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Innovation Strategies and Performance of the Domestic Tourism Industry in the Western Circuit Region, Kenya

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ABSTRACT

Kenya's Western Circuit, despite its cultural, ecological and lake-based attractions, attracts a small share of domestic tourists, and its tourism enterprises face limited innovation capabilities, inadequate technology adoption and weak market differentiation. This study therefore examined the influence of innovation strategies on the performance of the domestic tourism industry in the Western Circuit, Kenya. Specifically, it assessed the influence of product innovation, process innovation, marketing innovation and technological innovation on domestic tourism performance. The study was anchored on the Dynamic Capabilities Theory and supported by the Diffusion of Innovation Theory, the Resource-Based View and the Technology Acceptance Model. A descriptive research design was adopted. The target population comprised 214 tourism enterprises in the Western Circuit, from which a sample of 91 enterprises was drawn using stratified random sampling across hotels, lodges, tour operators, travel agencies, cultural tourism facilities and attraction management organizations. Data were collected from managers, owners and operational personnel using a structured questionnaire, and 84 questionnaires were returned, a response rate of 92.3%. Data were analysed using descriptive statistics, Pearson correlation and multiple linear regression. The four innovation strategies jointly explained 56.2% of the variation in domestic tourism performance ($R^2 = 0.562$; $F = 25.329$; $p < 0.001$). Product innovation had the strongest influence ($\beta = 0.460$, $p < 0.001$), followed by process innovation ($\beta = 0.411$, $p < 0.001$), technological innovation ($\beta = 0.277$, $p = 0.003$) and marketing innovation ($\beta = 0.159$, $p = 0.021$); all four null hypotheses were rejected. Enterprises performed relatively well in adding service features, integrating systems and building brand recognition, but were weaker in converting cost savings into affordability, generating engagement through digital campaigns and providing mobile access, while respondents were least convinced that innovation had raised revenue and customer satisfaction. The study recommends continuous market-driven product development, process automation linked to competitive pricing, interactive and targeted digital marketing, and customer-facing mobile technologies, supported by county and national investment in Western Circuit destination branding and infrastructure.

Keywords: Innovation Strategies, Product Innovation Strategies, Process Innovation Strategies, Marketing Innovation Strategies, Technological Innovation Strategies, Domestic Tourism Performance,

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1.0 INTRODUCTION

1.1 Background of the Study

Innovation strategy is the purposeful plan through which organizations generate, adopt and apply new ideas, services, processes and technologies in order to remain competitive. Some scholars view it as a structured approach that aligns innovation activities with business objectives, while others regard it as a flexible capability that enables firms to adapt continuously to changing market conditions (Agazu & Kero, 2024; Sá et al., 2025). Both views recognize that innovation occurs across products, processes, markets and technologies, and that it improves performance by enhancing efficiency, differentiating services and enabling faster responses to customer needs (Wu

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et al., 2025). In tourism, these benefits translate into better visitor experiences, higher satisfaction and increased revenue. Domestic tourism has become a key source of stability for the industry, sustaining local businesses and employment and supporting recovery when international travel is disrupted (Arbulú et al., 2021; Boto-García & Mayor, 2022; Lv et al., 2024), while improved infrastructure and digital platforms continue to stimulate domestic travel demand in developing regions (Azwardi et al., 2026).

Globally, digital transformation, IT innovation and data-centric decision-making have improved firm performance and tourism competitiveness in Europe and North America (Billi & Bernardo, 2025), industrial policy has accelerated technological innovation in China (Li & Branstetter, 2024), and innovation combined with green management has improved SME performance in Latin America (Núñez et al., 2026). In Africa, innovation has been linked to SME performance in South Africa (Matekenya & Moyo, 2022), to market share in Nigeria (Olawore et al., 2024), to firm performance in Morocco, Tunisia and Egypt (Becheikh & Bouaddi, 2025) and Ethiopia (Wakjira & Sora, 2025), and to the financial performance of microfinance institutions in Uganda (Mbabazi et al., 2026). Across these contexts, however, high implementation costs, limited finance, inadequate infrastructure and uneven digital adoption constrain the benefits of innovation, and few studies link innovation strategies directly to domestic tourism performance.

In Kenya, innovation practices such as digital transformation, process improvement and service differentiation have been associated with improved organizational performance (Mwangi & Kihiu, 2026; Amiru & Mwanzia, 2025; Biko & Waithaka, 2025), and travel firms in Nairobi have used online booking systems, mobile payments and personalized packages to improve competitiveness (Kufwafwa, 2024). Tourism remains a major contributor to national output and employment (Kenya National Bureau of Statistics [KNBS], 2025), and domestic tourism has become increasingly important since the COVID-19 pandemic. The Western Tourism Circuit, comprising Kisumu, Kakamega, Bungoma, Busia, Siaya and Vihiga counties, offers Lake Victoria, Kakamega Forest, cultural heritage sites and community-based experiences, yet it remains underdeveloped relative to the Coast and Maasai Mara circuits and attracts a small share of national visitors. Limited infrastructure, low investment, weak destination branding and fragmented coordination continue to constrain its performance.

1.2 Statement of the Problem

Tourism enterprises in the Western Circuit are expected to compete for domestic visitors by offering distinctive products, efficient services, effective promotion and modern technology. In practice, the circuit continues to record relatively low domestic tourism performance compared with established destinations, despite its rich cultural, ecological and historical attractions. Limited destination branding, inadequate product diversification, weak digital marketing and infrastructural constraints restrict its ability to attract domestic visitors, and tourism establishments consequently experience low occupancy, reduced revenues and under-utilization of facilities. This limits their capacity to expand, invest in new products and create local employment.

