

FACULTY OF SOCIAL SCIENCES
NORWEGIAN SCHOOL OF HOTEL MANAGEMENT

INNOVATION STRATEGIES IN TOURISM INDUSTRY



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Abstract

Focus: Nowadays, innovation research in tourism sector has catch the attention of academics and business players. In fact, over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. This master thesis, is to study in detail the theory of innovation in tourism and, to develop innovation strategies for the tourism sector.

This thesis is based on theoretical review about the concept of innovations in tourism industry to understand different types of innovations, the measurements and determinants of innovation. Although, innovation strategies and strategic innovation in tourism industry were the main focus of the study.

Findings: The findings provide a practical contribution to academics and companies on how certain strategies can be implemented in the tourism sector, such internationalization, the use of new technologies and sustainability. Moreover, different tools of strategy management were also studied, along with the innovation systems and innovation management.

Research limitations / implications: This paper is only limited to the theoretical part of innovation strategies in tourism industry. Performing an empirical study would be much more interesting, to learn more about how these different strategies are implemented. Furthermore, I have been focusing on all dimensions of strategies, and was unable to draw a practical conclusion but several valuables recommendations were provided.

Originality – Value: This study has established a framework for the further study of innovation in tourism. Accordingly, research in the field of innovation systems and innovation management might be developed in several forms. Regarding the innovations strategies, these are certainly useful knowledge for both academics and managers.

Keywords: innovation, tourism, strategies, management, innovation systems

Dedicates

I dedicate my master's thesis to my son Michael M. Cazoli for his presence in my life. He is my strength and my light. Every time I want to give up on my thesis, his smile tells me that there's still hope and everything is going to be alright.

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List of abbreviations

ACAP: Absorbive Capability
BCG: Boston Consulting Group
CBD: Convention on Biological Diversity
CEO: Chief Executive Officer
CSER: Corporate Social and Environmental Responsibility
FNABE: European Federation of National Parks and Natural
GHG: GreenHouse Gases
HBR: Harvard Business Review
ICT: Information and Communication Technologies
IRR: Internal Rate of Return
IUCN: International Union for Conservation of Nature
MICE: Meetings, Incentives, Conferences and Excursions
NGO: International Organizations
OECD: Organisation for Economic Co-operation and Development
PEST or PESTEL: Political, Economic, Social, Technological, and Legal factor
R&D: Research and Development
RIS: Regional Innovation System
ROI: Return on Investment
SIFT: Sustainable Investment and Finance in Tourism
SME: Small and Medium Enterprises

SMME: Medium and Micro-Sized Enterprises

STSC: Network, the Sustainable Tourism Stewardship Council

UNCCD: United Nations Convention to Combat Desertification

UNFCCC: United Nations Framework Convention on Climate Change

UNWTO: World Tourism Organization

WWF: World Federation for Protection of Nature

Chapter 1. Introduction

Today, within the context of globalization, tourism and hospitality industries are focusing more on innovation in order to improve their productivity. In fact, researchers have been trying to understand the key concept of innovation in hospitality and tourism for many years: factors that influence innovation, innovation types, innovation cases, and measurement of innovations' success (Gyurácz-Németh, Friedrich, & Clarke, 2013), (Hjalager, 1997), (Hjalager, 2002), (C. A. Enz & Sigauw, 2003), (Orfila-Sintes, Crespi-Cladera, & Martínez-Ros, 2005), (Ottenbacher, 2007), (Sipe & Testa, 2009).

Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. In fact, UNWTO forecasts a growth in international tourist arrivals of between 3.5% and 4.5% in 2016, and it will reach 1.8 billion by 2030, making the tourism sector, one of the major players in international commerce. This growth goes hand in hand with an increasing diversification and competition among destinations. These explain the fact that throughout history, tourism has been a phenomenon characterized by immense innovativeness.

According to Enz et al. (C. Enz, Verma, Walsh, Kimes, & Sigauw, 2010): *“Firms innovate in several ways, including business models, products, services, processes, and marketing channels, with either the goal of maintaining or capturing markets or the desire to reduce costs or prices through greater efficiencies”*.

1.1. The research focus

As cited previously, there are many kinds of innovation in different area but in this thesis, we are focused on the innovation strategies and strategic innovation in tourism industry. Strategic innovation is defined as a future-focused business development framework that identifies breakthrough growth opportunities, accelerates business decisions and creates a near-term impact within the context of a longer-term vision in order to get a competitive advantage. (S. Kaplan, 2012)

This study focuses on the issues of strategic innovative activity in the sphere of tourism and presents the types of innovation and the main areas of innovation in the tourism sector, as well as the strategies that can be adopted for the development of tourism. The failure of innovation systems (Regional, Technological or National) is also discussed, along with the

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ICT developments impacts in tourism sector. This leads to the following research question that will be in focus for the thesis: **What are the innovation strategies that can be applied in the tourism sector?**

1.2. The research purpose

Regarding the purpose of this master thesis, it is to study in detail the theory of innovation in tourism and to develop innovation strategies for the tourism sector. First, some subjects are analyzed in detail: innovation types, innovation determinants, and measurement of innovation in the tourism sector. Second, this master thesis aims to provide a conceptual framework for further empirical research in innovation strategies for the academics and for the tourism industry.

1.3. Contribution of the research

The main contributions of the master thesis to the theory of innovation in tourism are: the identification of different types of innovations, the classification of the determinants of innovation, and the development of some innovation strategies for the tourism sector.

To understand how far the people in the field of interest have gone through the issue, literature research method, searching previous research is mainly applied. The CLIC Libraries (the book indexing system) and the Internet access systems at the University library were utilized to search for books, articles, thesis, and researches. Since this research focused on innovation strategies in tourism, the keywords used in searching for literature were: *Innovation; Tourism; Innovation strategies; Innovation systems; and Innovation management*, in addition to these, other related terms to strategic innovation, for instance, *Strategy; Competitive advantage; Market-level strategies; Industry-level strategies; etc.* were added. With the existing literature, the basic concepts and main research fields are analyzed and defined by deducing relevant opinions and conclusions.

1.4. The Structure of the Dissertation

In first chapter – Introduction - Current situation of innovation in tourism industry has been outlined. Then the research focus and problems, research purpose, contribution of the research and limitations have been pointed out, along with this structure of the dissertation.

