). The implications of these answers could measure the influence of new attractions with regards to word-of-mouth advertising, an already established prominent communication tool. If referring to new attractions when recommending the amusement park is common, the implications could influence the importance of new attractions. Proposition 4 (P4) is developed.

P4: Customers refer to new attractions when recommending the

specific amusement park

The second section of the questionnaire will incorporate co-innovation to form co-customer related innovation. Customers must be motivated, by hedonic benefits in the context of this research, in co-creation activities (Dvorak, 2013). Within the U.S. amusement park industry, organisations quite often innovate internally by continuously introducing bigger and better rides. Certain amusement park organisations are investing millions of dollars towards roller coasters, even though the most popular attraction is a log flume ride (Niles, 2013). This study argues that motivation exists for co-customer related innovation in amusement parks. Proposition (P5) is developed.

> P5: Customers would visit amusement parks more often if their attraction preferences were incorporated into new attractions

A follow up question would then ask for the participant's opinion of an amusement park that did not incorporate customer preferences in new attractions. Romero and Molina argue that "customer involvement will continue to mature in the following years…and as a result organisational structures and business models will migrate into new strategic alliances" (2009). Therefore, organisations that do not inherit co-innovation as their innovation strategy could face repercussions due to dated practices. Proposition 6 (P6) is developed.

> P6: Customers would stop visiting amusement parks if their attraction preferences were not incorporated into new attractions.

In a study of shoppers' emotional response, Machleit and Eroglu concluded that retailers which digress from what shoppers expected in the shopping atmosphere usually attracted negative emotions from customers (2000). In turn, co-innovation is argued as a positive catalyst to create desired emotional responses from customers. Proposition 7 (P7) is developed.

P7: Customers would receive their desired emotional responses better if their preferences were incorporated into amusement park attractions

From previously discussed theory, word-of-mouth recommendations are an effective marketing tool for organisational growth. As co-creation activities can benefit many stakeholders, it is argued that co-innovation positively influences word-of-mouth recommendations. Proposition 8 (P8) is developed.

P8: Customers would recommend amusement parks more often if their preferences were incorporated into new attractions

4.5 Hypotheses of Correlation Testing

New variables will be constructed from the original variables. These variables will be participant averages of the customer related innovation responses and co-customer related innovation responses. These averages will represent the overall opinions and behaviours of the participants. Another new variable will be developed that represents 2 groups of participants, loyal customers and non-loyal customers. With these new variables, this study proposes 2 hypotheses which will be tested using Pearson's Correlation Coefficient, a form of correlation testing, and a two tailed probability test.

The first hypothesis involves the relationship between innovation and loyal customers. Hypothesis 1 (H1) is developed.

H1 Null: There is no correlation between customer related innovation influence and co-customer related innovation influence amongst loyal customers
H1 Alternative: There is a correlation between customer related innovation influence and co-customer related innovation influence amongst loyal customers

The second hypothesis involves the relationship between innovation and non-loyal customers. Hypothesis 2 (H2) is developed.

> H2 Null: There is no correlation between customer related innovation influence and co-customer related innovation influence amongst non-loyal customers
>
> H2 Alternative: There is a correlation between customer related innovation influence and co-customer related innovation influence amongst non-loyal customers

4.6 Limitations

The response rates were the biggest challenge to this research. The distribution channels were not as efficient as expected. A few participant responses were not used due to incompletion. The desired 100 responses was not achieved, but respectable conclusions will still be drawn from the amount of responses.

The demographic questions limited the study's ability to more effectively define the sample population. Some of the responses to the demographic questions did not add value to the conclusions of the study, and therefore could have been omitted. Implementing a more comprehensive customer loyalty question, or set of questions, will effectively classify different loyalty levels. This study only utilises two levels of loyalty.

As the questionnaire's distribution channels were social media and email, there is a bias from the location of residence of the participants. The identity of participants was not revealed so there is no way of being sure, but it is assumed that the majority of the participants are located in or near the researcher's hometown. Although there is an abundance of amusement parks in this area, the opinions and behaviours of the participants are towards those amusement parks. Thus creating a locational bias in the study.

5. Data Analysis

Of the 89 collected questionnaires, 77 questionnaires are used for the data analysis. The unused questionnaires were omitted because of the sample population requirements of being at least 18 years of age or a failure to complete the questionnaire. 2 participants stated they were not at least 18 years of age. 10 participants, about 6.7% of all questionnaires, failed to complete the questionnaire.

5.1 Demographics

5.1A Age and Gender

The age demographic was heavily populated with the age group of 25 – 29 year olds at about 40% of analysed questionnaires. This was followed by 18 – 24 year olds at about 22.1%, 50 – 59 year olds at about 15.6%, 40 – 49 year olds at about 12%, 30 – 39 year olds at about 10.4% and 60 or older at 1.3%. The amount of participants aged 25 – 29 years old is due to the convenience sampling for this study. A large portion of participants were the researcher's acquaintances and the researcher falls into the same age demographic. Although this is a small age bias, it may be beneficial as participants aged 25 – 29 years old will have less external influence with their decision making; for example less likely to have children than 30 – 39 year olds.

Surprisingly, the gender demographic was almost evenly distributed at 38 males and 39 females. There is almost no gender bias for this study.

5.1B Amount of Visits

This demographic represented an amusement park's ability to retain customers. Of the 77 questioned participants, 60 stated they had been to

the same U.S. amusement park at least two times which makes up about 77.9% of the sample population. That leaves 17 participants who stated they had never been to the same U.S. Amusement park at least two times comprising of about 22.1% of all participants. This data set represents a sample population of more so frequent amusement park visitors.

