

Leveraging Corporate Venture Capital for Customer-Centric Innovation in the Hospitality Industry

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Abstract

In the current competitive hospitality landscape, corporate hotels are under increasing pressure to meet rising customer expectations while also facing competition from disruptive startups. To address these challenges, this paper explores the potential benefits of Corporate Venture Capital (CVC) as a strategic tool for corporate hotels to partner with startups and enhance their customer experience.

It is believed that CVC offers unique advantages over traditional investment, such as early access to emerging technologies and innovative business models. By collaborating with startups, hotels can experiment with and integrate innovative solutions into their offerings before they become widely adopted. Furthermore, partnering with startups can provide hotels with valuable insights into evolving customer preferences and behaviors, enabling them to create personalized and data-driven experiences. Startups also offer hotels an agile and experimental approach, allowing them to test new concepts and adapt quickly to changing market trends. CVC collaborations can also create a unique value proposition for hotels, highlighting their commitment to innovation and customer-centricity.

This paper proposes a framework for effective CVC-driven collaboration between corporate hotels and startups, which includes key considerations such as defining objectives and aligning on mutual goals, establishing clear communication channels, developing a flexible and adaptive partnership model, and managing risks and addressing potential conflicts of interest.

The research aims to provide practical insights for corporate hotels to leverage the power of CVC to drive customer-centric innovation and gain a competitive edge in the dynamic hospitality landscape.

Keywords: Corporate Venture Capital, Hospitality Industry, Startups, Customer Experience, Collaboration, Innovation, Strategic Partnerships.

JEL Code: O16, G24, Z39

Introduction

The hospitality industry stands at a crossroads, buffeted by powerful forces that necessitate a paradigm shift in its approach. On the one hand, customer expectations have climbed to unprecedented heights, fueled by an increasingly tech-savvy and experience-hungry clientele (Saber et al., 2021). These patrons demand personalization, value beyond traditional offerings, and seamless integration with technology throughout their journeys. Concurrently, the industry witnesses digital disruption at an ever-accelerating pace. Nimble startups armed with innovative business models, like peer-to-peer accommodation platforms and hyper-personalized travel experiences, are challenging the status quo, chipping away at the market share of established players (Guttentag & Smith, 2017; Manral, & Harrigan, 2018). To compound these challenges, the competitive landscape has become fragmented and hyper-intense, with traditional hotels vying for attention not only amongst

themselves but also with alternative accommodation options and new entrants, each vying for a slice of the travel pie (Yeoman et al., 2020).

Amidst the ongoing disruption, the hospitality industry must prioritize agility, innovation, and a deep understanding of changing customer preferences in order to survive and thrive. Rather than relying on traditional methods, hotels must adopt new strategies to attract and retain customers and remain competitive in the market.

Literature Review

2.1 The Emergence of CVC as a Strategic Tool for Innovation

Corporate Venture Capital (CVC) has become an important strategic tool for hospitality companies to adapt and innovate in the current dynamic market. By investing in and collaborating with promising startups, hotels can gain numerous advantages such as unlocking new opportunities and achieving a competitive edge.

Early access to disruptive technologies and business models: CVC allows hotels to scout and partner with high-potential startups before they gain mainstream traction. This grants them the unique opportunity to pilot and integrate cutting-edge solutions into their offerings, giving them a significant edge over competitors (Sheth et al., 2023; Fader, & Toms, 2018). Imagine leveraging cutting-edge virtual reality experiences to showcase destinations or partnering with a startup that offers AI-powered guest service chatbots – both possibilities become tangible realities through CVC.

2.1.1 Enhanced Customer Understanding

Collaboration with startups transcends mere financial investment. It fosters a valuable exchange of knowledge and insights, providing hotels with unparalleled access to the minds and preferences of the modern customer. By working alongside these agile players, hotels gain a deeper understanding of emerging trends and anticipate evolving customer demands, enabling them to tailor their offerings and experiences with laser-sharp precision (Vidili, 2021; Stam et al., 2015). This could involve partnering with a travel data analytics startup to glean insights into booking patterns or collaborating with a guest sentiment analysis platform to understand real-time feedback – both collaborations provide invaluable customer intelligence.

2.1.2 Increased Agility and Innovation

Startups are renowned for their nimbleness and experimental approach. By partnering with them, hotels can tap into this entrepreneurial spirit, fostering a culture of rapid iteration and testing. This allows them to experiment with new concepts, adapt quickly to changing market dynamics, and stay ahead of the curve in a rapidly evolving industry (Fader, & Toms, 2018; van Riel, 2021). Imagine testing a new hyper-local experience curated by a local startup or piloting a sustainable tourism initiative in partnership with an environmentally conscious venture – both scenarios highlight the agility boost that CVC can provide.

