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## SERVICE DIGITALIZATION AND PERFORMANCE OF TOURISM AND HOSPITALITY FIRMS IN NIGERIA

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### ABSTRACT

Digitalization is among the most important changes in our rapidly evolving world. Digital innovations and technological novelties are engines of development and show their impact everywhere, especially in the manufacturing and tourism and hospitality sectors. Given the fact that tourism is based on cooperation between a wide range of products, the benefits of digital revolution in the sector are quite obvious. This paper elaborately discussed the concept of service digitalization and performance of tourism and hospitality firms in Nigeria, and within in a globalized economy. Based on evidence found in literature, the paper conclude that adherence and efficient adoption of service digitalization in the tourism and hospitality sector of Nigeria's economy will enhance tourism performance. The paper therefore recommends that firms in the tourism and hospitality sector in Nigerian should regularly improve on their product digitalization practices in other to enhance their performance. Furthermore, the paper call for empirical research to validate model on service digitalization and performance of tourism and hospitality firms developed in the paper.

**Keywords:** Business performance, Nigeria economy, service digitalization, tourism and hospitality firms

### INTRODUCTION

Tourists - people who travel from one place to another for leisure or business – are key to the tourism and hospitality significant which has become increasing crucial to the development of economies. Tourism increases demand for commodities and also facilitate the convergence of cultures. Tihinen and Kääriäinen (2016) posit that tourism link every sector of the economy in the world and affects GDP of countries. Tourism generate employments, play a role in poverty reduction and socioeconomic improvement. The adoption of information and communication technology (ICT) has furthered the relevance of tourism and has made globalization easier. ICT is a catalyst for change in the environment and has a strong impact on tourist movement.

Musavengane et al. (2019) suggests that ICT provide considerable solutions to tourist's insatiable appetite for easy lifestyle. In the tourism and hospitality sector, everything from guests' check-in to in-room service are rapidly changing. Nowadays, as automation and digitization continue to proliferate, and guests become increasingly tech-savvy, touch points across the hospitality industry

are embracing new digital trends and smart technology to make the customer journey as seamless and enjoyable.

Globally, tourism and hospitality contributes significantly to national economies in terms of employment creation and revenue generation (Musavengane et al., 2019; UNWTO 2018). Understanding travel motivations and shifts in the global tourism marketplace is critical to unpacking future travel patterns and consumption perspectives, and also for tourist destinations to leverage tourism spin-offs. Anton et al. (2017) observed that growing competition in the tourism landscape has resulted in destinations increasingly becoming concerned with balancing tourists with attracting new visitors.

Digitalization has been identified as one of the major trends changing society and business in the near and long term (Tihinen & Kääriäinen, 2016). The impact of digitalization will be major; and can be compared to the industrial revolution (Degryse, 2016; Tihinen et al., 2016). According to literature, digitalization or digital transformation refers to changes associated with application of digital technology in different aspects of human society (Stolterman & Fors, 2004). In the tourism and hospitality sector, digitalization began with the introduction of commercial websites in the 1990s, which brought a new level of convenience to tourists. Today, developments in ICT offer new opportunities to design new products. However, creating such digitalized products often creates new problems and challenges to hotels that are trying to innovate.

Past studies have examined effects of digitalization on business performance in developed and developing countries. There is however, paucity of research on service digitalization and performance of tourism and hospitality firms in Nigeria. Therefore, this study was designed to explore the influence of service digitalization on performance of tourism and hospitality firms in Nigeria, through an extensive review of extant literature.

## LITERATURE REVIEW

### **Nature of Tourism and Hospitality**

Tourism describes travels for leisure, business and Medicare. Tourism plays significant roles in the development of a country. Today, tourism is one of the most important ways to explore the difference in the geographical, cultural, social and political make-up of the world. Therefore, it makes sense to talk about the geopolitics of tourism (Ignatieva, 2013). Flow of international tourists, impact sustainable development of society.

The movement of people, as it is happening today, turns tourism into a global phenomenon with a clear geopolitical context. The geopolitical impact of tourism is mainly reflected in the economic contribution of tourism. Problems in the tourism industry affect level of unemployment and standard of living, especially in countries where tourism is the leading industry (Smolenskiy, 2021).