5.1C Amusement Park Recommendations

This demographic represented an amusement park's ability to create discussion amongst its customers. Of the 77 questioned participants, 59 stated they had recommended the same U.S. amusement park to at least one person which makes up about 76.6% of the sample population. Conversely, 18 participants stated they had never recommended the same U.S. amusement park to at least one person comprising of about 23.4% of all participants. Again, this data set represents a sample population of more so frequent amusement park recommenders.

5.1D Fear or Health Restrictions

67 participants, or about 87% of all participants, stated they had no fear or health restrictions to experience amusement park attractions. Therefore, these participants are uninfluenced in their personal decision to experience an attraction. Of the 10 participants, about 12.9% of all participants, that stated they had fear or health restrictions, 4 stated they were afraid of either high attractions or attractions with drops while another 3 stated they were just afraid of roller coasters in general. 5 of those 10 participants with fear or health restrictions stated they become nauseas from attractions that spin. 2 of the 10 participants with fear or health restrictions stated they both have fear from heights, drops or roller coasters in general and also become nauseas from attractions that spin. The participants with fear or health restrictions are less influenced in their opinions and behaviours towards certain new attractions.

5.1E Desired Experience

The majority of participants, 35 accounting for about 45.5%, stated they are looking for a thrilling experience when they visit an amusement park. These participants would be more influenced by a bigger or faster attraction. The second desired experience is happy at 34 participants accounting for about 44.2%. These participants would be more influenced by attractions that are less thrilling and usually stimulate happiness through alternative methods, such as visual effects. For example, a dark ride that simulates being in a favourite movie or a show that requires audience participation. 2 participants stated they were looking for a funny experience, while another 2 stated they were looking for a combined experience of thrilling, funny, scary and happy. A few noteworthy experiences that were added by participants were safe and escape from reality, each accounting for one vote each.

5.1F Who Do They Visit With?

Family, including parents, significant others and children, was the number one chosen answer for whom the participants visit amusement parks with about 39.5% of questioned participants. Friends came in second with about 26.3% of participants while significant other came in third with about 25%. Participants who usually just bring their children accounted for about 5.3% of participants. Although it was stated in the questionnaire to answer questions solely to the participant's personal opinions, it is assumed that whom the participant usually visits amusement parks with influences some of the decisions made.

5.1G Overall Discussion

The sample population represents a group primarily of thrill seekers with few restrictions. This is most likely influenced by the weighted population of 25 – 29 year old participants. They seem to visit the same amusement parks often and usually recommend the same park. They usually visit with families

including parents, significant others and children.

5.2 Customer-Related Innovation Responses and Discussion

5.2A CRI-1: Customer-Related Innovation Influence

The questionnaire asked the participants to evaluate the statement: "I usually visit this amusement park because of a new attraction". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 35.1% of all participants was point 3 which was labelled "neither disagree nor agree". This was followed by point 2 labelled "disagree" at about 28.6%, point 4 labelled "agree" at about 16.9%, point 1 labelled "strongly disagree" at about 13% and point 5 labelled "strongly agree" at about 6.5% of all participants. The mean point score was 2.77, leaning slightly towards "disagree". The standard deviation of the variable is 1.087.

The data shows that the participants were quite indifferent towards the importance of new attractions at amusement parks. The majority were indecisive about whether they agree or disagree with the statement. The mean score shows more people disagreed than agreed with the statement. Therefore, it is concluded that new attractions are not important to amusement park customers which corresponds with the conclusions of Simon and Yaya that innovation has no positive effect on customer satisfaction (2012). Proposition one (P1) is accepted.

5.2B CRI-2: Customer-Related Continuous Innovation

The questionnaire asked participants to evaluate the following statement: "I expect this amusement park to introduce a new attraction every year". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 37.7% of all participants was point 2 which was labelled "disagree". This was followed by point 3 labelled "neither

disagree nor agree" at about 31.2%, point 4 labelled "agree" at about 15.6%, point 1 labelled "strongly disagree" at about 11.7% and point 5 labelled "strongly agree" at about 3.9% of all participants. The mean point score was 2.62, leaning further towards "disagree" than CRI-1. The standard deviation of the variable is 1.023 which is a bit less spread than CRI-1.

The data represents a majority disagreeing with the statement and less people scoring higher than 3, meaning less people agreeing. Contrary to the success of some organisations, continuous innovation is not an important asset in the customer perspective in this research context. It is concluded that amusement park customers do not expect an amusement park to introduce a new attraction every year. Proposition 2 (P2) is not accepted and it is concluded that continuous customer-related innovation is not important to customers.

5.2C CRI-3: No Customer-Related Innovation

The questionnaire asked the participants to evaluate the following statement: "I would still visit this amusement park if it stopped introducing new attractions". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 59.8% of all participants was point 4 which was labelled "agree". This was followed by point 5 labelled "strongly agree" at about 20.8%, point 2 labelled "disagree" at about 10.4%, point 3 labelled "neither disagree nor agree" at about 9.1% and point 1 labelled "strongly disagree" with 0% of all participants. The mean point score was 3.91, very close to the "agree" point. The standard deviation for the variable is .852 which is the least spread.

The intention of this question was to assess the reactions to a no innovation scenario, for this study an amusement park that stopped introducing new attractions. A tight standard deviation and a mean score of almost 4 declares more people agreeing with the statement. This corresponds with the same theory that innovation has no positive effect on customer satisfaction (Simon

and Yaya, 2012), but in a reverse sense from when the theory was used in question CRI-1. It is concluded that most amusement park customers would still attend the parks if they stopped introducing new attractions and again concluding that customer-related innovations are not important to customers. This defends the acceptance of Proposition 1 (P1).