Innovation strategy offers a route to improved competitiveness through product differentiation, process efficiency, marketing effectiveness and technology adoption. Kenyan studies have associated innovation with improved performance among SMEs, commercial banks and Nairobi-based travel firms (Mwangi & Kihiu, 2026; Amiru & Mwanzia, 2025; Kirui & Munene, 2024; Kufwafwa, 2024), but these studies were conducted outside regional tourism destinations and did not examine product, process, marketing and technological innovation as distinct dimensions of strategy. International tourism studies, meanwhile, were conducted in contexts whose markets, infrastructure and institutions differ markedly from Western Kenya (Nagara, 2025; Abdelghani et al., 2026). It therefore remains unclear which innovation strategies, if any, improve tourist arrivals, revenue, customer satisfaction and competitiveness in the Western Circuit. This study sought to fill

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this gap by examining the influence of innovation strategies on the performance of the domestic tourism industry in the Western Circuit, Kenya.

1.3 Objective of the Study

The general objective of this study was to examine the influence of innovation strategies on the performance of the domestic tourism industry in the Western Circuit, Kenya.

1.3.2 Specific Objectives of the Study

i. To assess the influence of product innovation on performance of the domestic tourism industry in the Western Circuit, Kenya.
ii. To determine the effect of process innovation on performance of the domestic tourism industry in the Western Circuit, Kenya.
iii. To evaluate the influence of marketing innovation on performance of the domestic tourism industry in the Western Circuit, Kenya.
iv. To examine the effect of technological innovation on performance of the domestic tourism industry in the Western Circuit, Kenya.

1.4 Hypotheses of the Study

$H0_1$: Product innovation has no statistically significant influence on performance of the domestic tourism industry in the Western Circuit, Kenya.

$H0_2$: Process innovation has no statistically significant effect on performance of the domestic tourism industry in the Western Circuit, Kenya.

$H0_3$: Marketing innovation has no statistically significant influence on performance of the domestic tourism industry in the Western Circuit, Kenya.

$H0_4$: Technological innovation has no statistically significant effect on performance of the domestic tourism industry in the Western Circuit, Kenya.

1.5 Scope of the Study

The study was confined to the influence of innovation strategies on the performance of the domestic tourism industry in Kenya's Western Circuit. The innovation strategies studied were product innovation, process innovation, marketing innovation and technological innovation, while domestic tourism performance was measured through tourist arrivals, revenue growth, customer satisfaction and competitiveness. Geographically, the study covered tourism enterprises in Kisumu, Kakamega, Bungoma, Busia, Siaya and Vihiga counties, namely hotels, lodges, tour operators, travel agencies, cultural tourism facilities and attraction management organizations. The study focused on the post-COVID-19 period in which domestic tourism has gained prominence.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

This study was anchored on the Dynamic Capabilities Theory and supported by the Diffusion of Innovation Theory, the Resource-Based View (RBV) and the Technology Acceptance Model (TAM), which together explain how tourism enterprises adopt, resource and continuously adapt innovations to improve performance. Dynamic Capabilities Theory, introduced by Teece et al. (1997) as an extension of the RBV, argues that possessing valuable resources is insufficient in rapidly changing environments; firms must integrate, build and reconfigure competences through sensing opportunities, seizing them and transforming their resource base (Teece, 2018). Firms with strong dynamic capabilities are better positioned to implement innovation and achieve superior performance (Shiferaw & Amentie Kero, 2024), and such capabilities support sustainability by enabling continuous strategic adjustment (Correggi et al., 2024). The theory has been criticized for conceptual ambiguity and for the difficulty of distinguishing dynamic from ordinary capabilities (Gonzalez-Samaniego et al., 2023). It nevertheless suits tourism, where tourist preferences change rapidly, and it explains how Western Circuit enterprises redesign promotional approaches and reconfigure technology to remain competitive, supporting the objectives on marketing and

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technological innovation.

The Diffusion of Innovation Theory, advanced by Rogers (2003), explains how new ideas, technologies and practices spread through a social system over time. Adoption is shaped by perceived relative advantage, compatibility, complexity, trialability and observability, and adopters range from innovators to laggards. Empirical applications show that diffusion of technological innovations improves organizational efficiency and service delivery (Kaminski, 2011; Bokolo, 2023). The theory has been criticized for its linear view of adoption and for neglecting institutional and resource constraints, but it explains how new tourism offerings and improved service processes are adopted by enterprises and accepted by tourists, and it therefore underpins the objectives on product and process innovation.

The Resource-Based View, developed by Wernerfelt (1984) and popularized by Barney (1991), holds that sustained advantage arises from resources that are valuable, rare, inimitable and non-substitutable. Innovation capabilities such as knowledge, skills and technological expertise are strategic resources that allow firms to create unique value propositions (Ferreira & Ferreira, 2025; Helfat et al., 2023). Although criticized as inward-looking, the RBV explains why distinctive experiences and efficient service processes, which competitors cannot easily copy, underpin the objectives on product and process innovation.