In chapter two – Concept of innovation - In this chapter I investigate the existing literatures to present the bases of this research. First, the concept of innovation, the main category and

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types of innovation, the determinants and driving forces of innovation are put up. Then, the concept of innovation systems is included.

In chapter three – Innovation in tourism – In this chapter, I review the literature on innovation in the tourism sector: the types and the key factors of innovation; then, I study the theory of innovation strategies, such as internationalization, market and industry-level strategies, adaptive strategies. Finally, the concept of strategic innovation is highlighted. This chapter thus aims to introduce several fundamental concepts for the study of innovation strategies in tourism.

In chapter four – Analysis – In this chapter, as a result of the theory developed in the former chapters, some innovation strategies in tourism are provided to answer/address the research questions in order to fulfil the purpose of this study.

In chapter five – Discussion, Implications and Recommendations – This chapter presents the discussion upon the developed theory and the analysis (chapter four), followed by the implications and recommendations.

In chapter six – Conclusion – This chapter summarizes the findings on innovation strategies in the tourism sector, with some limitations and suggestions for further research.

Chapter 2. Concept of innovation

2.1. Origin of innovation

The meaning of idea innovation has changed since the Greeks, Xénophon and Aristote (Godin, 2008). In the early forties, Joseph Schumpeter introduced the main sense of process innovation in economic thought. And in the early fifties, Peter Drucker originated the main sense of product innovation.

The expression innovation is derived from Latin word “innovare” which means “to return, to renew”. Innovare is composed by the verb novare, which means “change”, “new”, and the prefix in-, which means a movement inward. In legal language of the middle ages, innovation means “introducing something new into a settled thing”.

The third edition of Oslo Manual proposed a definition for the term innovation: “Innovation is the employment of a good/service or a novel procedure (production), a new commercialisation mode or a novel organizational mode in the practices of an enterprise, organization of the workplace or external relations(Mortensen & Bloch, 2005).

2.2. Innovation by Schumpeter

According to Joseph Schumpeter, the evolution does not come from quantitative modification (such as the rise in population or in capital)(Metcalf, 2011). The real transformation of economic systems only comes from qualitative aspects. Therefore, evolution becomes the synonym of novelty, changes of economic patterns and conditions of economic activity. Thus, Schumpeter shows in sense of his analysis that the factor determining the economic evolution is the innovation.

The works of Schumpeter are primarily known for the expansion of the theory that he conceived. Therefore, in this context, the author presented a true theory of innovation. Schumpeter believes that capitalism is a dynamic of long movements, growth cycles and crises that follow one another. It is precisely innovation defined as a creative destruction process, which is the engine of this dynamic (Foster & Kaplan, 2001).

In his early work, the author considers innovation to be the product of the work of an economic agent in particular: the individual entrepreneur who breaks the cycle of the economy by betting on the future demand for new products or processes, the introductory of a new marketplace, the use of new natural resources or the whole of an organization of the

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economy sector (HERAUD, 2001). Schumpeter believes that innovations are designed in times of crisis, before they feed themselves for the growth.

In his later works - those of the second Schumpeter - the author focuses on large innovative companies. They replace the individual entrepreneurs and small innovative companies, because ultimately alone they have the financial resources to promote innovation. The definition of the term innovation fate has changed from this new approach. For the author, innovation is the result of the work done in R & D routine in large industrial research labs. He believes that these teams, with highly specialized skills and a very routine action are the source of innovation.

If the work of Schumpeter represents a breakthrough and is largely adopted - including the definition of innovation as an endogenous process involving technological, but also organizational aspects - Schumpeter however, basically opposes the small to the great business, without considering the complementarities that may exist between the two (Corsani, 2000). His approach is very different from the inclusion of the interactive and cumulative nature of innovation and the multitude of its sources(Sander, 2005).

Schumpeter distinguishes five types of innovations:

- Manufacturing of new products (=product innovation)
- Introduction of a new production method (process innovation)
- Opening of new outlet (new marketplace)
- Conquest of new sources of raw materials
- New form of work organization (organisational innovation)

2.3. Main categories of innovation

The third edition of Oslo manual(Mortensen & Bloch, 2005), titled «Guiding principles for the collection and interpretation of Innovation data», stated that innovation is generally classified in four groups: 1-Product innovations;2-Process innovations; 3-Marketing innovations; 4-Organisational innovations. Detailed explanations of these innovation categories, taken from this handbook, are given below:

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2.3.1. Product innovation

This type of innovation relates to the employment of a novel good or a novel service or considerable upgrade done in terms of its characteristics or its uses. This includes the significant improvements of materials, workings and practical specifications, the integrated software, the usability, or other working characteristics (Mortensen & Bloch, 2005).

Product innovations may involve knowledge or new technologies, or rely on the novel uses or knowledge combinations or the existing technologies. The term “product” covers services and goods. Innovation of product involve the introduction of novel services/goods and the major improvements of working characteristics or uses of existing services and goods.

The novel products are services and goods which differ significantly from previous products of a company. Examples of new products requiring novel technology are the first digital cameras and microprocessors. The first transportable mp3, which associated standard software interfaces to the miniaturisation of players, has been a novel product integrating present technologies.

The improvement of a novel use for a product whose technical specifications are only slightly modified is considered as a product innovation. For example, the implementation of a new shampoo using an existing preparation methods previously used only as an intermediate for the production of coatings.

Significant improvements in existing products are achieved by changing components, materials, and further features that make these products more efficient. The arrival of GPS navigation system and ABS braking, and other vehicle subsystem improvements are examples of product innovation that are translated into fractional additions/changes to one of the subsystems Integrated techniques. The use of breathable fabrics in the apparel sector is an example of product innovation using new materials that improve the product performance.

Innovations of product in services may incorporate important progresses in the way these services are provided (e.g., in terms of rapidity or productivity), the introduction of novel features or features to actual services, addition of completely novel services. For example, the sharp improvement in the services of internet banking, such as significantly enhanced rapidity and facility of use, or the introduction of domestic care or home access for users. Dispatching mandated interlocutors to manage external services is an illustration of quality enhancement of a service.

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Conception is an important portion of the improvement and introduction of product innovations. Nevertheless, changes in conception do not implicate major changes in the working characteristics or planned uses of a product are not innovations of product. They may nevertheless constitute marketing innovations as will be seen later. Regular product updates or regular seasonal changes are not also product innovations.