5.2D CRI-4: Customer-Related Radical Innovation

The questionnaire asked participants to evaluate the following statement: "Originality of new attractions (i.e. being different from other amusement park attractions) is important to me". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 42.9% of all participants was point 4 which was labelled "agree". This was followed by point 3 labelled "neither disagree nor agree" at about 29.9%, point 5 labelled "strongly agree" at about 16.9%, point 2 labelled "disagree" at about 11.7% and point 1 labelled "strongly disagree" at about 2.6% of all participants. The mean point score was 3.56 leaning slightly towards "agree". The standard deviation for the variable is 1.033 which seems to be reasonably spread compared to other CRI questions.

The theory that radical innovations are absolutely essential to organisational success (McDermott and O'Connor, 2002) is challenged by the responses to this question. The mean score depicts a population of rather indecisive participants, although the most popular choice was "agree". The standard deviation shows a relatively spread range of responses. These descriptions create a difficult task of drawing a conclusion. Therefore, a vague statement is drawn that customer-related radical innovations are only slightly important to customers. Proposition 3 (P3) is only partially accepted.

5.2E CRI-5: Customer-Related Innovation Recommendation

The questionnaire asked participants to evaluate the following statement: "When recommending this amusement park, I often speak of the new

attractions". It asked the participants to rate their level of agreement using a 5 point Likert scale. Again, the high score of about 42.9% of all participants was point 4 labelled "agree". This was followed by point 3 labelled "neither disagree nor agree" at about 28.6%, point 2 labelled "disagree" at about 16.9%, point 5 labelled "strongly agree" at about 7.8% and point 1 labelled "strongly disagree" at about 3.9% of all participants. The mean point score was 3.34, still leaning closer to "agree". The standard deviation for the variable is .982 which is again not very spread.

The data represents a population that is again indecisive. A mean point score hovering around 3 and a tight standard deviation does create an overall consensus amongst the participants. As established, the implications of word-of-mouth advertising can prove profitable for organisations. But in this sense, new attractions only play a small part in amusement park recommendations. Therefore, it is concluded that customer-related innovations create a minimal impact on a customer's recommendations. Proposition 4 (P4) is only partially accepted.

5.2F CRI-6: Customer-Related Innovation Effectiveness

The questionnaire asked the participants to evaluate the following statement: "Overall, I receive my desired emotional response (i.e. emotions you expect to receive from your experience) when experiencing this park's new attractions". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 57.1% of all participants was point 4 which was labelled "agree". This was followed by a tie between point 3 labelled "neither disagree nor agree" and point 5 labelled "strongly agree" both at about 16.9%, point 2 labelled "disagree" at about 9.1%, and point 1 labelled "strongly disagree" at 0% of all participants. The mean point score was 3.82, again relatively close to the "agree" point. The standard deviation for the variable is .872 which is close to the least spread variable.

The data represents a population who believes they receive their desired

emotional response from new attractions. This is distinguished through a mean score of almost point 4 and more than half the participants stating they agree with the statement. The purpose of this question was not to draw any conclusions about customer-related innovations and therefore had no corresponding proposition. Its purpose was to discover if new attractions deliver desired emotional responses and to compare them with that of co-innovation scenarios, which will be discussed further on.

5.3 Co-Customer Related Innovation Responses and Discussion

5.3A CCRI-1 Co-Customer Related Innovation Influence

The questionnaire asked the participants to evaluate the following statement: "I would visit this amusement park more often if my attraction preferences were incorporated into new attractions". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 36.4% of all participants was point 3 labelled "neither disagree nor agree". This was followed by a tie between point 2 labelled "disagree" and point 4 labelled "agree" both at about 23.4%, point 5 labelled "strongly agree" at about 13% and point 1 labelled "strongly disagree" at about 3.9% of all participants. The mean score was 3.18, just north of the "neither disagree nor agree" point. The standard deviation was relatively spread at 1.06.

The data represents a population that is indecisive about co-innovation influence. A mean score of near 3, as well as the point 3 receiving the highest score, challenges the theory that co-innovation creates shared values for organisation and customer (Lee *et al.*, 2012). The high standard deviation does depict a population that scored frequently on both sides of the spectrum, however favouring "strongly agree" over "strongly disagree". Although a few believe co-innovation is ideal, overall co-customer related innovation plays a minimal impact on customer opinion and behaviour. Proposition 5 is only partially accepted.

5.3B CCRI-2 No Co-Customer Related Innovation Influence

The questionnaire asked the participants to evaluate the following statement: "I would still visit this amusement park if my attraction preferences were not incorporated into new attractions". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 49.4% of all participants was point 4 labelled "agree". This was followed by point 3 labelled "neither disagree nor agree" at about 31.2%, point 2 labelled "disagree" at about 10.4%, point 5 labelled "strongly agree" at about 7.8% and point 1 labelled "strongly disagree" at about 1.3% of all participants. The mean score was 3.52, a bit high of the "neither disagree nor agree" point. The standard deviation was relatively normal at .837.

The data represents a population that were relatively confident about the effects of no co-innovation. The high score was point 4 which pulled the mean score up to about 3.5, one of the highest mean scores of the data. A normal standard deviation displays very few extreme participant scores. It could be assumed that the majority of participants that agreed they would still visit the amusement park if co-innovation was not utilised is because they do not know what kind of attractions they want to experience. They like the factor of surprise when new attractions are introduced from someone else's influence. Therefore, it is concluded further that co-innovation plays little to no impact on customer opinion and behaviour. Proposition 6 (P6) is rejected.

5.3C CCRI-3 Co-Customer Related Innovation Effectiveness

The questionnaire asked the participants to evaluate the following statement: "I would receive my desired emotional responses (i.e. emotions you expect to receive from your experience) better if my attraction preferences were incorporated into this amusement park's new attractions". It asked the participants to rate their level of agreement using a 5 point

Likert scale. The high score of about 40.3% of all participants was point 4 labelled "agree". This was followed by point 3 labelled "neither disagree nor agree" at about 35.1%, point 5 labelled "strongly agree" at about 13%, point 2 labelled "disagree" at about 10.4% and point 1 labelled "strongly disagree" at about 1.3% of all participants. The mean score was 3.53, again high of the "neither disagree nor agree" point. The standard deviation was relatively normal at .897.