The Technology Acceptance Model, developed by Davis (1989), explains technology adoption through perceived usefulness and perceived ease of use. Studies show that these perceptions determine the adoption of artificial intelligence and other digital tools that improve business performance (Wang et al., 2023; Wu & Yu, 2024), and TAM remains one of the most widely applied frameworks for explaining digital adoption (Musa et al., 2024). The model has been criticized for emphasizing individual perceptions over organizational readiness, infrastructure and cost. It nevertheless explains why tourism enterprises and their customers adopt booking systems, mobile applications and analytics, and it supports the objective on technological innovation.

2.2 Conceptual Framework

The conceptual framework in Figure 1 shows the hypothesized relationships between the four innovation strategies, as independent variables, and domestic tourism performance, as the dependent variable.

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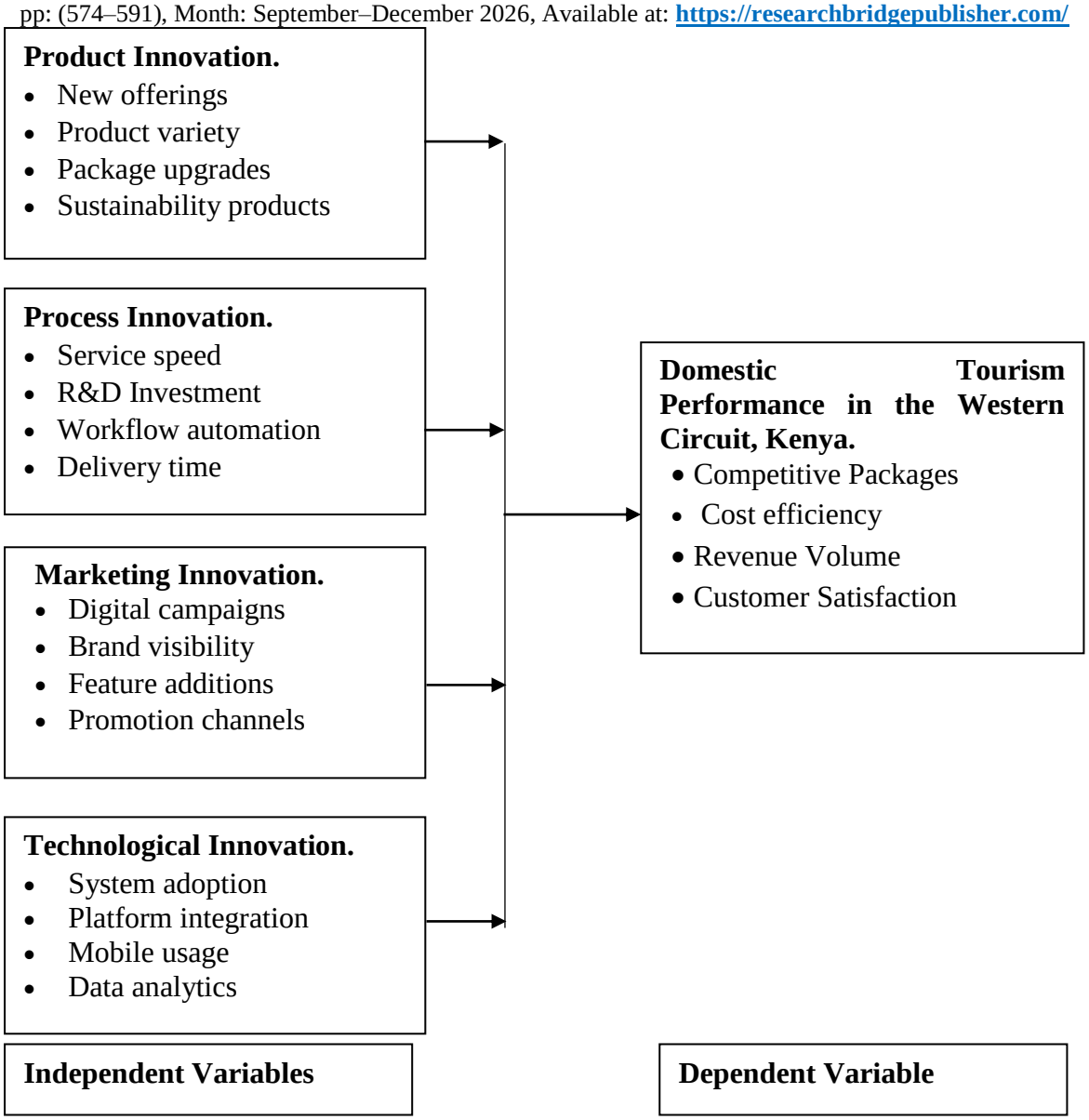

Figure 1: Conceptual framework

2.3 Review of the Study Variables

Product innovation refers to the introduction, improvement or transformation of tourism products and services to create new value propositions that respond to changing customer needs. In tourism it extends beyond physical products to new experiences, customized packages and enhanced service features (Bogetoft et al., 2024). It was measured through new offerings (such as cultural, eco-tourism and adventure products), service variety, package upgrades and feature additions.

Process innovation refers to new or significantly improved methods of producing, delivering and managing services. Unlike product innovation, which concerns what is offered, it concerns how services are created and delivered (Kahn & Candi, 2021). It was measured through service speed, cost efficiency, workflow automation and the timeliness and reliability of service delivery (Abdullojon & Wan, 2025).

Marketing innovation refers to new approaches for promoting, positioning and delivering tourism services to existing and emerging customer segments. It was measured through digital campaigns on online and social media platforms (Khaki & Khan, 2024), brand visibility, customer reach into new segments and areas, and the diversity of promotion channels.