Individuals become tourists when they voluntarily leave their homes to visit other places. Such individuals may engage in different activities, regardless of how far they go from their homes (Hall, 2018; Holloway & Taylor, 2016; Jafari, 2012). Therefore, tourists are visitors, and what they do whilst visiting another place may be considered as tourism. In 1991, the United Nations World Tourism Organization declared that “tourism comprise activities of persons travelling to and staying in places outside of their usual environment for not more than one consecutive year for leisure, business or other purposes.”

Tourism of often take two dimensions: domestic tourism and international tourism (Yuksel, 2014). The former refers to travel within the national boundaries of the traveler; while the latter refers to travels outside the borders of one’s home country. Domestic travel impact balance of payments and reduce outflow of money from the tourists’ home country (Mathieson & Wall, 2002). Tourists also come in two

different forms: those who travel for business and those who travel for personal motives, including visits to friends and relatives; study; religious pilgrimages; sport; health, etc.

Business travelers have little discretion in the choice of their prospective destination or timing of their trip. Generally, the purpose of their trip is not leisure. Business travel is usually arranged at short notice and for specific and brief periods of time; the duration of their itinerary may often be as short as a day (Swarbrooke & Horner, 2011). In this case, there could be substantial journey time involved. For these reasons, business travelers need the convenience of frequent, regular transportation facilities, efficient, reliable services and good accommodation facilities (in terms of accommodation and catering) of a high standard, at their destination (Jafari, 2012).

Often, business travelers are less concerned about cost of travel, as their employer could be paying for their travel arrangements (Gustafson, 2012). Higher prices will not deter them from travelling, nor will lower prices encourage them to travel more often. Therefore, there seems to be inelastic demand for business travel (Gillen et al., 2013).

On the other hand, leisure travel is highly elastic for travelers who are price-sensitive. Lower price for holidays to particular destinations will lead to increase in aggregate numbers of travelers (Hall, 2018). Frugal tourists usually shop around for affordable holidays (Xiang, 2013). Therefore, they may be prepared to delay their travel, or to book well in advance of their travel dates, if this would translate to significant reduction in travel costs (Russo, 2012).

### **Business Performance**

Business performance is a measure of the outcome of business activities against stated business goals, using a specified business plan in an assumed business environment (Igwe & Ateke, 2021). Igwe and Ateke (2021) also states that business performance is the ratio of output to input, measured in terms of efficiency and effectiveness using quantitative or qualitative indices. It is a dynamic concept used to assess the extent to which an undertaking has or is attaining its financial and non-financial business goals (Lebans & Euske, 2006).

Literature on business performance suggests that performance measures have moved in three different directions over the years: (i) from financial to non-financial output (ii) from output to input; and (iii) from one-dimensional to multidimensional (Clark, 1999, as cited in Ateke & Nwulu, 2018). The multidimensional view of business performance identifies financial, competitiveness, customer intermediate, direct customer and innovativeness dimensions. These dimensions in turn, decomposed into lower-order metrics in most studies.

Consequently, Adiele et al. (2011) used profit margin as a measure of business performance. In Asiegbu et al. (2011), profitability, sales volume and market share were used to measure marketing performance. Johan and Dion (2013) used brand loyalty and flight frequency to performance of Airlines. Similarly, Ikeogu et al. (2013) adopted customer retention and customer service as measures of performance in the aviation sector. Therefore, in line with previous studies, (Adiele & Etuk, 2017; Wilfred et al., 2012; Okeudo & Chikwendu, 2013; Mukarramah et al., 2014; Johan & Dion 2013; Ikeogu et al. 2013) this study view performance of tourism and hospitality firms in terms of repeat patronage behavior, retention and positive referrals of tourists.

### **Service Digitalization and Performance of Tourism and Hospitality Sector Firms**

Service digitalization refers to the utilization of ICT to streamline service processes. It involves integrating digital tools and systems into various aspects of business operations, from management and communication to production and customer service. ICT has driven a paradigm shift in how service is supplied and consumed across borders. In developing countries, digitalization of processes makes

government services available to people using internet and mobile technologies (Grundner & Neuhofer, 2021).

Furthermore, in today's competitive landscape, digitalization has become essential for businesses to stay relevant and thrive. It enables organizations to adapt to rapidly changing market conditions, meet customer expectations, and optimize processes for greater productivity and efficiency. Digitalization make workflows and processes easier and more efficient. Thus, it has become crucial to adopt a digital culture in order to survive and succeed, especially in today's tech-driven world.