The data represents a population that believes co-innovation would slightly enhance their desired emotional responses. The high score was again point 4 with a mean score that was about 3.5. The data seems contradicting to the previously discussed data. Although the majority of participants did not agree nor disagree with co-innovation influence and stated that absence of co-customer related innovation would not hinder their loyalty, they believed they would receive a better experience if co-customer related innovation was utilised in new attractions. This corresponds with the theory established by Machleit and Eroglu that it is important to incorporate what customers expect when delivering an experience (2000). It is concluded that co-customer related innovation will allow for better desired emotional response. Proposition 7 (P7) is accepted.

5.3D CCRI-4 Co-Customer Related Innovation Recommendations

The questionnaire asked the participants to evaluate the following statement: "I would recommend this amusement park more often if my attraction preferences were incorporated into new attractions". It asked the participants to rate their level of agreement using a 5 point Likert scale. The high score of about 37.7% of all participants was point 3 labelled "neither disagree nor agree". This was followed by point 4 labelled "agree" at about 32.5%, point 2 labelled "disagree" at about 15.6%, point 5 labelled "strongly agree" at about 13% and point 1 labelled "strongly disagree" at about 1.3% of all participants. The mean score was 3.4, closer to the "neither disagree nor agree" point than the "agree" point. The standard deviation was relatively

spread at .932.

The data represents a population that believes co-innovation will have minimal influence on recommendations. The mean score and standard deviation describes indecisiveness which is similar to the mean score of the previous innovation recommendation question. The addition of collaboration between customer and organisation did not affect the overall customer opinion. Therefore, it is concluded that co-customer related innovation would play minimal positive impact on customer recommendation behaviour. Proposition 8 (P8) is only partially accepted.

5.4 Overall Discussion

The responses to these questionnaire question were a bit eye opening. The sample population represents a majority thrill seeking and younger group that believe new attractions are only slightly important to their opinions and behaviours. In addition, co-creating attractions do not seem to generate much interest to these participants.

6. Hypothesis Testing

6.1 New Variables

To test the hypothesis, 3 new variables were created that were composed of the original questionnaire data. These new variables are named "Is or Is Not Loyal", "CRI Average" and "CCRI Average".

6.1A Is or Is Not Loyal

This variable was created to differentiate the loyal customers from the non-loyal customers. As stated earlier, this is declared by two important characteristics of what makes a customer loyal. Customer retention, or a

returning customer, is the primary characteristic of a loyal customer. Recommendations, also known as word-of-mouth advertising, is also an important characteristic of a loyal customer and proven to be quite beneficial to an organisation.

The two customer loyalty questionnaire questions asked if the participant had ever been to the same U.S. amusement park at least twice, and had the participant ever recommended the same U.S. amusement park at least once. The data from these two questionnaire questions were combined to form a new variable named "Is or Is Not Loyal". To be "loyal", the participant had to answer yes to both questions. To be "non-loyal", the participant had to answer no to either one or both questions.

The questioned population was comprised heavily of "loyal" participants. 51 participants, or about 66% of all participants, were declared "loyal" while 26 participants, or about 34% of all participants, were declared "non-loyal".

6.1B CRI Average

This variable is composed of the average from selected customer related innovation data. The selected data came from customer related innovation questionnaire questions 1, 3, 5 and 6. The reason these questions were selected was due to the similarity and correspondence of the co-customer related innovation questions. This new variable describes the average influence that customer related innovation plays upon the entire questioned population, and can therefore be treated as a gauge to the importance of customer related innovation.

The mean score of the "CRI Average" variable is 3.44, which is closest to point 3 defined as "neither disagree nor agree". The minimum score of the set was 2 and the maximum was 5, while the standard deviation of the set was about .530 making the data relatively tight compared to the data of original questionnaire questions. These descriptions define the questioned

population as indecisive. The influence of customer related innovation is more or less unknown to the participants.

6.1C CCRI Average

This variable is comprised of the average of all co-customer related innovation questions. The questions were hypothetical and created scenarios for the participants. Their purpose was to develop an understanding of the potential influence of collaborative customer related innovations, relative to this specific research context.

The mean score of the "CCRI Average" variable is 3.41, which again is closest to point 3 defined as "neither disagree nor agree". The minimum score was 1.75 and the maximum score was again 5, while the standard deviation was about .661 making the data relatively tight but a bit more spread than the "CRI Average". The descriptions define the questioned population as indecisive. The influence of potential co-customer related innovation is again more or less unknown to the participants, making the two new innovation variables similar.

6.2 Divided Population Analysis

In order to proceed with the hypothesis testing, the analysis of the questioned population's "Average CRI" and "Average CCRI" scores were divided by loyalty. These two populations were used to differentiate the levels of correlation between the 2 forms of innovation.

From the 51 loyal participants, there is a "CRI Average" mean score of about 3.44 with a standard deviation of .622. This mean score is identical to the overall "CRI Average" for the entire questioned population. This represents how prominent the loyal participants are in this study. The standard deviation is a bit more spread than the overall "CRI Average" for the entire questioned population, meaning a few more scores further from the average.

From the 51 loyal participants, there is a "CCRI Average" mean score of 3.51 with a standard deviation of .695. This represents a group that scored higher, closer to point 4 labelled "agree", than the overall questioned population. The standard deviation is again a bit more spread than the overall questioned population.