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Technological innovation refers to the adoption and application of digital tools, information systems and emerging technologies to improve operations, service delivery and customer experience (Nagara, 2025). It was measured through system adoption, platform integration, mobile usage and data analytics (Shah Alam et al., 2024). Domestic tourism performance was measured through tourist arrivals, revenue growth, customer satisfaction and competitiveness.

2.4 Empirical Review

Empirical studies indicate that product innovation enhances performance. Bogetoft et al. (2024), analysing more than 15,000 firm-year observations, found that firms combining product innovation with other innovation types recorded the largest performance gains. Issah et al. (2024) found that service and product innovation mediate the effect of quality management and organizational culture on firm performance in Ghanaian banks, while Zirena-Bejarano et al. (2024) showed that innovation capacity strengthens the link between inter-organizational relations and new product performance in tourism firms. Alos-Simo et al. (2024) established that tourism firms drawing on diverse knowledge sources develop more product and process eco-innovations, and Bula and Njoroge (2024) found that innovation capability significantly improves the sustainability of hospitality firms in Kenya after the COVID-19 pandemic. These studies were, however, conducted largely outside regional tourism circuits and measured innovation broadly rather than through new offerings, service variety, package upgrades and feature additions.

Regarding process innovation, Kahn and Candi (2021) established that innovation strategies, including process improvements, enhance efficiency, responsiveness and competitive positioning. Kirui and Munene (2024) found that process innovation significantly improves the financial performance of Kenyan commercial banks by reducing costs and improving service delivery. In tourism, entrepreneurs often struggle to translate ideas into practice because of resource and knowledge constraints (Aires et al., 2025; Chountalas et al., 2024), although reviews show that open innovation, automation and improved service processes increasingly drive competitiveness (Pinhal et al., 2025; Abdullojon & Wan, 2025). Few of these studies tested the effect of service speed, cost efficiency, automation and delivery time on tourism performance.

On marketing innovation, Khaki and Khan (2024) found that social media marketing improves the performance of micro, small and medium tourism enterprises through innovation capabilities. Alhomaid and Al-Romeedy (2026) established that digital innovation and organizational agility enhance marketing performance in hospitality and tourism businesses, and Abdelghani et al. (2026) showed that agile marketing and branding improve the marketing performance of Egyptian tourism SMEs. Kenyan evidence links innovation practices and business model innovation to improved SME performance in Nairobi and Mombasa (Mwangi & Kihiu, 2026; Kimeu et al., 2025), but these studies did not isolate marketing innovation or measure tourism outcomes.

With respect to technological innovation, Yang et al. (2024) found that technological innovation drives tourism economic growth through industrial upgrading, Shah Alam et al. (2024) established that big data analytics and artificial intelligence improve the perceived performance of hospitality and tourism companies, and Elshaer and Marzouk (2024) showed that smart tourism technologies create memorable tourist experiences. Nagara (2025) documented the role of Tourism 4.0 technologies in Tunisia, Onyango (2025) found that digital technology enhances blue tourism sustainability in Tanzania, and Gikonyo et al. (2024) established that technological innovations improve the sustainability of restaurants in Nairobi. Most of this evidence comes from macro-level data or urban and international settings. Overall, the reviewed studies support a positive innovation-performance relationship but differ in how innovation is conceptualized and rely heavily on non-tourism, non-Kenyan or review-based evidence, leaving the separate contributions of the four strategies to domestic tourism performance in the Western Circuit untested.

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3.0 RESEARCH METHODOLOGY

This study adopted a descriptive research design, which enabled the researcher to describe the innovation practices of tourism enterprises as they exist and to establish their relationship with domestic tourism performance without manipulating any variables (Creswell & Creswell, 2023). The study used a quantitative approach through a structured questionnaire. The target population comprised 214 tourism enterprises operating in the Western Circuit: 58 hotels, 37 lodges, 46 tour operators, 36 travel agencies, 21 cultural tourism facilities and 16 attraction management organizations. The unit of analysis was the tourism enterprise, while the unit of observation comprised managers, owners and operational personnel responsible for innovation decisions, service delivery, marketing and technology adoption. The sample size was determined using the Nassiuma (2000) formula, $n = Nc^2/[c^2 + (N - 1)e^2]$, with a coefficient of variation of 0.5 and a margin of error of 0.04, giving 90.56, rounded to 91 enterprises. Stratified random sampling with proportional allocation was used to select 25 hotels, 16 lodges, 20 tour operators, 15 travel agencies, 9 cultural tourism facilities and 6 attraction management organizations, and one respondent was drawn from each sampled enterprise.

The questionnaire contained 40 closed-ended items, eight for each construct, rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A pilot study was conducted with nine respondents (10% of the sample) from tourism firms in the neighbouring North Rift Circuit, which was excluded from the main study. Content validity was ensured through review by the supervisor and two experts in tourism management and innovation. Construct validity was confirmed through factor analysis: the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.839, indicating meritorious adequacy (Kaiser, 1974), and Bartlett's Test of Sphericity was significant ($\chi^2 = 67.232$, df = 10, $p < 0.001$). Reliability was assessed using Cronbach's alpha (Cronbach, 1951) against a threshold of 0.70; three of the original 43 items were removed because of low item-total correlations, after which all constructs were reliable: product innovation (0.821), process innovation (0.846), marketing innovation (0.873), technological innovation (0.859) and domestic tourism performance (0.884), with an overall alpha of 0.861.