2.3.2. Process innovation

A process innovation is the employment of a novel or appreciably upgraded production or distribution method (Mortensen & Bloch, 2005). This concept implies meaningful modifications in procedures, software and materials.

Process innovations may target to reduce unit production and distribution costs, increasing value, or manufacturing or delivering novel or significantly value-added products.

Production methods include the techniques, software and materials employed to create goods or services. Examples of new production methods include the introduction of new automated machines on a manufacturing line or the development of computer-aided design to develop a product.

Distribution methods are related to the logistics of a company and include software/hardware and procedures for sourcing inputs at source, affecting provisions inside the company or delivering final products. An example of a novel distribution method is the implementation of the goods traceability system by barcode or radiofrequency identification (RFID) (Angeles, 2005).

Process innovations incorporate novel or appreciably upgraded techniques of creating and delivering services. They may involve meaningful changes in software and materials employed in the service of a company or in the processes or systems used to provide services. Examples include GPS leasing devices aimed at transportation facilities, the employment of a novel booking arrangement in a travel agency and the enlargement of new project management techniques in a consulting firm-advice.

Process innovation also encompasses novel or considerably developed techniques, hardware and software used in auxiliary support actions such as calculation, accounting, maintenance, or buying. The employment of novel or considerably enriched information and communication technology (ICT) is considered as a process innovation if it is planned to advance the productivity and/or value of an auxiliary support activity.

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2.3.3. Marketing innovation

Innovation in marketing is the application of a novel marketing system that involves major improvements in product conception or covering, moving, advertising or valuing of a product (Mortensen & Bloch, 2005).

Marketing innovations are targeted to meeting the needs of consumers, opening new markets, or positioning in a new way a product of a company in the market to increase sales

What distinguishes marketing innovation from other modifications in a company's marketing tools is the employment of a marketing system that the company has not used before. It should combine with marketing strategy that represents a fundamental break with the marketing methods already practiced by the company or concept. The new method of marketing can both be improved by the innovative company or imported from another company or organization and adopted. The application of new marketing methods may concern new products or existing ones.

Innovations in marketing comprise important modifications in product conception that go with a novel marketing perception. In this situation, transformations in product conception refer to transformations in appearance and shape that do not modify the working characteristics or usage of the product. Moreover, these changes involve modifications in the wrapping of products, for example detergents, drinks, and food for which the wrapping constitutes the principal factor of the product's appearance.

As an example of marketing innovation related to product design, there is a meaningful transformation in the conception of a line of furniture to provide it an innovative appearance and make it more attractive. Innovations in product conception may additionally comprise addition of important modifications in the shape, look, or food taste or drinks, for example the addition of new additives for a food product to reach a new client segment. As an example of the commercialisation innovation in field of packaging is the adoption of a completely new conception for a bottle of body lotion, proposed to provide the product with an original look and attract new customers.

The novel systems of product position in terms of commercialisation refer essentially to the conception of novel sales networks. The term "sales networks" indicates the approaches applied to vend services and goods to consumers but not for logistics processes (transportation, storage and treatment of goods) mainly deals with efficiency. Examples of

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marketing innovations in product situation comprise the addition of a franchising network, direct or retail sales with an exclusivity clause, and the licensing of a product. Innovation in product placement may also comprise the usage of novel perceptions for the exposition of these products. Examples involve the exposition of furniture stores, whose conception was reorganized by theme, allowing clients to appreciate the products "in the situation".

Novel marketing approaches in product advertising implicate the usage of narrative thoughts to support the services or products of a company. For example, the first use of a intermediate or largely distinctive techniques - such as product exposition on TV shows, or using superstars to invent - is considered as a marketing innovation. Another example is the improvement of marking as the expansion and promotion of a novel fundamentally new mark (not to be confused with the periodical update of the appearance of the mark), to position the company's product in a new market or to renew its image. The application of a modified information system, acquired through fidelity cards for example, to change the appearance of the products to the particular needs of individual clients can also be considered as an innovation in marketing field.

Innovations in pricing implicate the usage of novel pricing plans in the marketplace for the services or products of the company. Examples involve the first practice of a manner to modify the price of a service or good according to demand (when demand is low, price is low for example) or the use of a new method allowing clients to select the features of the product they are looking for on the company's website, and see the cost for what they have specified. The novel systems of pricing, whose sole purpose is to adjust prices by customer segment are not considered as innovations.

Generally, seasonal, regular, or common modifications in marketing means are not considered as innovations. In order for them to be, they need to implicate marketing approaches that the company has not used before. For example, a major modification in the packaging or conception of a product based on a marketing perception already used by the company for other products is not considered as a marketing innovation, nor is the use of to target a new marketplace or a new market segment (e.g. a socio demographic group of clients).

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2.3.4. Organisational innovation

An organizational innovation is the use of a novel organizational mode in practice, the organization of the workplace or the external interactions of the company (Mortensen & Bloch, 2005).

Organizational innovations may target to develop a company's productivity by diminishing transaction and administrative expenses, refining job gratification (and thus increasing proficiency), access by non-market goods (such as external information not labelled) or the reduction of charges of the provisions.

What characterises an organizational innovation from other organizational transformations within a company is the employment of an organizational technique (in business practices, workplace organization or external relations) that has not been used previously by the company and which results from strategic conclusions made by the management.

Organizational innovations in business practices implicate the use of new means for organizing work procedures and actions. They comprise, for example, the application of new practices to develop learning and knowledge sharing within the firm. An example is the first application of new knowledge-coding practices, ie the enlargement of best practice databases, lessons learned and other forms of knowledge so that third parties have access to it. Another example is the application for the first time of workforce development practices and the enhancement of conditions to retain workers, such as teaching and coaching systems. Other examples comprise the insertion of management systems for supply or production activities such as custom production, business restructuring, supply chain management systems, and quality management systems.

Innovations in the organization of the workplace implicate the application of new ways of giving tasks and decision-making power between workers for the division of labour within services and between services (and organizational units) of the company, as well as new structuring concepts, in particular the integration of diverse actions. As an example of innovation in the organization of the workplace, we can state the application for the first time of an organizational model giving the workers of the company a great independence of decision and encouraging them to share their opinions. This can be accomplished by decentralizing the management control and activities of the group or by making formal or informal teams in which each worker enjoys his/her new environment. Nevertheless, organizational innovations may also implicate the centralization of activities and the

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reinforcement of accountability for decisions. Examples of organizational innovation in the structuring of the company's activities involve the integration of engineering, or production systems and production development.