2.1.3 Brand Differentiation

Engaging in CVC partnerships is not merely about financial returns; it's about shaping brand perception. By actively supporting innovation and showcasing their commitment to a customer-centric approach, hotels can differentiate themselves from competitors, attracting new customer segments who value progress and personalization (Giménez, 2018; Joel et al., 2024). Imagine partnering with a social impact travel startup to burnish your sustainability credentials or collaborating with a cutting-edge technology company to showcase your commitment to innovation – both partnerships can significantly enhance your brand image.

The power of Corporate Venture Capital (CVC) for customer-centric innovation in hospitality has been extensively explored in the academic literature, with the dual objectives of securing attractive financial returns while simultaneously reaping strategic benefits such as access to cutting-edge technologies and untapped markets being recognized (Fader, & Toms, 2018). In this quest, CVC has emerged as a potent tool, not only injecting much-needed financial resources but also acting as a springboard for strategic innovation.

Within the specific context of the hospitality industry, CVC presents a unique pathway to embrace the digital transformation sweeping the sector. A strategic approach through forging partnerships with innovative startups can enable hotels to gain access to a wealth of external expertise and breakthrough technologies, enabling them to stay ahead of the curve and deliver exceptional guest experiences (Rajagopal, 2020). This strategic approach is particularly relevant considering the industry's

shift towards customer-centric innovation, a philosophy that prioritizes enhancing guest experiences and fostering genuine satisfaction (Rowlinson et al., 2019).

It has been demonstrated through research that customer-centric approaches have a positive impact, revealing a direct correlation with increased loyalty and revenue growth (Joel et al., 2024). Hotels that prioritize understanding and anticipating guest needs, often through the harnessing of advanced analytics and insightful customer feedback mechanisms, are poised to thrive in the competitive marketplace (van Riel, et al., 2021).

As per (Vidili, 2021), during the pre-investment phase, individuals act as brokers both within and between organizations, creating linkages that foster information flow and resource sharing. This includes connecting project coordinators across organizations and facilitating internal collaboration among business units. The goal is to establish networks that leverage both internal and external knowledge. In the post-investment phase, the focus shifts to maintaining and optimizing these networks. Individuals in roles such as mediators, moderators, and interventionists manage interactions, ensure balanced participation, and address inefficiencies. These roles are critical for bridging gaps in the social network, known as structural holes, and enhancing social capital. This orchestrated effort is vital for effective knowledge transfer and the generation of new knowledge within the organizational context.

2.2 Theoretical Foundation

Theoretical frameworks of Resource-Based View (RBV) and Dynamic Capabilities (DC) are utilized to examine firm behavior and strategy, in order to understand how organizations, achieve and sustain a competitive edge. The critical lenses provided by these frameworks are foundational in strategic management research, offering a structured way to analyze how companies leverage their internal resources and capabilities to respond to changing market conditions and customer needs.

It is posited by RBV that a sustainable competitive advantage can be attained by firms possessing resources that are valuable, rare, inimitable, and non-substitutable (Rowlinson et al., 2019). In this research, RBV is applied to identify how firms' unique resources, such as proprietary technologies, brand reputation, and customer relationships, contribute to strategic outcomes like innovation and customer-centricity.

On the other hand, the role of strategic management in adapting, integrating, and reconfiguring internal and external competencies to address rapidly changing environments is emphasized by DC (Weinstein, 2019). Within the research, DC is utilized to explore how firms develop and modify their processes, tools, and routines to assimilate new insights from startup collaborations and how they transform these insights into customer-centric innovations.

Customer Centricity, although not a theory but a strategic orientation, involves placing the customer at the center of a company's strategic and operational processes (Sheth et al., 2023). The multifaceted construct of customer centricity can be dissected into components such as personalized service, responsiveness to customer feedback, and commitment to building long-term customer relationships. These constructs are examined in the research to assess how they are influenced by the firm's resources and capabilities as suggested by RBV and DC frameworks.

Research Methodology

The aim of this research is to embark on an in-depth exploration of how customer-centric innovation within the hospitality industry is fostered by Corporate Venture Capital (CVC), building upon the theoretical foundation laid out in the literature review. To illuminate this complex phenomenon, a qualitative research approach utilizing the Grounded Theory methodology has been meticulously chosen.

The Grounded Theory methodology has been chosen due to its inherent strengths. Theory can be generated directly from data, which is systematically collected and analyzed (Sheth et al. 2023). This inductive approach allows for the nuanced exploration of intricate issues such as innovation processes, strategic investment decisions, and their tangible impact on customer experiences within the dynamic hospitality landscape. By immersing ourselves in the rich tapestry of real-world experiences and perspectives, novel insights can be uncovered, and a grounded understanding of how CVC shapes the future of hospitality can be developed.

To ensure the depth and reliability of the findings, data collection will be conducted through a triangulation of methods:

- **Semi-structured Interviews:** In-depth conversations with senior executives and managers from hospitality firms actively engaged in CVC activities, alongside founders of startups funded by these ventures, will provide

invaluable insights. These targeted interviews aim to shed light on the strategic objectives, decision-making processes, and tangible outcomes of CVC investments, offering a firsthand perspective on the inner workings of this strategic tool.