After permission was obtained from the sampled enterprises, the questionnaires were self-administered to respondents, either in person or online through Google Forms, after the purpose of the study had been explained and confidentiality assured. Data were analysed using SPSS version 28. Means and standard deviations described the level of each construct, Pearson correlation established the strength of bivariate relationships, and multiple linear regression tested the hypotheses at the 0.05 significance level (Hair et al., 2019). The regression model was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

where Y is domestic tourism performance; β_0 is the constant; β_1 to β_4 are the regression coefficients; X_1 is product innovation; X_2 is process innovation; X_3 is marketing innovation; X_4 is technological innovation; and ε is the error term.

4.0 FINDINGS AND DISCUSSION

4.1 Response Rate

The study targeted 91 tourism enterprises in the Western Circuit, with questionnaires administered to managers, owners and operational personnel. The response rate is shown in Table 4.1.

Table 4.1: Response Rate

Instrument	Number Issued	Number Returned	Response Rate (%)
Questionnaires	91	84	92.3

Table 4.1 shows that out of the 91 questionnaires distributed, 84 were fully completed and returned, representing a response rate of 92.3%, which is considered very good since a response rate of 70% and above is rated very good (Babbie, 2010). Of the respondents, 53.6% were male

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and 46.4% female; the largest age groups were 19–28 years (36.9%) and 29–38 years (29.8%); most held a bachelor's degree (42.9%) or a diploma (26.2%), with 11.9% holding a master's degree; and 76.2% had worked in the Western Circuit for two years or more, implying that responses were provided by educated personnel with practical exposure to tourism operations in the circuit.

4.2 Descriptive Statistics

Responses were analysed on the basis of the mean and standard deviation; a mean closer to 5 indicated stronger agreement, a mean around 3 neutrality, and a mean below 2.5 disagreement.

4.2.1 Product Innovation and Domestic Tourism Performance

The study sought to establish how product innovation, measured through new offerings, service variety, package upgrades and feature additions, influences domestic tourism performance. The results are summarized in Table 4.2.

Table 4.2: Product innovation and domestic tourism performance

Statement	N	Min	Max	Mean	Std. Dev
Additional features are consistently incorporated into our tourism services to improve customer experience.	84	1	5	4.07	0.456
Our organization provides a wide range of tourism services to cater to diverse customer needs.	84	1	5	3.79	1.001
New service features have enhanced the overall value of our tourism offerings.	84	1	5	3.75	1.001
Upgraded tourism packages have contributed to increased customer bookings.	84	1	5	3.74	0.995
Our organization frequently introduces new tourism products targeting domestic tourists.	84	1	5	3.68	0.679
The variety of services offered enhances the attractiveness of our tourism packages.	84	1	5	3.62	0.859
Newly developed tourism offerings have increased interest among domestic travelers.	84	1	5	3.52	0.784
Existing tourism packages are regularly improved to meet changing customer preferences.	84	1	5	3.43	0.960
Overall mean score	**84**			**3.700**	**0.842**

The findings in Table 4.2 indicate that most respondents (96%), with a mean of 4.07 (SD = 0.456), agreed that additional features are consistently incorporated into their tourism services to improve customer experience, the highest-rated and most consistently rated item. Similarly, 71% of respondents agreed that their organizations provide a wide range of services (M = 3.79, SD = 1.001) and that new features have enhanced the value of their offerings (M = 3.75, SD = 1.001). Further, 71% of respondents, with a mean of 3.74 (SD = 0.995), agreed that upgraded packages have contributed to increased bookings, and 66%, with a mean of 3.68 (SD = 0.679), agreed that their organizations frequently introduce new products targeting domestic tourists.

Service variety was also seen to enhance package attractiveness (M = 3.62) and new offerings to increase interest among domestic travellers (M = 3.52). However, only 59% of respondents, with a mean of 3.43 (SD = 0.960), agreed that existing packages are regularly improved to meet changing preferences, and 30% disagreed. The overall mean of 3.700 (SD = 0.842) indicates that product innovation was generally practised, mainly through incremental enrichment of existing services, while systematic adaptation of packages to changing domestic preferences remained

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comparatively weak.

4.2.2 Process Innovation and Domestic Tourism Performance

The study sought to determine how process innovation, measured through service speed, cost efficiency, workflow automation and delivery time, influences domestic tourism performance. The results are summarized in Table 4.3.

Table 4.3: Process innovation and domestic tourism performance

Statement	N	Min	Max	Mean	Std. Dev
Customers are served more quickly due to improved operational processes.	84	1	5	3.84	0.824
Automation of processes has improved the efficiency of our operations.	84	1	5	3.79	1.001
Our organization has improved the speed of service delivery through innovation.	84	1	5	3.71	0.847
Innovations in processes have reduced the time taken to deliver tourism services.	84	1	5	3.71	0.824
Innovative processes have reduced operational costs in our organization.	84	1	5	3.62	0.859
The use of automated systems has minimized errors in service delivery.	84	1	5	3.62	0.859
Customers receive services within shorter and more reliable timeframes.	84	1	5	3.61	0.712
Cost savings achieved through process improvements have enhanced service affordability.	84	1	5	3.52	0.784
Overall mean score	**84**			**3.678**	**0.839**

Table 4.3 reveals that 73% of respondents, with a mean of 3.84 (SD = 0.824), agreed that customers are served more quickly due to improved operational processes, and 71%, with a mean of 3.79 (SD = 1.001), agreed that automation has improved operational efficiency. Similarly, 79% of respondents, with a mean of 3.71 (SD = 0.824), agreed that process innovations have reduced service delivery time, while 67%, with a mean of 3.71 (SD = 0.847), agreed that the speed of service delivery has improved. Reduced operational costs (M = 3.62), fewer errors through automation (M = 3.62) and more reliable timeframes (M = 3.61) were also reported.