The narrative approaches of external organizational relations imply a firm application of new ways of organizing relations with other companies or public institutions, such as establishing new forms of collaboration with agencies or search clients, new methods of integration with suppliers, and outsourcing or subcontracting for the first time, the business of a company (production, purchasing, distribution, recruitment, and ancillary services).

Changes in business practices, work organization or external relations based on organizational methods already employed in the company are not organizational innovations. In itself, the formulation of management strategies is not an organizational innovation. However, organizational changes implemented in response to a new management strategy are an innovation if they represent the first implementation of a new organizational method in business practices, workplace organization or external relations. For example, the introduction of a strategy is implemented through the use of new software and new methods of information gathering to encourage the exchange of knowledge between different services.

Mergers and acquisitions are not considered organizational innovations, even if one company acquires or merges with another for the first time. Mergers and acquisitions can still include organizational innovations if the company develops or adopts new organizational methods during these operations.

2.4. Innovation process model

The innovation process includes several steps that starts from the creating condition for innovation to the implementation of innovation projects(Mortensen & Bloch, 2005). This process can be divided into the following 07 key steps:

- 1- Creating conditions for innovation
- 2- Definition of innovation targets;
- 3- Deepening of the knowledge of the problems,
- 4- Generation of ideas;
- 5- Choice of projects portfolio;
- 6- Development of selected projects;
- 7- Implementation of projects developed.

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2.4.1. Create conditions for innovation

The training and experience of most people have not prepared them for innovation, but rather for the reproduction of learning already achieved. A company becomes innovative when a large number of its employees and their teams are innovative.

It is the leadership of the senior management that determines the attitude of workers to innovate. To support the employees, the company must implement management practices that encourage:

- Learning new intellectual skills;
- Initiative;
- Teamwork;
- Participation and development of people.

2.4.2. Definition of innovation objectives

Innovations should bring not only something new, but a competitive advantage for companies. The vision of the company is to direct the efforts of an innovation approach. To do this, the company must know its business environment by focusing on:

- A strategic planning process;
- Technological, commercial, and strategic clock activities;
- A definition for the areas of innovation and results

2.4.3. Increase awareness of existing problems

The lack of innovation often comes from the fact that we are also striving to find a solution. So much energy and resources are wasted. To avoid finding a good solution to a bad problem, it is important to deepen the knowledge about the true problem through appropriate techniques. This step is to be done with key personnel, i.e. the owners of the problem and those who understand it and those who will implement solutions (executives, employees, internal customers, external customers, suppliers etc.).

2.4.4. Generate ideas

Using methods of analysis after experimenting the right problem, the company should be able to identify and implement innovative solutions. To acquire a variety of traces and solutions in

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a perspective of innovation, the participation of people with different profiles (MDT) in combination with the use of creativity techniques is required.

2.4.5. Select the project portfolio

It is better to strategically select a few projects that we can implement a set of projects that will use resources without having to rely on the stage results. The portfolio has the following objectives:

- Ensure the relevance of the projects from the previous steps;
- Ensure that they have the resources to perform them;
- Avoid resources for projects that cannot be realized.

2.4.6. Develop selected projects

Moving too fast from the initial idea to the development is a serious mistake as the changes made at the beginning of the course are cheaper than at the end. To reduce costs and uncertainties and avoid setbacks, it is important for the company to segment phases in the development of projects. This step represents a concrete process of doors, phases, and achievements, in which decisions are made at each stage.

2.4.7. Implement the developed projects

It is at this stage that the results of the efforts are harvested. To enjoy the benefits of innovation while minimizing the disadvantages, planning, and monitoring are needed. This step is to ensure that innovation is be taken over by customers, employees, suppliers etc. It includes:

- Planning, control and communication of change;
- Management and project monitoring;
- Development of skills.

2.5. Innovation activities

Information on innovation activity is useful for a number of reasons. It will indicate what types of innovation activities carried out by the company: for example, it shows whether innovative companies engage in R & D, if they buy information and technology in the form of extramural R & D, machines and materials, or other information if the development and

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implementation of innovations are also associated with employees training, and if companies are trying to partially change their organization (Mortensen & Bloch, 2005).

2.5.1. Activities related to product and process innovations

2.5.1.1. Acquisition of other external knowledge

Company may acquire technology and know-how in various forms and from a variety of sources in the development and implementation of innovations. This category also includes purchases from units of a multinational company located abroad (Eurostat, 2005).

Purchasing external knowledge and technology can take the form of patents, non-patented inventions, licensing, the disclosure of know-how, brands, design and modelling studies.

The acquisition of external knowledge may also include computer services and other scientific and technical services to make product or process innovation activities.

2.5.1.2. Purchase of machines, equipment, and other investment goods

Innovative activities also include the purchase of investment goods, which will provide improved technological performance and those whose technical performance does not improve, but which are necessary for the implementation of products or new and improved. This category includes only the purchase of investment goods for innovation not included in R & D activities (Eurostat, 2005). Note that it also covers the purchase of investment goods from units of a multinational company that is resident abroad (not included in R&D).

Capital goods for innovation include the purchase of land and buildings, machinery, tools, and equipment, and in accordance with the revised System of National Accounts (SNA), software, which represents a component of intangible investment and participates in capital formation.

Land and buildings include the acquisition of land and buildings to carry innovative activities, including improvements, changes, and major repairs.

Machines, tools, and equipment are the most important tools and equipment for use in the context of product innovation activities and business process.

The revised SNA software includes up-to-date programs, program descriptions and supporting materials systems, and the implementation of product innovation activities and business process-related applications. The acquisition, development or expansion of

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computer databases intended to be used for more than one year as part of product innovation activities and business process are also included.

2.5.1.3. Further preparations for product innovations and process

The development of innovations by a company can have in-house activities that are not included in R&D. These activities include both the later stages of development, which is important to introduce innovations in new products and processes that are new to the company, but not to the market (or, in the words of definition of R&D, which do not increase the amount of knowledge and do not contain a substantial new element). The development activities and implementation for the introduction of new goods, services or processes can be an important part of the innovation activity (Eurostat, 2005).

Further preparations for product innovations and processes include the necessary measures for the development and implementation of product innovations and process that are not included in R&D. This includes development activities that are either partially excluded from R&D (such as industrial design, engineering and configuration Production and testing) and development activities of the innovations of products or processes that do not meet the novelty criterion of the definition of R&D (in other words, do not meet the requirements of the company. New, but not for the market).