From the 26 non-loyal participants there is a "CRI Average" mean score of about 3.46 with a standard deviation of .280. The mean score is slightly higher than the overall "CRI Average" for the entire population, meaning a few more scores in the 4 to 5 point range. The standard deviation is the least spread or tightest range of scores of the entire study concluding that many scores were in the 3 to 4 point range. From the 26 non-loyal participants there is a "CCRI Average" mean score of about 3.2 with a standard deviation of .543. The mean score is lower than the overall "CCRI Average" for the entire population, meaning less non-loyal participants agree with the co-customer related innovation influence. The standard deviation represents a relatively normal spread range of scores.

6.3 Correlation Testing

The hypothesis was based on correlation testing between the two forms of innovation and separating the questioned population by loyal and non-loyal participants. The two forms of innovation, customer related and co-customer related, are represented by "CRI Averages" and "CCRI Averages". The testing will distinguish whether the correlation is stronger between loyal participants or non-loyal participants. The correlation testing was done using Pearson's Correlation Coefficient and a two-tailed significance test.

Hypothesis 1

Null Hypothesis 1: There is no correlation between customer related innovation influence and co-customer related innovation influence amongst loyal customers.

Alternative Hypothesis 1: There is a correlation between customer related innovation and co-customer related innovation influence amongst loyal customers.

Pearson's correlation coefficient between the "CRI Averages" and "CCRI Averages" amongst loyal customers was .568. This correlation coefficient score describes a strong positive relationship between the two variables. The significance level of the two-tailed test was less than .001, distinguishing the correlation as significant and very unlikely due to chance. Therefore, we reject the null hypothesis and accept the alternative hypothesis. The below scatter plot graph depicts the strong positive correlation pattern.
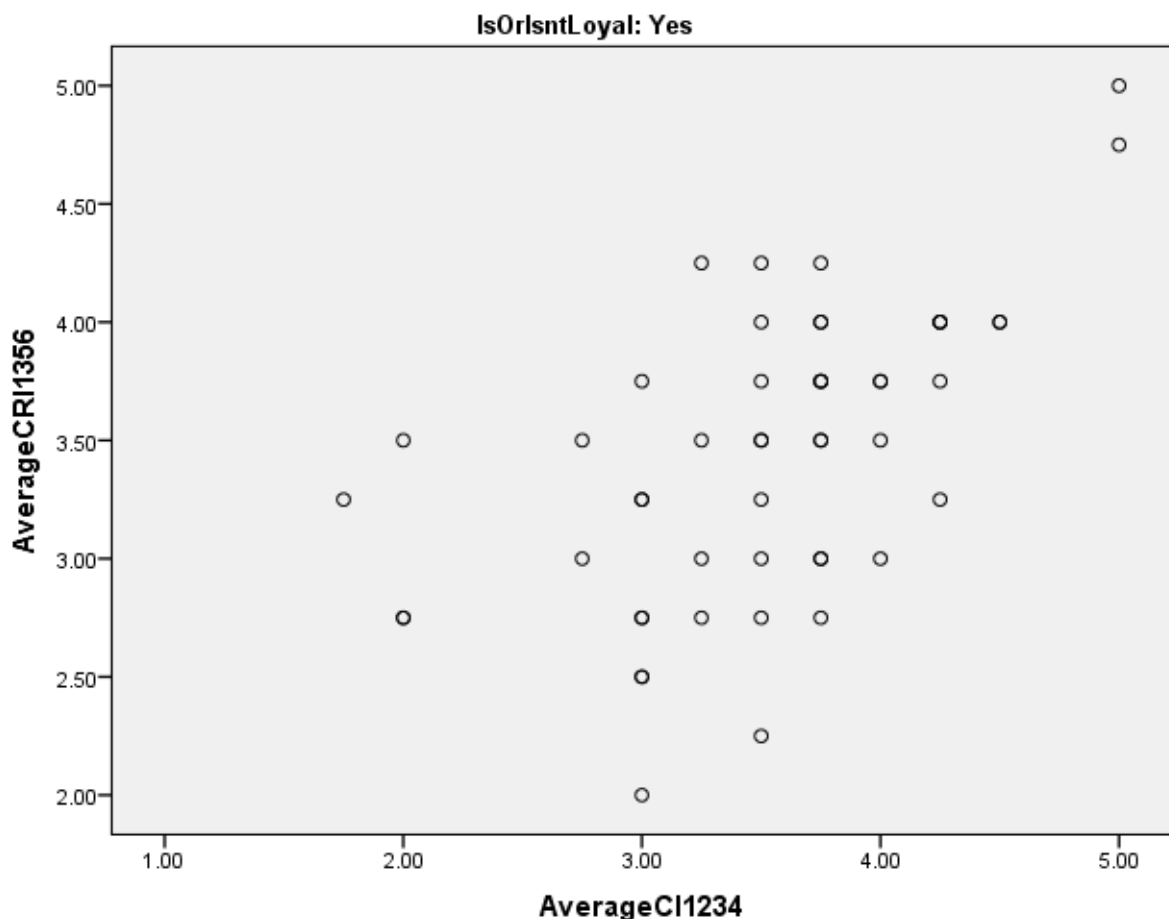
Graph Key:
"Average CRI1356" represents "CRI Averages"
"Average CI1234" represents "CCRI Averages"

"IsOrIsntLoyal: Yes" represents loyal customers

Hypothesis 2

Null Hypothesis 2: There is no correlation between customer related innovation and co-customer related innovation influence amongst non-loyal customers.

Alternative Hypothesis 2: There is a correlation between customer related innovation and co-customer related innovation influence amongst non-loyal customers.