However, the lowest-rated item was the translation of cost savings into service affordability (M = 3.52, SD = 0.784), with 22% of respondents disagreeing. The overall mean of 3.678 (SD = 0.839) indicates that process innovation was well established in speed, automation and delivery time, but that efficiency gains were not consistently passed on to domestic tourists in the form of more affordable services.

4.2.3 Marketing Innovation and Domestic Tourism Performance

The study sought to establish how marketing innovation, measured through digital campaigns, brand visibility, customer reach and promotion channels, influences domestic tourism performance. The results are summarized in Table 4.4.

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Table 4.4: Marketing innovation and domestic tourism performance

Statement	N	Min	Max	Mean	Std. Dev
Our brand is easily recognized by domestic tourists due to effective promotion.	84	2	5	4.04	0.831
Our organization uses digital platforms effectively to promote tourism services.	84	1	5	3.81	0.510
We utilize multiple and innovative promotion channels to advertise our services.	84	1	5	3.79	1.001
Innovative marketing strategies have enhanced our brand visibility.	84	1	5	3.65	0.799
The use of diverse promotion channels has improved our marketing effectiveness.	84	1	5	3.55	0.859
Our organization attracts customers from new geographical areas through marketing efforts.	84	1	5	3.43	0.764
Marketing innovations have enabled us to reach a wider domestic audience.	84	1	5	3.18	0.748
Digital marketing campaigns have increased customer engagement.	84	1	5	2.68	0.814
Overall mean score	**84**			**3.516**	**0.791**

Table 4.4 indicates that 80% of respondents, with a mean of 4.04 (SD = 0.831), agreed that their brand is easily recognized by domestic tourists due to effective promotion, and 69%, with a mean of 3.81 (SD = 0.510), agreed that they use digital platforms effectively to promote tourism services. Respondents also agreed that they use multiple promotion channels (M = 3.79, SD = 1.001), that innovative marketing has enhanced brand visibility (M = 3.65) and that diverse channels have improved marketing effectiveness (M = 3.55).

However, only 48% of respondents, with a mean of 3.43 (SD = 0.764), agreed that marketing efforts attract customers from new geographical areas, and 51%, with a mean of 3.18 (SD = 0.748), agreed that marketing innovations have enabled them to reach a wider domestic audience. Most notably, only 22% of respondents agreed that digital campaigns have increased customer engagement (M = 2.68, SD = 0.814), while 58% disagreed. The overall mean of 3.516 (SD = 0.791) indicates that enterprises had achieved visibility and channel diversity, but that digital presence had not been converted into meaningful engagement or market expansion.

4.2.4 Technological Innovation and Domestic Tourism Performance

The study sought to determine how technological innovation, measured through system adoption, platform integration, mobile usage and data analytics, influences domestic tourism performance. The results are summarized in Table 4.5.

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Table 4.5: Technological innovation and domestic tourism performance

Statement	N	Min	Max	Mean	Std. Dev
Our systems are well integrated across different operational platforms.	84	1	5	4.07	0.456
Insights from data analysis are used to improve decision-making and service delivery.	84	1	5	3.96	0.824
Platform integration has enhanced coordination within our organization.	84	1	5	3.84	0.824
Our organization uses data analytics to understand customer preferences.	84	1	5	3.62	0.859
Our organization has adopted modern technological systems to support operations.	84	1	5	3.61	0.712
Mobile technologies are widely used to facilitate customer interactions and bookings.	84	1	5	3.57	1.009
Customers can easily access our services through mobile platforms.	84	1	5	3.28	0.834
The adoption of new systems has improved overall service delivery.	84	1	5	2.79	0.603
Overall mean score	**84**			**3.593**	**0.765**

Table 4.5 shows that 96% of respondents, with a mean of 4.07 (SD = 0.456), agreed that their systems are well integrated across operational platforms, and 79%, with a mean of 3.96 (SD = 0.824), agreed that insights from data analysis are used to improve decision-making and service delivery. Platform integration had enhanced coordination (M = 3.84), and respondents agreed that analytics is used to understand customer preferences (M = 3.62), that modern systems have been adopted (M = 3.61) and that mobile technologies are widely used for bookings (M = 3.57, SD = 1.009).

However, only 51% of respondents, with a mean of 3.28 (SD = 0.834), agreed that customers can easily access their services through mobile platforms, and only 31% agreed that the adoption of new systems has improved overall service delivery (M = 2.79, SD = 0.603), while 50% disagreed. The overall mean of 3.593 (SD = 0.765) indicates that technology was used mainly for internal integration and decision support, while its customer-facing benefits remained limited.

4.2.5 Domestic Tourism Performance

The study sought to establish the level of domestic tourism performance, measured through tourist arrivals, revenue growth, customer satisfaction and competitiveness. The results are summarized in Table 4.6.