Other services for development activities include in-house activities for the planning and development of new or significantly improved services that are not included in R&D.

The design includes a wide range of activity to plan and develop procedures, technical specifications and other functional or user properties for new products and processes. These activities include the initial preparations for planning new products and processes and design work and the implementation of these products or procedures, including designed and made changes. This category also includes the planning of technical specifications for new products or processes. Some elements of the industrial design should be included in R&D.

Trials and evaluation are the testing of new or significantly improved products or procedures, while the tests with prototypes are part of the R&D and are therefore excluded from this category. In the case of manufacturing, manufacturing testing and pilot equipment are included, unless they are already included in R&D. Production tests are included in research and development when production includes full-scale testing, followed by new work design

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and engineering; Pilot plants are included in R&D when it is their first objective. Also included in this category are the tests and tests for the provision of services, such as testing the operation of the service after the introduction of new technologies or testing to demonstrate the performance after a test of significant improvements in the services.

The configuration and engineering involve changes in procedures, methods and standards in production and quality control, as well as related software that require new or improved products or to make new or improved procedures. This category also modifies procedures and software needed to provide new services or a new delivery methods.

2.5.1.4. Training

Training is product or process innovation when it is necessary for the implementation of a product or process innovation, for example, so that workers from a dairy can be able to identify the desired consistency a new type of yogurt, that a sales Managers can understand the characteristics of an improved braking system on a new model of car in order to prepare its launch on the market, or so that the staff know how to use different programs under Linux after the installation of a network of personal computers in a Linux environment. This category should exclude training already accounted for in R&D (Eurostat, 2005).

Training is not a product or process innovation when it is not focused on product innovation or specific process within the company. Examples of activities that fall outside of innovation: training in existing production methods for new employees, developing in general individuals (for executives, for example), ongoing computer training and language courses. Training related to the introduction of new methods of marketing or organizing for the first time is part of marketing or organizational innovation.

2.5.2. Activities related to marketing and organizational innovations

2.5.2.1. Preparations for marketing innovations

The production of marketing innovations includes the development and implementation of new marketing method-related activities, which have not previously been used by the company. It involves the development and planning of these new methods and activities required for their implementation (Eurostat, 2005). Activities related to marketing innovations include only those who are thought to develop and implement new methods of marketing, but not the cost of daily use of these methods (such as spending on advertising campaigns, event marketing, or sponsoring on the occasion of the adoption of a new

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marketing method). Note that this category also includes the acquisition of other external knowledge, machinery and equipment and other investment goods and training specifically related to marketing innovations.

The preparations for marketing innovations can be related to the development and implementation of the four types of marketing tools, which are usually outstanding in the world.

Company: Design or product packaging, price method, product placement and product promotion

2.5.2.2. Preparation for organizational innovations

The preparation of organizational innovations involves the development and planning of new organizational methods and activities required for their implementation (Eurostat, 2005). Note that this category includes acquisition of other external knowledge, machinery and equipment and other investment goods and as well as training specifically related to organizational innovations.

The preparations for organizational innovations are characterized by the new method of business practices, the organization of the workplace or the organization of external relations.

2.6. Driving forces of innovation

Firms try to innovate for various reasons. The goals that they may target are products, marketplaces, productivity, quality, or the capability to learn changes and implement them (Mortensen & Bloch, 2005). It is necessary to determine the purposes for innovation and its importance when we consider the drivers of innovation activities such as competition and the opportunity to break into new markets.

Innovative activities can be hampered by several factors. There may be some reasons for not starting at all into innovation, but there are also aspects that hold up such activities or have a negative impact on them. These aspects can be economical (high cost or lack of demand) that is specific to a company (lack of quality personnel or knowledge, for example) or legal (regulations and taxes).

The ability of companies to derive the resulting profits from their innovation actions also has an influence on innovation. For example, if companies are unable to protect their innovations

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from counterfeiting by competitors, they would be less motivated to be innovative. However, if a company works well without formal protection, such protection can slow the flow of knowledge and technology and lead to higher prices for goods and services.

2.7. Innovative company and the impact of innovation

An innovative company is one that launched an innovation over the period considered. These innovations do not have to be successful in commercial terms (Eurostat, 2005): many will fail. We can divide innovative companies into several categories: those who primarily developed innovations themselves or in collaboration with other companies or public research services, and those that have mainly innovated by adopting innovations (new equipment adoption, for example) developed by companies d. We can also differentiate innovative companies based on innovations that they have applied: new product or process, new marketing method or organizational changes.

The impact of innovation on a company performance range from the impact on sales and market share to improved productivity and efficiency. The major impact on the industry or national level are the development of international competitiveness and total factor productivity, knowledge spill- over from the innovations at the companies, and the increased volume of knowledge flowing through networks.

We can measure the results of product innovation based on the percentage of sales accounted for new or improved product. Similar formulas can measure the results of other types of innovations. In addition, we receive optional indicators of the innovation results by asking qualitative questions about the effects of innovations.

2.8. Innovation activities and costs

The innovation activity includes all scientific, technological, organizational, financial and commercial steps that are actually or are intended to lead to the implementation of innovations. Some of these activities are innovative themselves; Others are not new, but necessary for implementation (Eurostat, 2005).

Innovation covers a range of activities that do not fall within the R&D framework, such as the downstream of development for pre-production, production and distribution, development activities with a lower novelty, support activities such as training and marketing and

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development activities and implementation of innovation such as new marketing methods or organizational preparation (which are not product or procedure the innovation). Innovation activities may also include the acquisition of external knowledge or investment goods that are a part of R&D.

During a certain period, a company's innovation activities fall into one of three categories:

- Successful activity leading to the realization of an innovation (although marketing is not necessarily successful).
- Activity in progress, which has not yet led to the implementation of an innovation
- Activity aborted before the implementation of an innovation.

Expenditures are calculated based on the sum of these three categories of activity during a certain period. Or we can provide information about the total spending on activities together to create individual innovation. Whatever the formula adopted, companies seem to have great difficulties to have a complete set of data. However, these data are important to carry out an economic analysis or policy. It is hoped that, as and when they engage in these exercises, companies will eventually be convinced that it is in their own interest to quantify the cost of their innovation activities.