The tourism and hospitality field has been influenced by technological revolutions (Buhalis et al., 2019, Tussyadiah, 2020). Ebere and Ateke (2019) aver that the implementation of ICT in the tourism and hospitality industry is prompted not only by a quest for market leadership or competitive advantage, but mostly by a quest for long-term survival. Multiple ICTs have been adopted in the past two decades to create value, provide efficient services and enhance tourists' experiences pre-, during, and post-travel. The integration of ICTs is omnipresent in all stages of a tourist's journey; and has helped the personalization of tourists' experiences (Grundner & Neuhofer, 2021); enhance customer engagement in hotels and restaurants (Doborjeh et al., 2021; Ivanov et al., 2019); and helped tourists find more relevant information to improve their decision-making (Bulchand-Gidumal, 2020; Tussyadiah, 2020).

Before now, many believe that innovativeness is not rampant in the tourism and hospitality industry. But, that is changing fast, as our lives become influenced advances in ICT that has transformed industries, including tourism and hospitality (Ristova & Maglovski, 2018). Advances in technology, greater consumer power and increased competition means that hospitality firms will face threats of commoditization. The winners will act now, and build a strategic advantage that leaves their competitors wondering what happened. With this, digital innovation is key to competitiveness of tourism and hospitality firms (Ristova & Maglovski, 2018).

21st century tourism and hospitality firms in Nigeria compete for customers in order to increase their market share. The possibility of any of these firms to achieve their aims is predicated on their ability to evolve products that satisfy the needs of their target customer better than their competitors. Also, their service quality delivery strategies should be improved while looking for new avenues to regularly attract and retain their customers. The essence is that increase in sales volume significantly impact profit level in the sector and improve business viability (Adiele & Etuk, 2017).

The tourism and hospitality sector is increasingly becoming crucial to the global economy. It has significantly impacted economic and social development of countries and strengthened economic ties, needs regulation and support from the state (Tourism in Russia, 2021; Kwon et al., 2013). Thus, tourism and hospitality services needs to be digitalized to allow for better match competition and surmount the threat of commoditization. Based on the forgoing, we contend that service digitalization has significant influence on performance of tourism and hospitality.

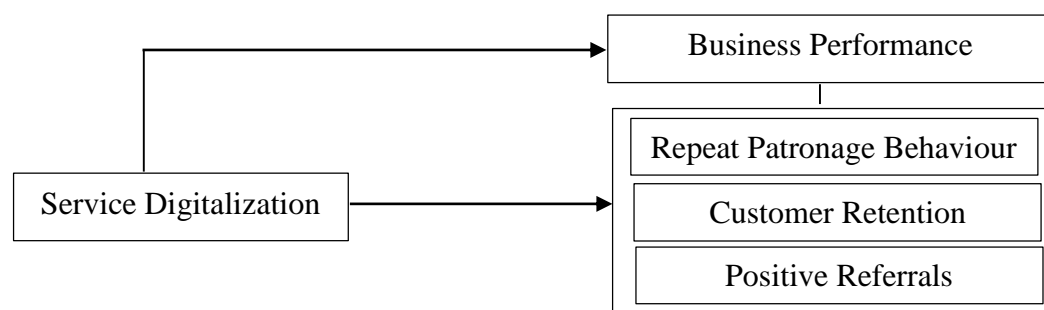


Fig. 1: Conceptual framework of service digitalization and performance of tourism and hospitality firms

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**CONCLUSION**

The rapid deployment and use of digital technology that was once a trend is now becoming widely accepted in all parts of society. With a society that has become increasingly technologically guided, consumers now have the opportunity to experience efficient services provided by the companies. This is especially true for the hospitality industry, whose trend has resulted in guests expecting targeted, more active and equally efficient products and services. The guest's experience is the most important characteristic to reach the goals of a hotel. If the hotel does not offer a great experience, then it has high chances of losing its guests to others. This is why digitalization represents an opportunity for the hospitality industry, leading to great changes and growth.

This paper has elaborately discussed the concept of service digitalization and performance of tourism and hospitality sector in Nigeria. Based on the findings obtained from the review of literature, the authors concluded that the adherence and efficient adoption of service digitalization in the tourism and hospitality sector of Nigeria economy will enhance tourism performance and thus recommended that the tourism sector of the Nigerian economy should regularly improve on the adoption of service and product digitalization practices in order to enhance organizational performance. Furthermore, the authors suggested that more scholars should conduct empirical investigation using the service digitalization, tourism and hospitality performance model provided in this paper to validate the theoretical findings obtained in this study.

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