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Table 4.6: Domestic tourism performance in the Western Circuit

Statement	N	Min	Max	Mean	Std. Dev
Our organization has experienced increased revenue from domestic tourism activities.	84	1	5	3.86	0.714
Customers are satisfied with the quality of services offered by our organization.	84	1	5	3.62	0.657
The number of domestic tourists visiting our destination has increased over time.	84	1	5	3.49	0.925
Innovation initiatives have contributed to growth in tourist arrivals.	84	1	5	3.43	0.764
Innovation strategies have strengthened our competitive position in the market.	84	1	5	3.28	0.834
Our organization is more competitive compared to other tourism service providers.	84	1	5	2.94	0.603
Innovation has improved overall customer satisfaction levels.	84	1	5	2.71	0.796
Innovation strategies have positively influenced our revenue growth.	84	1	5	2.30	0.902
Overall mean score	**84**			**3.204**	**0.774**

Table 4.6 indicates that 76% of respondents, with a mean of 3.86 (SD = 0.714), agreed that their organizations have experienced increased revenue from domestic tourism, and 64%, with a mean of 3.62 (SD = 0.657), agreed that customers are satisfied with the quality of services offered. Domestic arrivals had increased over time (M = 3.49, SD = 0.925), while agreement was weaker that innovation had contributed to arrivals (M = 3.43) or strengthened competitive position (M = 3.28).However, only 36% of respondents agreed that their organizations are more competitive than other providers (M = 2.94, SD = 0.603), only 26% agreed that innovation has improved overall customer satisfaction (M = 2.71, SD = 0.796), and only 19% agreed that innovation strategies have positively influenced revenue growth (M = 2.30, SD = 0.902), with 66% disagreeing. The overall mean of 3.204 (SD = 0.774) indicates moderate performance. Although enterprises reported growth in domestic revenue and satisfied customers, respondents did not readily attribute these outcomes to innovation and did not consider themselves more competitive than their rivals, which is consistent with the circuit's position as an emerging destination.

4.3 Inferential Statistics

Multiple regression analysis was conducted to establish the combined influence of product innovation, process innovation, marketing innovation, and technological innovation on domestic tourism performance in the Western Circuit, Kenya.

Table 4.7: ANOVA for the combined model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1537.740	4	384.435	25.329	.000
Residual	1199.020	79	15.177		
Total	2736.760	83			

a. Dependent Variable: Domestic Tourism Performance;

b. Predictors: (Constant), Product Innovation, Process Innovation, Marketing Innovation, Technological Innovation

Table 4.8 indicates that the regression model was statistically significant in explaining domestic tourism performance (F = 25.329, p < 0.05). This implies that the four innovation strategies jointly

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and significantly predict domestic tourism performance in the Western Circuit.

Table 4.9: Model summary for the combined model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750	.562	.540	3.896

a. Predictors: (Constant), Product Innovation, Process Innovation, Marketing Innovation, Technological Innovation

Table 4.9 shows a strong positive relationship between innovation strategies and domestic tourism performance (R = 0.750). The coefficient of determination ($R^2 = 0.562$) indicates that 56.2% of the variation in performance is jointly explained by the four innovation strategies, while the remaining 43.8% is attributable to factors outside the model, such as infrastructure, funding, destination marketing by public agencies and seasonality. The adjusted R^2 of 0.540 confirms that about 54.0% of the variation remains explained after adjusting for the number of predictors.

Table 4.10: Multiple regression combined model coefficients

Model	B	Std. Error	Beta	t	Sig.
(Constant)	15.340	3.972		3.862	.000
Product Innovation	.561	.115	.460	4.878	.000
Process Innovation	.447	.103	.411	4.340	.000
Marketing Innovation	.183	.078	.159	2.346	.021
Technological Innovation	.341	.110	.277	3.100	.003

a. Dependent Variable: Domestic Tourism Performance in the Western Circuit, Kenya

Table 4.10 presents the individual contribution of each innovation strategy, and the fitted regression equation was:

$$Y = 15.340 + 0.561X_1 + 0.447X_2 + 0.183X_3 + 0.341X_4$$

In order of relative influence, product innovation ($\beta = 0.460$, $p < 0.05$) had the highest effect on performance, followed by process innovation ($\beta = 0.411$, $p < 0.05$), technological innovation ($\beta = 0.277$, $p < 0.05$) and marketing innovation ($\beta = 0.159$, $p < 0.05$). This implies that domestic tourism performance in the Western Circuit is driven primarily by what enterprises offer and how efficiently they deliver it, with technology and marketing acting as significant but secondary drivers.

4.3.3 Test of Hypotheses

$H0_1$: Product innovation has no statistically significant influence on performance of the domestic tourism industry in the Western Circuit, Kenya. Product innovation had the strongest positive and significant influence on performance ($B = 0.561$, $\beta = 0.460$, $t = 4.878$, $p < 0.001$); the null hypothesis was therefore rejected. A one-unit improvement in product innovation increases performance by 0.561 units, holding other factors constant. The finding agrees with Bogetoft et al. (2024), who found that firms combining product innovation with other innovation types recorded the largest performance gains, with Zirena-Bejarano et al. (2024), who showed that innovation capacity enhances new product performance in tourism firms, and with Bula and Njoroge (2024), who linked innovation capability to the sustainability of Kenyan hospitality firms. Consistent with the Diffusion of Innovation Theory (Rogers, 2003), low-complexity enrichment of existing services was the most widely adopted form of product innovation.