Pearson's correlation coefficient between the "CRI Averages" and "CCRI Averages" amongst non-loyal customers was .168. This correlation coefficient score describes a negligible relationship between the two variables. The significance level of the two-tailed test was scored at .412, distinguishing insignificance and possibly due to chance. Therefore, we fail to reject the null hypothesis and cannot accept the alternative hypothesis. The below scatter plot graph depicts a negligible correlation.
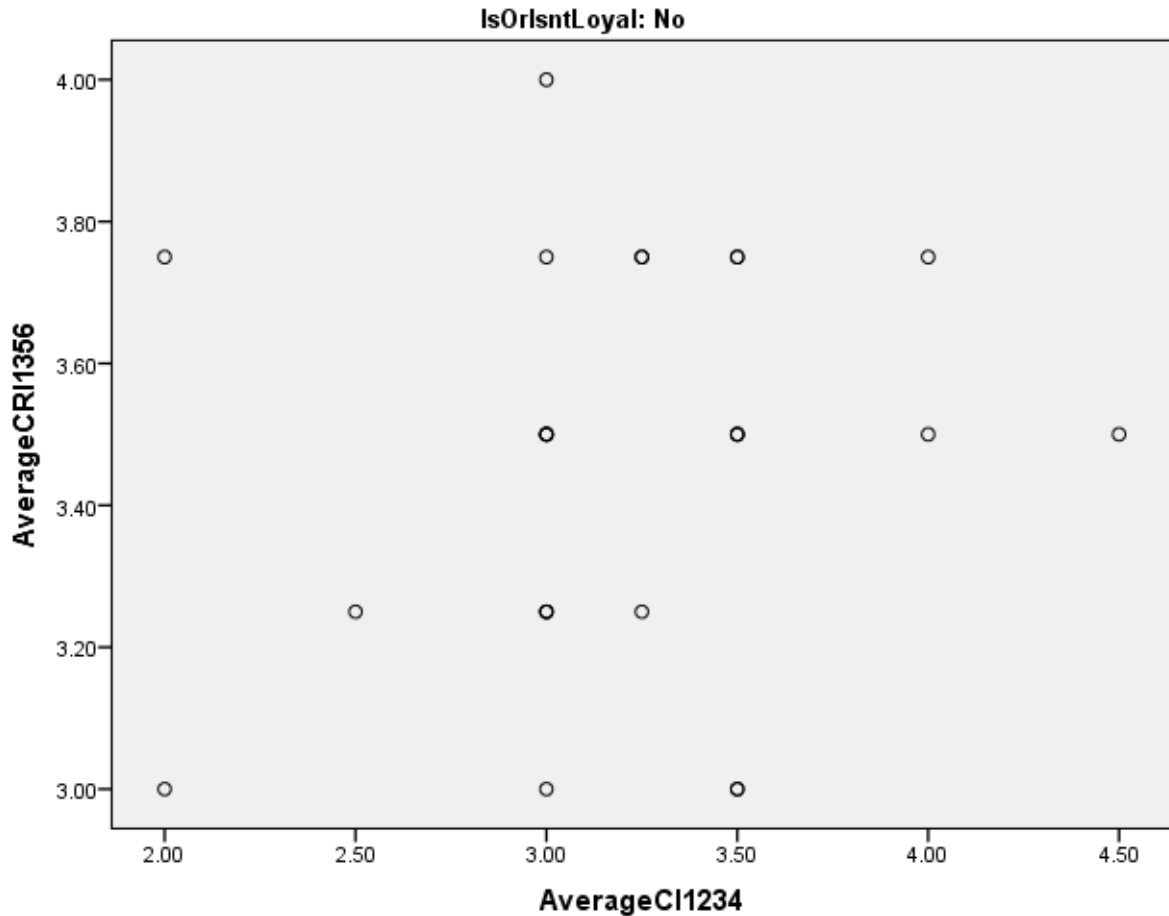
Graph Key:

"Average CRI1356" represents "CRI Averages"

"Average CI1234" represents "CCRI Averages"

"IsOrIsntLoyal: No" represents non-loyal customers

7. Conclusions and Implications

This study was based around the following question: what is the relationship between innovation influence and different levels of customer loyalty? One objective was to discover certain opinion and behavioural influence in response to different scenarios, both actual and hypothetical. Another objective was to find the correlation between this study's two main forms on innovation, customer related innovation and co-customer related innovation, amongst loyal customers and non-loyal customers. The conclusions and implications are based on univariate and bivariate correlation discussions.

7.1 Univariate

The results of the questionnaire had mixed connections to previously discussed theories. Simon and Yaya's (2012) theory of innovation effect on customer satisfaction and Machleit and Eroglu's (2000) theory of customer expectations when delivering an experience are emphasized by the data of this study; innovation plays little to no positive influence to customer opinion and behaviour. The effect of word-of-mouth advertising is beneficial but customer-related innovation does not seem to play a large role in the matter. Continuous innovation have proven profitable in other organisations but the participants seemed to place minimal importance with regards to their opinions and behaviours. Radical customer related innovation was concluded as only slightly important to the participants. Overall, it is concluded that customer related innovation has minimal positive influence on customer opinion and behaviour.

A practical assumption is that the introduction of co-innovation within customer-related innovation would enhance the opinions and behaviours of the customers. Not only can we conclude that co-customer related innovation would have minimal effect on customer opinion and behaviour, we can also conclude that no co-customer related innovation would not hinder customer retention. This contradicts previous co-innovation theory, particularly of Lee *et al.* (2012) and Jacobs (2013) who all claimed that co-innovation has value to all stakeholders. We can conclude that co-customer related innovation would have a small positive effect on the effectiveness of the customer related innovation. Again, the addition of customer and organisation collaboration would have minimal effect on the recommendations, or positive word-of-mouth communication, of a customer. Overall, it is concluded that the addition of co-innovation to customer related innovation, creating co-customer related innovation, would have minimal positive influence on customer opinion and behaviour. The first part of our research objectives is complete.

