

The Role of Digital Strategy in Boutique Hotel Innovation and Differentiation

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Abstract

This study investigates how boutique hotels in Switzerland convert digital strategy into competitive differentiation through targeted innovation. Employing a sequential mixed-methods design comprising a digital capability assessment of 58 boutique hotels followed by comparative case analysis of eight strategically selected high performers, the research identifies four core dimensions of digital strategy: personalization, storytelling, operational efficiency, and sustainability. A novel framework is developed and applied to map how specific digital initiatives catalyze service, product, process, or brand innovations that, in turn, produce emotional, operational, or sustainability-driven differentiation outcomes. The findings demonstrate that competitive advantage arises not from the presence of digital tools alone, but from their strategic alignment with organizational identity, guest experience design, and innovation intent. This work addresses a critical theoretical gap by explicating the mediating role of innovation in the digital strategy to performance relationship and situating it within the experiential logic of boutique hospitality. It contributes to digital transformation theory by identifying sector-specific application patterns and advances service innovation literature by demonstrating how technology, when integrated with human-centric values, enables distinctive market positioning in experience-based businesses.

Keywords: boutique hospitality, competitive differentiation, digital transformation, innovation management, strategic alignment