2.9. Limiting factors in innovations activities

Several factors can hinder innovation. There may be reasons not to start in innovation activities, or factors that slow down innovation or have a negative impact on the expected results (Eurostat, 2005). These may include economic factors such as high or inadequate demand costs, legal factors related to the business, such as a shortage of qualified personnel or knowledge and legal factors such as regulations or taxation.

Questions about barriers to innovation can provide information on various aspects that are available for innovation policy. Small and medium-sized enterprises may cite money shortages as the main obstacle to investment in innovation. Companies may be concerned about a lack of demand for new product at price at which companies should charge them to make innovation worthwhile. Companies may not have the necessary skills in innovation activities or their innovation activities are hampered by their inability to penetrate the necessary staff on the labour market. A lack of infrastructure can be a significant obstacle to innovation, especially outside the major improvements. It is also possible that companies do not have knowledge about technologies or markets to develop an innovation, or they are

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unable to find suitable partners for joint projects innovation. The table 1 shows a list of factors that could be barriers to innovation.

These barriers may apply to a specific category of innovation or all categories of innovation. For example, cost factors can be relevant to all categories of innovations and market factors related to both the development of product innovations and product design activities (marketing innovations). The table 1 also shows which categories of innovations are relevant for each barrier.

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Table 1. Limiting factors to innovations (Eurostat, 2005)

Area of relevance of which:	Product innovations	Process innovations	Organisational Innovations	Marketing innovations
Cost factors				
Excessive perceived risks	x	x	x	x
Too much cost	x	x	x	x
Lack of capital resources	x	x	x	x
Lack of funding from outside sources:				
Risk capital	x	x	x	x
Public sources of financing	x	x	x	x
Knowledge factors:				
Potential for innovation (R & D, design, etc.) inadequate	x	x		x
Lack of qualified person:				
Inside the company	x	x		x
In the labor market	x	x		x
Lack of information on technology	x	x		
Lack of information on market	x			x
Inadequacies in the availability of external services	x	x	x	x
Difficulty in finding cooperative partners for:				
The development of products or processes	x	x		
Establishing marketing partnerships				x
Organizational rigidities within the company:				
Staff attitude to change	x	x	x	x
Attitude of management to change	x	x	x	x
Structure of the management of the company	x	x	x	x
Inability to allocate staff to innovation activities due to production requirements	x	x		
Market factors				
Uncertain demand for innovative goods and services	x			x
Potential market dominated by established firms	x			x
Institutional factors				
Lack of infrastructure	x	x		x
Weak property rights	x			x
Legislation, regulations, standards, taxation	x	x		x
Other reasons not to innovate				
No need to innovate because of previous innovations	x	x	X	x
No need to innovate due to lack of demand for innovation	x			x

2.10. Innovation Systems

2.10.1. What is an innovation system?

"An evolutionary, non-linear and interactive process, requiring intensive communication and collaboration between different actors, both within companies as well as between firms and other organizations such as universities, innovation centres, educational institutions, financing institutions, standard setting bodies, industry associations and government agencies" (Tödtling & Trippl, 2005, p. 1205)

A narrow definition of innovation systems primarily includes R&D functions and universities. While a broad definition of innovation systems includes all parts and aspects of the economic structure and the institutional set-up affecting learning as well as searching and exploring (Asheim & Gertler, 2005).

2.10.2. Systems of Innovation approach

Since the objective of this part is to contribute to the development of the systems of innovation approach, it is important to review the historical basis of our arguments. In this section, the genesis of different coexisting approaches to the study of systems of innovation are briefly outlined and their main conceptual components are discussed.

a. Theoretical origins of the systems of innovation approaches

Although the systems of innovation approach is not considered a formal and established theory here, its development has been influenced by different theories of innovation such as interactive learning theories and evolutionary theories. What follows is a very brief discussion of some theoretical roots of the systems of innovation approaches.

Lundvall's book (1992) is an attempt explicitly to relate the national systems of innovation approach to innovation theory. In it, contributing authors from Aalborg University, Denmark, have placed their own previously developed innovation theories into a national systems of innovation conceptual framework. This theory stresses processes of learning and user-producer interaction. In Lundvall's words: One of our starting-points is that innovation is a ubiquitous phenomenon in the modern economy. In practically all parts of the economy, and at all the times, we expect to find ongoing processes of learning, searching and exploring, which result in new products, new techniques, new forms of organization and new markets. In some parts of the economy, these activities might be slow, gradual and incremental, but they will still be there if we take a closer look (Lundvall, 1992). The systems of innovation approach are compatible with the notion that processes of innovation are, to a large extent,

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characterized by interactive learning. It could be argued that some kinds of systems of innovation approach are inherent to any perspective that sees the process of innovation as interactive: interactivity paves the way for a systemic approach.

b. Characteristics of SI approaches

According to Edquist (2006), SI approaches

- Place innovation and learning processes at the centre of focus
- Adopt a holistic and interdisciplinary perspective
- Employ historical perspectives
- Stress differences between existing production systems
- Emphasize interdependence and non-linearity
- Encompass product technologies and organizational innovation
- Emphasize the central role of institutions
- Still diffuse –conceptual framework rather than formal theory

Innovation systems studied at different levels: National Innovation Systems (NIS), Technological (Innovation) Systems (TIS), Sectoral Innovation Systems (SIS), Industrial Clusters, and Regional Innovation Systems (RIS).

Chapter 3. Innovation in Tourism

The understanding of innovation in tourism as a collective process is reflected in the growing number of publications that are framed within a system or network approach (Arnaboldi & Spiller, 2011) ; (Bertella, 2011c) ; (Hjalager, 2009, 2010) ; (Larson, 2009) ; (Lemmetyinen, 2009).

Innovation is a tool to achieve and apply results of scientific thought. From this point of view, tourism is extremely vast field for innovation as a complex cross-cutting socio-economic system. Tourism not only creates a new product or service, it also uses the innovations introduced in other areas of management. For example, hotels, travel agents, transport companies widely use the field of information technology development. Creating a tourist product, tourist services, booking of air - and train tickets - all these processes have reached a new level with the introduction of the latest developments in information technology.

3.1. Types of Innovations in the Tourism Sector

There are two types of innovation: radical innovation and incremental innovation; and according to several researches / studies (Ettlie, Bridges, & O'Keefe, 1984); (Dewar & Dutton, 1986); (Damanpour, 1996); (Sundbo, 1997); (Martinez - Ros & Orfila - Sintes, 2009), radical innovation is more risky and more costly, but it includes several new types of knowledge, because it breaks with the old traditions. In the contrary incremental innovation is a little bit more restrained and a less costly process. It is less risky, because it is a continuous development (Gyurác-Németh et al., 2013).