From a theoretical perspective of the univariate analysis, it is concluded that innovation has little to no positive influence on customer opinion or behaviour. Therefore, the theoretical implications of this study challenges the theory concluded by Delafrooz (2013) that innovation and technology positively impact customer satisfaction. In contrast, the theoretical implications of this study reinforces the theory of Simon and Yaya (2012) who stated innovation plays no positive effect on customer satisfaction.

The managerial implications of these conclusions call for modest action. They should impact the thought process and brainstorming of marketing strategy, not demand instant action or change. The influence is that innovating for direct customer experience does not necessarily result in higher customer satisfaction. Collaboration between customer and organisation may positively influence the effectiveness, through desired emotional responses, of a customer related innovation but will have minimal influence on the customer's loyalty. Therefore, if an organisation seeks to better capture their customer's desired emotional responses, introducing a co-customer related innovation would be appropriate. Collaborating with the customer will improve the effectiveness of a customer related innovation, resulting in a potentially stronger competitive advantage. On the contrary, an organisation with no competitive advantage should consider alternative innovation options, such as internal and process driven, as it may result in a higher positive influence on customer opinion and behaviour.

7.2 Bivariate Correlation

Overall, the two forms of innovation played a minimal positive influence on customer opinion and behaviour of the sample population. The second and third part of the research objective, to discover the correlation between the defined customer related innovation and co-customer related innovation amongst loyal and non-loyal customers, creates added value to previous discussion. The relationship between innovation influence and customer

loyalty is one of no previously discovered research.

Amongst loyal customers, the data proved compelling as it rejected the null hypothesis but accepted the alternative hypothesis with a strong positive correlation coefficient and a significant probability value. Therefore, it is concluded that there is a positive correlation between customer related innovation influence and co-customer related innovation influence amongst loyal customers; the second part of the research objective is complete.

Non-loyal customers provided different results as the correlation coefficient was much smaller. Unfortunately, the probability value scored high making it insignificant and allowing the possibility of chance to inhibit a scientific conclusion. We failed to reject the null hypothesis and cannot accept the alternative hypothesis. All that is left is mere evidence that the relationship between the two forms of innovation amongst non-loyal customers is less significant than amongst loyal customers; the third part of the research objective is complete.

The implications of these results should influence an organisation's marketing and development strategy. Loyal customers should be considered an organisation's important customers and their wants and needs must be incorporated into the organisation's decision making. In order to grow and sustain your loyal customers, research must be conducted in order to establish the kinds of additions the customer expects to see. If your loyal customer base is positively influenced by customer related innovation, this study concludes that they will be positively influenced by co-customer related innovation. Thus resulting in a key information advantage for an organisation's development strategy.

An example from data derived from this research is provided. This study contained many participants with no fear or health restrictions and seek a thrilling experience. These kinds of customers are usually attracted to customer related innovations in the form of big and fast attractions such as

roller coasters. To help retain these loyal customers, incorporating co-creation practices in the early stages of innovation process would result in an attraction that would enhance positive opinion and behaviour. Therefore, the organisation has advantage over retaining its loyal customers. On the contrary, if your loyal customer base is minimally influenced by customer related innovation then there is a high possibility that they will be minimally influenced by co-customer related innovation. Therefore, the organisations can lower costs by less research and development spending.

8. Recommendations

Management should use the conclusions of this research as an influence to their product or service development research. It is particularly relevant to industries where customer experience is essential to the competitive advantage, as it is in the amusement park industry. It was concluded that organisations are aware of the importance on customer information, such as opinion or behaviour, but the conversion from research to actual customer value is a difficult task due to the quality of data (Crié and Micheaux, 2006). This research method produces the kind of quality data that can lead to loyal customer growth and sustainability.

The univariate conclusions directly challenge the theories that proclaimed innovation as a positive factor to customer satisfaction. This study joins a trend amongst recent research concluding innovation as a non-influencer to customer satisfaction, opinions and behaviour. Therefore, it is recommended to produce more research on the topic to see if the trend is sustainable in other contexts.

It is interesting that this study concluded, from the bivariate correlations, that innovation influence has different impacts amongst different customers while other research concluded a positive correlation between innovation and the satisfaction of the entire sample population. Further correlation

research on the topic is recommended to reinforce the theories. From the conclusions gathered in this study, it is recommended that organisation's use this information to attract and retain their loyal customers.

The limitations to this study paves the way for exciting future research. This study was limited by its sampling methods and amount of data collected. Increasing the sample population could result in a more defined conclusion between the relationship of innovation influence and non-loyal customers. It would also limit the bias, a direct result of the sampling method, which is likely present in this study. The questionnaire's main distribution channels were via email and social media networks resulting in a majority of participants that are the researcher's acquaintances whom are from or living in the surrounding areas of the researcher's home. Although this area has multiple amusement parks, it creates a research bias towards the opinions and behaviours of the visitors of only those surrounding amusement parks.

Another recommendation is to further define the levels of customer loyalty within the data. This study only contained two, loyal and non-loyal. It would be interesting to see the results of the relationship when you add multiple levels of loyalty. It is assumed that correlation levels are more positive as the level of loyalty increases. By defining multiple levels of customer loyalty, it would be interesting to understand the different opinions and behaviours from a customer that is below average loyal to a customer that is average loyal. There is potential strategic information that explains what is appealing to these customers, and can therefore be used to attract them better.

The final recommendation is to take the sampling methods to another country and compare the cultural differences to this study. It was concluded by Bleuel and Vardiabasis that customer satisfaction scores were statistically significantly different between help desks in the United States and Thailand (2009). A replicate study within the amusement park industry of another country and comparing it with this study could have impacting influence to the established theories.