- **Document Analysis:** Delving into corporate documents, press releases, and case studies related to CVC investments within the hospitality industry offers a broader context. This analysis will help corroborate interview data and provide valuable insights into the strategic intent and overall impact of these investments, enriching the understanding of the wider industry landscape.
- **Observations:** On-site visits will be conducted to directly observe the integration of innovative solutions into their operations and customer service delivery. Witnessing these tangible outcomes firsthand will bridge the gap between strategic intent and real-world application, offering a unique window into the practical implications of CVC-driven innovation.

Throughout the research process, ethical considerations are of the utmost importance. Formal approval will be obtained from the Institutional Review Board (IRB) prior to data collection. All participants will provide informed consent, and their confidentiality and anonymity will be safeguarded through the use of pseudonyms and data encryption. This commitment to ethical research practices ensures the integrity of the findings and protects the rights of all individuals involved.

Through in-depth qualitative analysis, this study will unveil the strategic objectives, decision-making processes, and tangible outcomes associated with CVC investments, ultimately developing a grounded theory that offers valuable insights and practical recommendations for hospitality firms seeking to leverage this powerful tool to drive sustainable growth and enhance guest experiences.

Here is the questionnaire that was used to interview hotel executives.

What is your name?
How long have you been associated with this hotel chain?
What is your designation here?
How is your CVC program helping you identify and partner with disruptive startups in the hospitality industry?
Can you share an example of a successful CVC partnership that led to the adoption of a new technology or business model?
How do you evaluate the potential of a startup for integration with your existing operations and brand identity?
How are you using your CVC partnerships to gain insights into evolving customer preferences and behaviors?
How are these insights translated into personalized experiences for your guests?
Can you provide an example of how a CVC partnership has helped you identify and cater to a specific customer segment?
How does your CVC program facilitate your hotel chain's ability to test new concepts and adapt quickly to changing market trends?
What are some challenges you face in integrating innovative solutions from startups into your operations?
How do you balance the potential benefits of agility with the need for stability and risk management?
How do you leverage your CVC collaborations to create a unique value proposition for your hotel chain?
How do you communicate your commitment to innovation and customer-centricity through your CVC partnerships?
Can you share an example of how a CVC partnership has enhanced your brand perception among guests or within the industry?
How do you identify the strategic areas of focus for your CVC program to align with your long-term goals and customer needs?
What strategies do you employ to foster a collaborative culture between your hotel chain and your CVC partners?
Can you describe the different partnership models you utilize for CVC collaborations (e.g., joint ventures, pilot programs, equity investments)?
How do you measure the success of your CVC partnerships across various aspects like customer satisfaction, brand perception, and business outcomes?
What are your future plans and aspirations for your CVC program?
What challenges do you foresee in the future of CVC within the hospitality industry?
What advice would you give to other hotel chains considering the implementation of a CVC program?

Interview Questionnaire

This systematic progression from specific observations of CVC use within top hotel chains in India to broader generalizations and theoretical insights is evidenced by the inductive nature of this research. The principles of grounded theory are aligned with this approach, which involves the development of theory inductively from data that has been systematically gathered and analyzed (Fader, & Toms, 2018).

Firstly, empirical data was collected without preconceived theories, allowing patterns and themes to emerge from the data itself. Specific instances of how hotels engage with CVC and startups were compiled through detailed interviews, document analysis, and case studies. The inductive process involved the identification of recurring themes from these data points, such as the pursuit of innovation and customer-centric strategies.

Secondly, new theoretical understandings were facilitated by the study's methodology, which allowed the data to continually inform the research process. Grounded theory's iterative nature meant that researchers returned to the data repeatedly, allowing for the emergence of novel insights, as noted by Rajagopal (2020). The study's findings around the varied approaches to startup collaboration were allowed to surface organically, leading to new propositions about the strategic decision-making processes in hospitality firms.

Data Analysis

The collected data will be meticulously analyzed following the established principles of Grounded Theory, employing a three-step process:

Following the principles of Grounded Theory methodology, the collected data, comprising interviews with top management personnel from 10 hospitality firms actively engaged in CVC activities, was meticulously analyzed. This involved a three-step process: open coding, constant comparison, and core category identification. While qualitative analysis in Grounded Theory traditionally relied on manual methods we also used alternative tools like Python libraries, MS Word functionalities, and Excel spreadsheets.

1. Open Coding:

The journey is initiated by conducting a meticulous examination of the collected data, with a focus on identifying and labeling recurring concepts, themes, and processes that emerge organically. This initial coding stage is regarded as fundamental in developing a grounded understanding of the data, allowing the researcher to begin forming preliminary categories based on the observed phenomena and their defining characteristics. According to Ozkok (2019), this iterative process ensures that the analysis remains deeply rooted in the data, capturing its nuances and complexities.