Schumpeter identified five areas of development: generation of new or improved products, introduction of new production processes, development of new sales markets, development of new supply markets and reorganization or restructuring of the company (Fagerberg, 2003); (Drejer, 2004). This classification has been the inspiration for several authors and studies (Weiermair, 2006); (Hjalager, 2002); (Fagerberg, 2003); (Drejer, 2004);(OECD & Eurostat, 2005). Hjalager (2002), for instance, develops a typology of innovations for the tourism sector that originates from Schumpeter's work. According to Hjalager, innovations are classified in five categories, which enable multiple combinations: product and process innovations, management innovations which essentially refers to several organizational processes, logistic innovations which comprise the reorganization of external commercial linkages, and institutional innovations which takes the collaborative and regulatory structures

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in communities into account. In addition, Hjalager (2002) distinguishes four types of innovation (Figure 1) dealing with either the breaking up or deepening of relationships to clients or to the market and the abandonment or preservation of competencies.

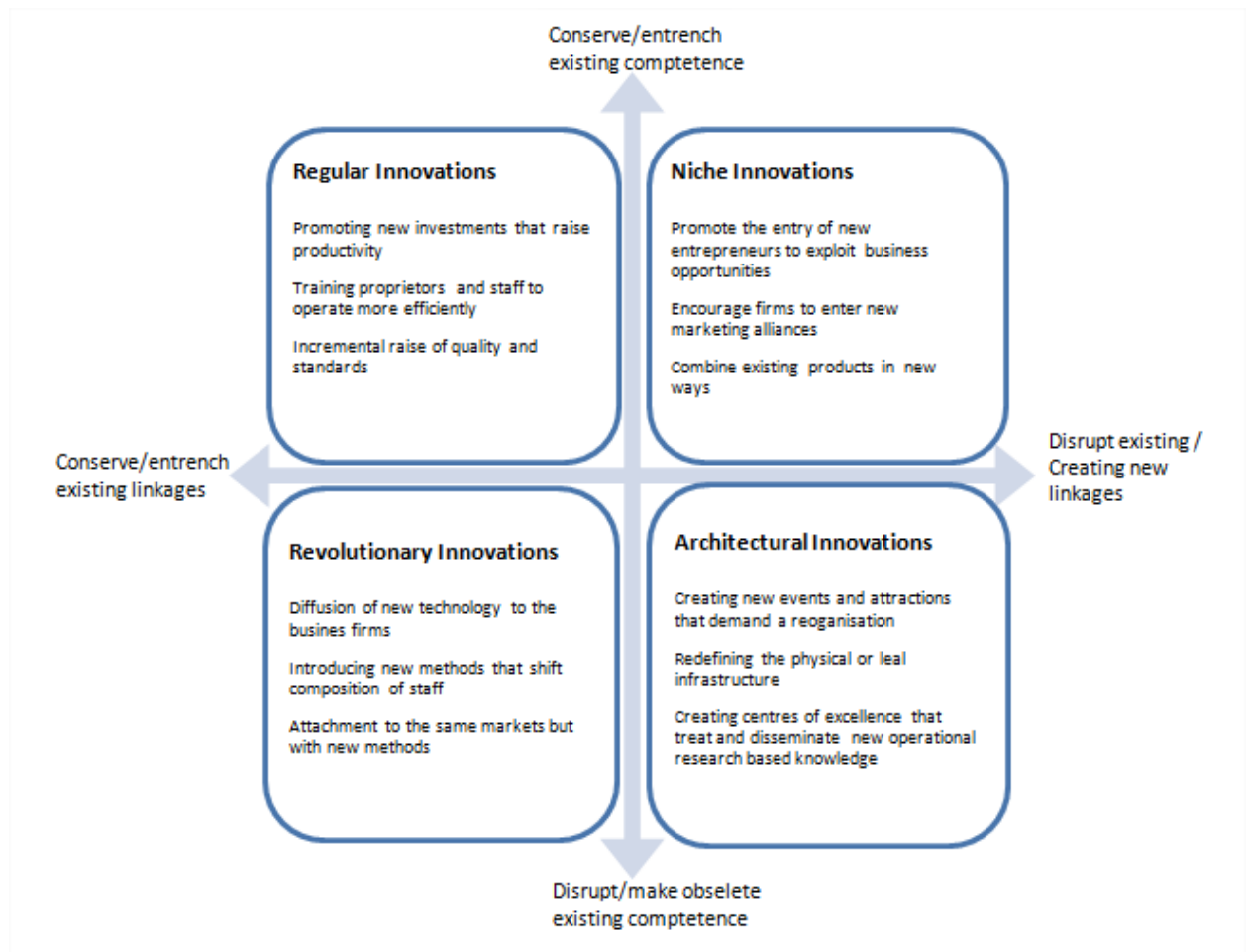


Figure 1. Innovation types by the Abernathy and Clark model (Hjalager, 2002)

3.2. The Key factors of Innovation in the Tourism Sector

- Internal knowledge
- External knowledge

Tourism firms need to continuously innovate to be competitive, to adapt to an ever changing world and to continue to offer attractive services to their customers (Hall & Williams, 2008). Knowledge can be understood as the fuel that drives these innovation processes (Cavusgil, Roger, & Yushman, 2003); (Newell, Robertson, Scarbrough, & Swan, 2009); (Nonaka & Takeuchi, 1995).

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The competitive advantages and innovativeness of firms no longer rely on internal knowledge alone but rather originate from the absorption of external knowledge (Gebauer, Worch, & Truffer, 2012).

However, external knowledge has not only been recognized as a resource but also as a problem for innovation. The difficulty of transferring knowledge, its tacit nature and its stickiness make it difficult to manage (Carlile, 2002) ; (Shaw & Williams, 2009).

Tourism researchers have recognized that the generation and use of new, external knowledge are critical factors in innovation processes (Cooper, 2006); (Hjalager, 2002, 2010); (Shaw & Williams, 2009); (Weidenfeld, Williams, & Butler, 2010). This recognition is reflected in the growing number of empirical studies (Bertella, 2011a, 2011b, 2011c); (Camison & Monfort - Mir, 2012); (Jóhannesson, 2012); (Racherla, Hu, & Hyun, 2008); (Weidenfeld et al., 2010) that address the role of knowledge in tourism innovation processes in one way or another.