Word Count: 13,534

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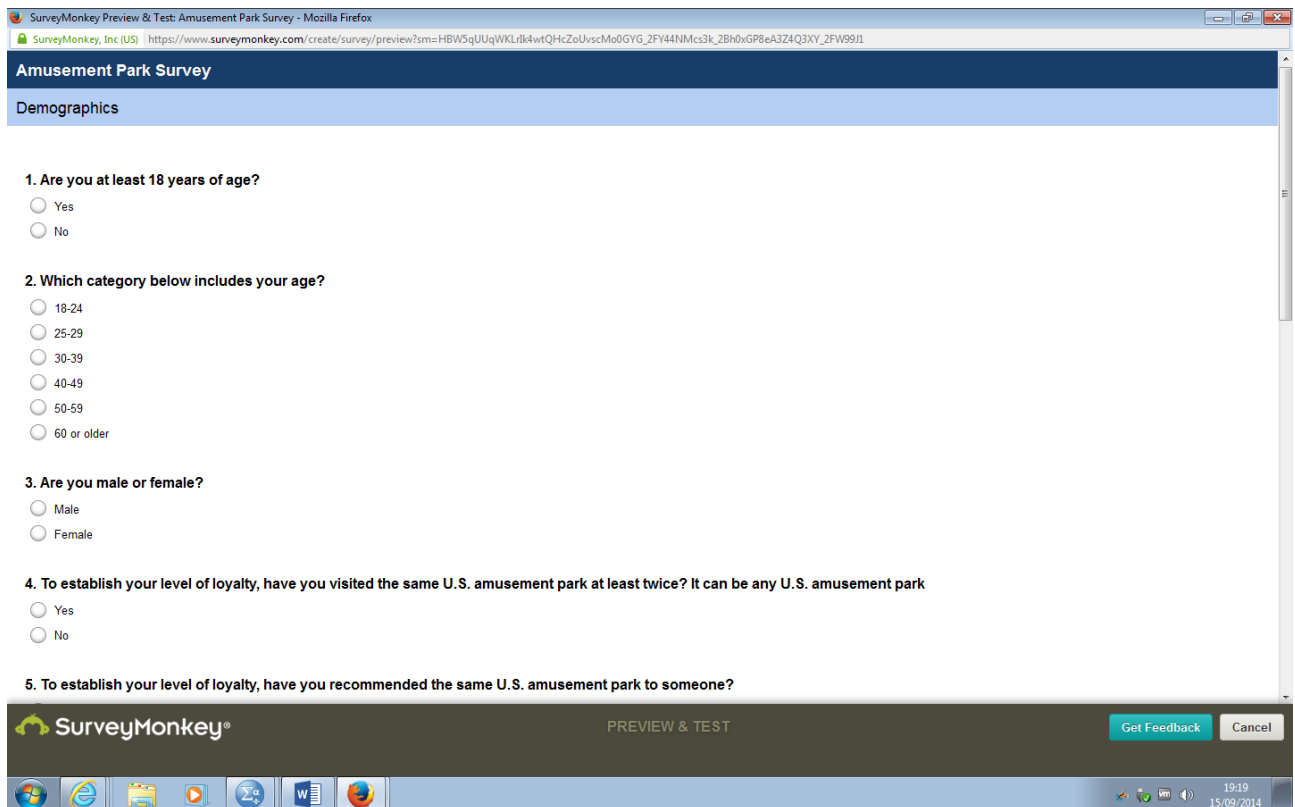
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10. Appendices

10.1 Demographics 1

10.2 Demographics 2

SurveyMonkey Preview & Test: Amusement Park Survey - Mozilla Firefox

SurveyMonkey, Inc (US) | https://www.surveymonkey.com/create/survey/preview?sm=HBW5qUUqWKLrIk4wtQHcZoUvscMo0GYG_2FY44NMcs3k_2Bh0xGP8eA3Z4Q3XY_2FW99J1

5. To establish your level of loyalty, have you recommended the same U.S. amusement park to someone?

○ Yes
○ No

6. If applicable, please list the kinds of amusement park attractions you are unable to experience and state whether this is due to fear or health restrictions

7. Which experience are you usually looking for when visiting an amusement park?

○ Thrilling
○ Funny
○ Scary
○ Happy
○ Other (please specify)

8. Who do you usually visit amusement parks with?

○ my family
○ my significant other
○ my child/children
○ my friends
○ Other (please specify)

Prev   Next

SurveyMonkey®   PREVIEW & TEST   Get Feedback   Cancel

19:19
15/09/2014

10.3 Customer Related Innovation

SurveyMonkey Preview & Test: Amusement Park Survey - Mozilla Firefox

SurveyMonkey, Inc (US) | https://www.surveymonkey.com/create/survey/preview?sm=HBW5qUUqWKLrIk4wtQHcZoUvscMo0GYG_2FY44NMcs3k_2Bh0xGP8eA3Z4Q3XY_2FW99J1

Amusement Park Survey

Customer-Related Innovation Questions

Please answer all questions with regards to the one U.S. amusement park that you have visited the most and have recommended

9. Evaluate the following statements.

	Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree
I usually visit this amusement park because of a new attraction	○	○	○	○	○
I expect this amusement park to introduce a new attraction every year	○	○	○	○	○
I would still visit this amusement park if it stopped introducing new attractions	○	○	○	○	○
Originality of new attractions (i.e. being different from other amusement park attractions) is important to me	○	○	○	○	○
When recommending this amusement park to others, I often speak of the new attractions	○	○	○	○	○
Overall, I receive my desired emotional responses (i.e. emtions you expect to receive from your experience) when experiencing this amusement park's new attractions	○	○	○	○	○

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10.4 Co-Customer Related Innovation