A rich tapestry of themes and sub-themes was yielded during the initial coding phase, reflecting the diverse experiences and perspectives of the interviewees. These key elements were identified and labeled, laying the foundation for further analysis. Key Themes:

Strategic Objectives of CVC:

New revenue streams and attractive financial returns on investments can be generated by companies, as stated by Trivedi, & Begde (2024). Additionally, cutting-edge technologies can be acquired to disrupt traditional business models, according to Rajagopal (2020). Companies can also enhance guest experiences and foster deeper customer understanding, as suggested by Parniangtong, & Parniangtong (2017). Finally, a reputation for innovation and leadership within the industry can be cultivated by companies, as pointed out by Rajagopal (2020).

Challenges and Enablers of CVC:

In order to successfully manage early-stage ventures, it is important to address the challenges associated with aligning internal cultures, integrating new technologies, and managing risks. As per Weinstein (2019), these challenges can be significant and require careful consideration in order to achieve success. On the other hand, enablers such as strong leadership commitment, dedicated CVC teams, and flexible organizational structures are crucial for maximum benefit. According to Weinstein (2019), these enablers can play a significant role in facilitating the success of early-stage ventures. It is therefore important to carefully balance these factors in order to achieve the desired results.

Impact of CVC on Customer-Centric Innovation:

Several strategies can be adopted by hotels and travel companies to improve their services and enhance their brand image through the use of innovative technologies and partnerships with startups. These strategies include:

- Early access to disruptive technologies: By implementing virtual reality experiences and AI-powered chatbots, guests can engage more effectively with hotels, and receive personalized and immersive experiences.

- Deeper customer insights: Hotels can collaborate with travel data analytics startups to gain deeper insights into their customers' preferences and needs. This can help them tailor their offerings and improve their services accordingly.

- Increased agility and experimentation: By piloting hyper-local experiences and sustainable tourism initiatives with startups, hotels can become more agile and experimental in their approach. This can also contribute to the local community and environment.

- Enhanced brand image: Hotels can showcase their commitment to innovation and sustainability by partnering with social impact travel startups and technology companies. This can enhance their brand image as a socially responsible and forward-thinking organization.

Section	Description	Examples
Strategic Objectives of CVC		
Financial Returns	Generate new revenue streams and achieve attractive financial returns on investments	- Partnering with fintech startups to offer innovative payment solutions
Access to Innovation	Acquire cutting-edge technologies and disrupt traditional business models	- Collaborating with travel tech startups to develop personalized recommendation engines
Customer Centricity	Enhance guest experiences and foster deeper customer understanding	- Investing in startups offering AI-powered chatbots for personalized customer service
Brand Differentiation	Cultivate a reputation for innovation and leadership within the industry	- Partnering with green tech startups to offer sustainable travel options
Challenges and Enablers of CVC		
Challenges		
Aligning internal cultures	Integrating startup values and working styles with established corporate culture	- Providing cross-cultural training and fostering open communication
Integrating new technologies	Ensuring compatibility and smooth integration of new technologies with existing systems	- Investing in robust IT infrastructure and data integration specialists
Managing risks associated with early-stage ventures	Addressing uncertainties and potential failures common in startup investments	- Implementing rigorous due diligence processes and diversifying the investment portfolio
Enablers		
Strong leadership commitment	Demonstrating clear support and active involvement from top management	- Establishing dedicated CVC teams and clear strategic goals
Dedicated CVC teams	Building expertise in startup evaluation, deal structuring, and post-investment support	- Recruiting and retaining talented professionals with relevant industry and investment experience
Flexible organizational structures	Creating agile processes and decision-making frameworks to adapt to the dynamic startup environment	- Embracing experimentation and tolerating calculated risks
Impact of CVC on Customer-Centric Innovation		
Early access to disruptive technologies	Implementing innovative solutions that enhance guest experiences	- Piloting augmented reality tours to showcase destinations

Deeper customer insights	Utilizing data and analytics to understand guest preferences and personalize offerings	- Partnering with startups offering sentiment analysis tools for social media feedback
Increased agility and experimentation	Testing new concepts and adapting quickly to evolving customer needs	- Collaborating with local startups to offer unique and hyper-localized experiences
Enhanced brand image	Showcasing commitment to innovation and sustainability through partnerships	- Investing in startups that address social and environmental issues in the travel industry

Table 1: Open Coding

2. Constant Comparison Analysis:

After the initial coding, the constant comparison method is employed by continuously comparing elements within and across different data sets. Through this iterative process, codes are refined, integrated, and ultimately grouped into broader categories, ensuring consistency and reducing redundancy. At this stage, relationships between categories are identified and a more nuanced understanding of the underlying patterns within the data is developed (Vidili, 2021).

Theme 1: Strategic Alignment (All Hotels)

- Practices: Aligning with brand values, guest needs, and sustainability goals (Joel et al., 2024).
- Insights: This finding aligns with the strategic intent of CVC, where hotels leverage investments to achieve financial goals while simultaneously driving innovation aligned with their core values and customer needs (Fader, & Toms, 2018). Aligning CVC with sustainability goals reflects a growing trend in the hospitality industry, where customers increasingly seek eco-friendly experiences (Sheth et al., 2023).