$H0_2$: Process innovation has no statistically significant effect on performance of the domestic tourism industry in the Western Circuit, Kenya. Process innovation had a positive and significant effect on performance ($B = 0.447$, $\beta = 0.411$, $t = 4.340$, $p < 0.001$); the null hypothesis was therefore rejected. A one-unit improvement in process innovation increases performance by 0.447 units. The finding is consistent with Kahn and Candi (2021), who established that process improvements enhance efficiency and responsiveness, with Kirui and Munene (2024), who found

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that process innovation improves performance through cost reduction and better service delivery, and with Alos-Simo et al. (2024), who showed that process innovation strengthens tourism competitiveness. The weak transfer of cost savings to affordability, however, suggests that enterprises could gain further by passing efficiency gains on to price-sensitive domestic tourists.

$H0_3$: Marketing innovation has no statistically significant influence on performance of the domestic tourism industry in the Western Circuit, Kenya. Marketing innovation had a positive and significant influence on performance (B = 0.183, β = 0.159, t = 2.346, p = 0.021); the null hypothesis was therefore rejected, although marketing innovation was the weakest predictor. The finding agrees with Khaki and Khan (2024), who found that social media marketing improves tourism enterprise performance, and with Alhomaid and Al-Romeedy (2026) and Abdelghani et al. (2026), who established that digital innovation, agile marketing and branding enhance marketing performance. The modest unique effect, despite a strong correlation (r = 0.517), mirrors the descriptive evidence that digital campaigns generated little engagement and limited reach beyond existing markets.

$H0_4$: Technological innovation has no statistically significant effect on performance of the domestic tourism industry in the Western Circuit, Kenya. Technological innovation had a positive and significant effect on performance (B = 0.341, β = 0.277, t = 3.100, p = 0.003); the null hypothesis was therefore rejected. A one-unit improvement in technological innovation increases performance by 0.341 units. The result is consistent with Shah Alam et al. (2024), who found that big data analytics and artificial intelligence improve tourism company performance, with Elshaer and Marzouk (2024), who linked smart technologies to memorable tourist experiences, and with Gikonyo et al. (2024), who found that technological innovations improve the sustainability of Kenyan restaurants. Consistent with the Technology Acceptance Model (Davis, 1989), the weaker ratings for mobile access and service delivery suggest that the perceived usefulness of technology to customers had not yet been fully realized.

Table 4.11: Summary of hypothesis testing results

Hypothesis	Variable	β	p-value	Decision	Interpretation	
$H0_1$	Product Innovation	0.460	0.000	Reject $H0_1$	Strongest influence	positive
$H0_2$	Process Innovation	0.411	0.000	Reject $H0_2$	Significant influence	positive
$H0_3$	Marketing Innovation	0.159	0.021	Reject $H0_3$	Significant influence	positive
$H0_4$	Technological Innovation	0.277	0.003	Reject $H0_4$	Significant influence	positive

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion of the Study

The study concludes that innovation strategies significantly predict the performance of the domestic tourism industry in the Western Circuit, Kenya, with the four strategies jointly explaining 56.2% of the variation in performance. Product innovation emerged as the most influential determinant; enterprises are strong in adding service features, diversifying services and upgrading packages, but weak in regularly adapting packages to changing domestic preferences. Process innovation was the second strongest predictor; enterprises have improved service speed, automation and delivery time, but have not consistently converted cost savings into affordability. Technological innovation was a significant predictor; enterprises have integrated systems and use data for decisions, but customer-facing benefits such as mobile access and improved service

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delivery remain limited. Marketing innovation was significant but the weakest predictor; enterprises have achieved brand recognition and channel diversity, but digital campaigns have generated little engagement and limited reach into new markets. Overall, performance in the circuit was only moderate, and respondents were least convinced that innovation had raised revenue, satisfaction and competitiveness, indicating that innovation efforts must be more customer-oriented to yield their full benefit.

5.2 Recommendations of the Study

The study recommends that tourism enterprises in the Western Circuit institutionalize continuous market research, customer feedback and regular package reviews so that products evolve with domestic tourist preferences, and develop diverse, affordable and experience-based offerings around the circuit's cultural, forest and lake attractions. Because product and process innovation were the strongest determinants of performance, enterprises should continue to streamline workflows and automate appropriate processes while deliberately translating efficiency gains into competitive pricing and better package value. Enterprises should move beyond digital presence towards interactive, segmented and personalized digital campaigns that convert visibility into engagement and attract visitors from new geographical areas. They should also prioritize customer-facing technologies, particularly accessible mobile booking and payment platforms, and evaluate whether technology investments improve service delivery. County governments in the circuit and the Ministry of Tourism should support these efforts through joint destination branding, investment in transport and digital infrastructure, incentives for technology adoption and capacity-building programmes for tourism operators.

5.3 Areas for Further Study

Since innovation strategies explained 56.2% of the variation in performance, future studies should examine other factors, such as infrastructure, access to finance, destination governance and seasonality, that account for the remaining variation. Further research should investigate why digital campaigns have not generated engagement and why respondents did not attribute revenue and satisfaction gains to innovation, using qualitative or mixed-methods approaches. Comparative studies across Kenya's tourism circuits, longitudinal designs and the use of objective performance data such as occupancy rates, visitor numbers and revenue records would also strengthen understanding of how innovation shapes domestic tourism performance over time.

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