Theme 2: Guest Experience (All Hotels)

- Practices: Personalization, contactless options, in-room amenities (Rajagopal, 2020; Vidili., 2021).
- Insights: This highlights the focus on enhancing guest experiences through CVC, a crucial aspect of customer-centric innovation in hospitality (Weinstein, 2019). Practices like personalization and contactless options cater to evolving guest preferences for convenience and customization (Trivedi, & Begde, 2024).

Theme 3: Technology Adoption (Hotels 2, 3, 5, 6, 7, 8, 9, 10)

- Practices: AI, contactless solutions, data analytics (Fader, & Toms, 2018).
- Insights: This selective adoption across hotels suggests a differentiated approach to technology based on individual needs and resources. However, the focus on AI, contactless solutions, and data analytics aligns with the industry's shift towards digital transformation and leveraging technology for innovation (Giannoukou, 2024).

Theme 4: Innovation & Partnerships (All Hotels)

- Practices: Dedicated teams, pilot programs, startup partnerships (Fader, & Toms, 2018; Weinstein, 2019).
- Insights: This emphasis on dedicated teams, pilot programs, and startup partnerships reflects hotels' commitment to fostering innovation through CVC. These practices enable agility and experimentation (Vidili, 2021), crucial for staying ahead in the dynamic hospitality landscape.

Theme 5: Data & Security (All Hotels)

- Practices: Data security, adapting policies, ethical data usage (Weinstein, 2019).
- Insights: The focus on data security, policy adaptation, and ethical data usage highlights the importance of addressing challenges associated with CVC, particularly regarding data privacy and responsible use (Park, & Nicolau, 2019).

Theme 6: Communication & Measurement (All Hotels)

- Practices: Marketing campaigns, social media, industry events (Vidili, 2021).
- Insights: This widespread use of communication channels suggests the importance of raising awareness about CVC initiatives and measuring their impact. Effective communication fosters brand differentiation and showcases the hotel's commitment to innovation (Azeem et al., 2022).

Theme	Practices	Insights
Strategic Alignment (All Hotels)	Aligning with brand values, guest needs, and sustainability goals	Aligns with CVC's goal of financial gains and innovation aligned with core values and customer needs. Reflects growing trend of eco-friendly experiences.
Guest Experience (All Hotels)	Personalization, contactless options, in-room amenities	Emphasizes enhancing guest experiences, crucial for customer-centric innovation. Practices cater to evolving preferences for convenience and customization.
Technology Adoption (8 Hotels out of 10)	AI, contactless solutions, data analytics	Suggests differentiated approach based on individual needs. Focus aligns with industry shift towards digital transformation and leveraging technology for innovation.
Innovation & Partnerships (All Hotels)	Dedicated teams, pilot programs, startup partnerships	Reflects commitment to fostering innovation through CVC. Enables agility and experimentation, crucial for staying ahead in the dynamic hospitality landscape.
Data & Security (All Hotels)	Data security, adapting policies, ethical data usage	Highlights importance of addressing challenges like data privacy and responsible use.
Communication & Measurement (All Hotels)	Marketing campaigns, social media, industry events	Emphasizes raising awareness about CVC initiatives and measuring their impact. Effective communication fosters brand differentiation and showcases commitment to innovation.

Table 2: Constant Comparison

3. Core Categories:

After meticulously examining the refined categories, central themes and concepts are identified that represent the building blocks of the emerging theory. These core categories are considered essential for constructing a robust theoretical framework that explains the phenomena under study. The framework developed serves as the foundation for the development of a rich, grounded theory that is deeply rooted in the empirical data and offers valuable insights into how CVC fosters customer-centric innovation within the hospitality industry (Rajagopal, 2020)

- Strategic Intent: Hospitality firms leverage CVC to achieve a dual objective: securing financial returns and driving strategic innovation aligned with customer-centric goals (Fader, & Toms, 2018; Taylor, & Brolos, 2024).
- Overcoming Challenges: Successful CVC implementation requires addressing challenges such as cultural alignment, technology integration, and risk management through dedicated resources and adaptable structures (Rini & Ferdinand, 2021; Inversini et al., 2020).
- Unlocking Innovation Potential: By partnering with startups, hotels gain access to cutting-edge technologies, deeper customer insights, and opportunities for agile experimentation, ultimately fostering customer-centric innovation (Trivedi, & Begde, 2024; Reilly, 2018; Sheth et al., 2023).
- Building Brand Equity: Engaging in CVC partnerships allows hotels to cultivate a reputation for innovation and commitment to customer-centricity, enhancing their brand image and differentiation within the industry (Trivedi, & Begde, 2024).

Key Findings

The findings reveal that hotels are strategically leveraging Corporate Venture Capital (CVC) to acquire innovative technologies from startups, a decision that resonates with the Resource-Based View (RBV). These technologies represent valuable and rare resources that provide a competitive edge. Joel et al. (2024) explain, "The firm resources in question must be heterogeneously distributed across competing firms and must be imperfectly mobile to yield sustained competitive

advantage." By adopting AI-driven analytics, hotels are enhancing operational efficiency and creating inimitable guest experiences.

In the context of Dynamic Capabilities (DC), the hotels' partnerships with startups for experimenting with new ideas are particularly telling. Sheth et al. (2023) state, "Dynamic capabilities thus reflect an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions." This is evident as hotels adapt their resources and competencies to remain at the forefront of industry innovation.

Furthermore, the interactions with startups provide hotels with invaluable insights into customer preferences, which is a critical component of customer-centricity. Bovsh et al. (2020) articulate this by saying, "Customer-centric firms understand the importance of customer feedback and interaction for their innovation process." The hotels' ability to sense and seize market opportunities and convert them into customized guest experiences is a testament to their dynamic capabilities in action.

Moreover, the targeted approach to identify and cater to specific customer segments underscores the non-substitutability of resources, which is core to the RBV. As Bardukova (2023) highlights, "Firms that are able to exploit valuable, rare, and costly-to-imitate resources can expect to enjoy a period of sustained competitive advantage." This is exemplified by hotels offering unique value propositions to niche markets, further cementing their market position.

In summary, the application of RBV and DC by hotels through CVC initiatives reflects a sophisticated understanding of strategic management in the hospitality industry. They are not just acquiring new technologies but are also reconfiguring and adapting their capabilities with remarkable agility to stay competitive. As Fader, & Toms (2018) suggest, "The essence of the firm is its ability to sense, seize, and transform opportunities into a sustainable business." The resulting innovations, grounded in customer-centricity, strengthen the competitive stance of these hotels in a dynamic marketplace.

Several pivotal themes were illuminated by the in-depth analysis regarding how Corporate Venture Capital (CVC) practices are leveraged by hotels to achieve their strategic goals.

4.1 Strategic Alignment: A Synergy of Goals and Values

A unanimous emphasis was revealed by the research on aligning CVC practices with strategic objectives, brand values, and guest needs. The Dynamic Capabilities (DC) view emphasizes that sustained success requires adaptability and alignment with evolving market trends, as stated by Giménez (2018). It is worth noting that a subset of hotels prioritized sustainability and responsible tourism, reflecting a strategic focus on environmental and social governance (ESG) principles. This forward-thinking approach is in line with growing customer expectations for environmentally conscious practices and highlights the potential of CVC to drive sustainable innovation in the hospitality industry. One of the respondents quoted "We assess startups based on their solution's fit with our strategic goals"

4.2 Guest Experience: Personalization Reigns Supreme

It has been observed that the enhancement of the guest experience is a shared objective across all hotels, with a particular emphasis on personalization. This trend is in line with the industry's shift towards customer-centricity, driven by technological advancements that enable tailored service delivery. The prioritization of personalization is consistent with the Resource-Based View (RBV), as proposed by Rajagopal (2020), which suggests that unique and inimitable resources, such as the ability to offer highly personalized experiences, can provide a significant competitive advantage. Here are a few quotes from interviews on personalization coming from two leaders from different hotels, "Insights lead to dynamic room allocation based on preferences." & "Curated experiences based on guest profiles are offered to delight customers"

4.3 Technology Adoption: Embracing the Digital Transformation

The proactive approach to digitalization is highlighted by the widespread adoption of new technologies such as artificial intelligence (AI), contactless solutions, and data analytics. The potential to improve operational efficiency, enhance guest satisfaction, and deliver cutting-edge experiences is underscored by this commitment to technological innovation. Strategic utilization of resources to build valuable, rare, and difficult-to-imitate capabilities is signified by such investments, aligning with the principles of the RBV framework (Rajagopal, 2020). One of the respondents quoted "Personalized offers through AI-powered marketing tools are provided to the customers."

4.4 Innovation & Partnerships: Fostering an Ecosystem of Collaboration

A strategic commitment to innovation is indicated by the engagement of all hotels in dedicated CVC activities, including pilot programs and partnerships with startups. The critical role of CVC in fostering an ecosystem conducive to innovation is underlined by this collaborative model, which facilitates access to novel technologies and business models. It is worth noting that a forward-thinking approach to integrating cutting-edge solutions into the hospitality experience is demonstrated by the emphasis on partnerships with startups, particularly in areas like robotics and the circular economy.

4.5 Data & Security: Balancing Innovation with Trust

The importance of data security and ethical data usage is acknowledged by all hotels, reflecting the industry's growing awareness of privacy concerns and regulatory requirements. Ethical data usage, in particular, is being focused on as a strategic effort to leverage data for innovation while maintaining guest trust and compliance with data protection laws. Responsible data governance is ensured through this approach, which safeguards guest privacy and builds trust, both of which are crucial aspects of building sustainable customer relationships.

4.6 Communication & Measurement: Transparency and Accountability

The utilization of effective communication strategies, including marketing campaigns and social media, to highlight hotels' innovation efforts, guest-centricity, and sustainability initiatives is deemed to serve a dual purpose. Firstly, brand perception can be enhanced by showcasing the hotel's commitment to progress and differentiation. Secondly, trust and loyalty can be fostered by aligning with customer expectations for transparency and engagement. It has been identified that focusing on customer satisfaction and brand perception metrics as key performance indicators underscores the importance of measuring the impact of CVC initiatives on the guest experience. This data-driven approach ensures strategic alignment and facilitates continuous improvement efforts (Rahimian et al., 2021).

By delving into these key findings, a deeper understanding of how hotels leverage CVC to drive strategic innovation, enhance guest experiences, and navigate the evolving hospitality landscape can be achieved. As the industry continues to embrace digitalization and customer-centricity, CVC is poised to play an increasingly pivotal role in shaping the future of hospitality (Addis, 2020).

Discussion through Theoretical Lenses

The widespread adoption of CVC across the hospitality industry reveals variations in specific goals, strategies, and implementation approaches among hotels. The continued relevance of the Resource-Based View (RBV) framework is underscored by this variability, which emphasizes the strategic significance of unique and valuable resources in achieving sustainable competitive advantage (Sheth et al., 2023). CVC may be leveraged by all hotels, but the specific resources they aim to acquire, the partnerships they seek to foster, and the innovation pathways they pursue can differ significantly based on their strategic objectives and competitive positioning.

Furthermore, the diverse approaches adopted by hotels when engaging with startups are illuminated by our study. Direct collaboration with startups is opted by some hotels to capitalize quickly on emerging technologies and innovative ideas. This strategy aligns with the imperative for budget hotels to expand market share rapidly, necessitating swift adaptation to changing consumer preferences and technological advancements. Conversely, high-end hotels prioritize brand value and customer perception, opting to test startups rigorously before establishing partnerships. By meticulously evaluating the potential impact on brand reputation and guest experience, these hotels mitigate risks associated with unproven technologies and ensure alignment with their luxury positioning.

It is also essential to note that the scope of our study focused exclusively on the top 10 hotel chains in India. This approach allowed for in-depth exploration and analysis within a specific context, but the findings may not be generalizable to all hotels in all markets. Caution is warranted in extrapolating the findings beyond the scope of this study, as the strategic priorities, competitive dynamics, and market conditions vary across regions and hotel segments.

In summary, the theoretical frameworks like RBV still hold relevance, as the nuanced variations in goals, strategies, and implementation approaches among hotels underscore the strategic significance of unique and valuable resources in achieving sustainable competitive advantage. Additionally, the divergent priorities regarding market share expansion and brand value preservation are reflected in the choice between rapid collaboration and cautious evaluation when engaging

with startups by hotels. In the discussion section, the apparent uniformity in how all hotels are utilizing Corporate Venture Capital (CVC) initiatives is deemed essential to be addressed. The widespread adoption of CVC across the hospitality industry reveals variations in specific goals, strategies, and implementation approaches among hotels. The continued relevance of the Resource-Based View (RBV) framework is underscored by this variability, which emphasizes the strategic significance of unique and valuable resources in achieving sustainable competitive advantage (Papaioannou, 2018). CVC may be leveraged by all hotels, but the specific resources they aim to acquire, the partnerships they seek to foster, and the innovation pathways they pursue can differ significantly based on their strategic objectives and competitive positioning.

Furthermore, the diverse approaches adopted by hotels when engaging with startups are illuminated by our study. Direct collaboration with startups is opted by some hotels to capitalize quickly on emerging technologies and innovative ideas. This strategy aligns with the imperative for budget hotels to expand market share rapidly, necessitating swift adaptation to changing consumer preferences and technological advancements. Conversely, high-end hotels prioritize brand value and customer perception, opting to test startups rigorously before establishing partnerships. By meticulously evaluating the potential impact on brand reputation and guest experience, these hotels mitigate risks associated with unproven technologies and ensure alignment with their luxury positioning.

It is also essential to note that the scope of our study focused exclusively on the top 10 hotel chains in India. This approach allowed for in-depth exploration and analysis within a specific context, but the findings may not be generalizable to all hotels in all markets. Caution is warranted in extrapolating the findings beyond the scope of this study, as the strategic priorities, competitive dynamics, and market conditions vary across regions and hotel segments.

Several key themes that align with well-established theoretical frameworks in strategic management are revealed in the analysis of hotel practices within the realm of CVC. By delving deeper into these themes, the strategic significance of CVC in the hospitality industry can be elucidated.

Aligning with Dynamic Capabilities: Seizing Opportunities Through Strategic Harmony

The dynamic capabilities (DC) framework proposed by Joel et al. (2024), it is echoed by the emphasis on strategic alignment in CVC practices. The ability to sense and seize new opportunities within a rapidly evolving marketplace is demonstrated by hotels by ensuring congruence between CVC efforts, overarching strategic goals, and brand values, including sustainability and responsible tourism. The reconfiguration of resources and competencies to navigate dynamic environments is emphasized in the core tenet of DC. Further, a shift within the industry towards long-term value creation over short-term gains is reflected in the focus on sustainability, echoing the broader conversation on sustainable business practices (Al-Shammari, 2021). The strategic integration of sustainability within CVC initiatives signifies a forward-thinking approach to navigating emerging trends and stakeholder expectations.

Guest-Centric Innovation: A Resource-Based Advantage in Hospitality

The application of the Resource-Based View (RBV) in the innovation strategies of the hospitality industry is highlighted by the pervasive focus on enhancing guest experiences through personalization and technology adoption. According to Rowlinson et al's (2019) theory, firms attain and maintain a competitive advantage by possessing valuable, rare, inimitable, and non-substitutable (VRIN) resources. In this regard, personalized guest experiences enabled by advanced technologies represent an exclusive and valuable resource that hotels can employ to distinguish themselves from their competitors. Recent studies have emphasized the importance of personalization in creating memorable and satisfying guest experiences (Rajagopal, 2020). By cultivating VRIN resources through CVC, hotels foster guest-centric innovation that translates into a sustainable competitive edge.

Technology Adoption: Leveraging Resources for Strategic Advantage

The commitment of hotels to digital transformation as a strategic resource is underscored by the widespread adoption of technologies like artificial intelligence (AI), contactless solutions, and data analytics. This adoption aligns with the Resource-Based View theory, which posits that strategically chosen and implemented technologies can provide a foundation for building competitive advantage (Sheth et al., 2023). The potential of these technologies to enhance operational efficiency, guest satisfaction, and ultimately, firm performance is well understood, and hotels are proactively adopting them. Corporate Venture Capital (CVC) is being leveraged by hotels to gain access to the latest advancements, propelling them towards operational excellence and a differentiated guest experience.

Innovation, Partnerships, and Ecosystem Development: A Networked Approach to Progress

The growing reliance of the industry on ecosystem development as a strategy for innovation is highlighted by active engagement in CVC activities, which includes partnerships with startups and pilot programs. The DC framework is expanded upon by this collaborative model, which suggests that innovation is not solely an internal process but rather a function of a firm's capacity to leverage external networks and partnerships (Vidili, 2021). Collaborative ventures with startups fostered by engaging in CVC enable hotels to access novel ideas, technologies, and expertise. The importance of external collaboration in navigating today's dynamic business landscape is emphasized by this networked approach to innovation, extending the traditional boundaries of DC.

Data Security and Ethical Considerations: Balancing Innovation with Trust

The importance of data security and ethical data usage among hotels has been unanimously recognized, reflecting the industry's increasing awareness of privacy concerns and regulatory compliance. In the digital age, brand reputation and customer trust can be significantly damaged by data breaches, underscoring the crucial nature of responsible data governance. The focus on ethical data usage is in alignment with both the RBV and DC frameworks by treating data as a strategic asset that needs to be managed responsibly to sustain competitive advantage (Weinstein, 2019; Manral, & Harrigan, 2018). By prioritizing data security and ethical practices, hotels demonstrate their commitment to building trust with guests while simultaneously leveraging data for innovation, ensuring responsible growth within the digital realm.

Conclusion

The intricate connections between Corporate Venture Capital (CVC) initiatives and the cultivation of customer-centric innovation within the hospitality sector have been unraveled through the instrumental application of the Grounded Theory approach. Novel insights into the strategic maneuvers employed by hotels to harness CVC for sustainable competitive advantage have been unearthed through iterative data analysis and constant comparison.

How hotels strategically deploy CVC to cultivate Valuable, Rare, Inimitable, and Non-substitutable (VRIN) resources has been delineated by this study, contributing significantly to the theoretical understanding of strategic management in the hospitality industry. The Resource-Based View (RBV) framework has been used to elucidate how hotels identify, acquire, and leverage innovative technologies from startups to fortify their competitive position (Giménez, 2018).

The pivotal role of Dynamic Capabilities (DC) in shaping hotels' response to market dynamics and customer demands has been underscored by the findings. Joel et al. (2024) posit that dynamic capabilities are crucial for organizations to adapt, innovate, and thrive in turbulent environments. This research illustrates how hotels dynamically reconfigure their internal resources and competencies to seize emerging market opportunities and deliver customized guest experiences.

Valuable guidance to hotel executives navigating the complex landscape of innovation and competition has been offered through the insights gleaned from this study. By adopting a customer-centric approach to technology adoption and strategic partnership formation, hotels can enhance their market position and sustain long-term growth.

In gist, this research has not only advanced theoretical understanding but also provided actionable insights for industry practitioners seeking to drive innovation and enhance competitiveness in the dynamic hospitality landscape, while keeping the cited sources intact.

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