However, Cooper (2006) and Shaw and Williams (2009) have identified research gaps in regard to understanding the absorption of external knowledge in tourism-innovation processes.

There are several models that address knowledge transfer in tourism organizations; however, according to Cooper (2006), absorptive capability is the most relevant to the tourism context. The concept of “absorptive capability” (ACAP) assumes that firms have varying capabilities in terms of knowledge absorption and the application of knowledge in innovation processes (Easterby-Smith, Graça, Antonacopoulou, & Ferdinand, 2008).

Zahra and George (2002) suggested that ACAP encompasses both acquisition and assimilation (the potential ACAP) and transformation and realization (the realized ACAP) of knowledge.

According to Sandybayev (2016), the main factors influencing the innovative development of tourism include:

- the level of scientific and technological development, economic and political stability, availability of relevant legislative framework and other external factors;
- availability of the necessary volume of natural, financial and other resources;
- the level of development of tourist infrastructure;
- developed tourist market in the country and the degree and type of competition;
- availability of highly qualified personnel in all areas of tourism activities.

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3.3. Determinants of Innovation in Tourism

Concerning the tourism industry, Hjalager (2002) points out that the determinants of innovation can also be found outside the tourism sector. Consequently, it is important to enhance innovation through the interaction with other actors that might not be directly related to the tourism industry, but that can provide new knowledge to the sector.

Thus, the spatial specificity of innovation in the tourism sector is crucial in the study of innovation in tourism. In this regard, the role of the public sector, the contribution of tourists to innovation, the interaction with other actors of the destination, or the interaction and networking with other destinations are important aspects to take into consideration.

Another topic that must be considered in the study of tourism innovation is that of technology. There is a common belief that technology is only related to high-tech developments. Nevertheless, low-technologies must also be taken into consideration in services. The approach of this master thesis regards technology as several forms of applied knowledge. Therefore, in technologies are included knowledge embodied in artefacts as well as in intangibles, such as procedures, activities, techniques, methodologies, skills or competences.

3.4. Measurements of Innovation in Tourism

Mainstream economics has traditionally measured innovation through input-output studies (Unger, 2005). Inputs understood as sources of innovation have been usually studied on the basis of investments on R&D. Besides, patents, publications or capital goods have been considered as the outputs of the innovative process. These measurement methods are useful since they link investments on innovation with their results. Furthermore, it is possible to evaluate which activities, firms and sectors are more innovative. R&D and patents are the two most used innovation indicators (Patel & Pavitt, 1995); (Smith, 2005).

The work developed by Kline and Rosenberg has influenced the perception of what should be measured (Smith, 2005). For instance, their approach contributed to several conceptual foundations of the Oslo Manual (Smith, 2005). They emphasized three aspects of innovation. First, innovation is not a linear process. It involves several interactions and feedbacks in knowledge production. Next, innovation is related to learning processes that involve multiple inputs. Finally, innovation is not determined by invention activities, but by problem-solving processes within the ongoing innovation process rather than an initiating factor (Smith,

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2005). Therefore, it is of great relevance to differentiate between inventions and innovations, as it has been emphasized in the analysis of patents as an output indicator. Thus, innovations do not necessarily emerge from invention processes (Smith, 2005). Innovation is related to processes of interactive learning and knowledge organization that are difficult to measure.

The Oslo Manual (OECD & Eurostat, 2005) recognizes the interaction with the environment as a driver of innovation. Another important contribution from the Oslo Manual (OECD & Eurostat, 2005) is to take into consideration industries with low levels of R&D such as services, which are of great relevance for the tourism sector.

3.5. The main areas of innovation in the tourism sector

Sandybayev (2016), has presented in his research, five (5) main areas of innovation in the tourism sector:

- introduction of new tourist routes, release of a new tourism or restaurant product, providing new hotel services;
- the use of new techniques and technologies;
- use of new tourist resources;
- application of new techniques and methods of organization of the business process;
- opening of new direction and new markets.

3.6. Innovation Strategies in Tourism sector

What is strategy?

"Strategy has been narrowed to a competitive game plan, divorcing it from a firm larger sense of purpose; the CEOs unique role as arbiter and steward of strategy has been eclipsed; and the exaggerated emphasis on sustainable competitive advantage has drawn attention away from the fact that strategy must be a dynamic tool for guiding the development of a company over The time." (Montgomery, 2008)

What is strategic innovation?

Strategic innovation is a future-focused business development framework that identifies breakthrough growth opportunities, accelerates business decisions and creates a near-term

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impact within the context of a longer-term vision in order to get a competitive advantage. (S. Kaplan, 2012)

Companies are heavily dependent on continuously bringing new products and solutions to the market (Ian, 2012) to keep the market position, and to be able to compete and gain market shares and profitability. Without continuous evaluation and active management of the product portfolio, companies do not continue to grow and evolve, and will in the long-term likely be replaced by other more successful companies on the market. This is where the innovations and the actual handling of the innovations needs to be defined and the deployment of a suitable strategy.

In the tourism industry, as seen in various research, there are various strategies that have been considered efficient for the industry growth and the development of innovative products and/or services. In fact, internationalization, technological development (ICTs) and organizational strategies are the most common, and have been the main focus of this study, along with the diverse tools of strategies used for external and internal environment.

3.6.1. Internationalization/Globalization

Internationalization is "*a major dimension of the ongoing strategy process of most business firms*" (Melin, 1992, p. 101) and necessarily is important in innovation.

Internationalization can be understood as a form of innovation. Competitive pressures drive innovation, and tourism firms operate in international markets in order to seek competitive advantage, whether in terms of factor costs or market access. (Hjalager, 2007)

Globalisation has led to deregulation and increased competition in the tourism sector (Weiermair, 2006). Nowadays, the number of tourists is increasing and they have easy access to more regions/markets. Tourism consumption has grown and the sector has extended to new economies. In view of this, firms and tourism destination have had to adapt to the new reality and develop strategies to improve or maintain their competitive advantage.

3.6.2. Technological development

ICTs (Information and Communication Technologies) and Digital development

ICT has facilitated access to information and increases the demand for alternative and more sophisticated products. Tourists are now more independent and can self-organize their own holidays.

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3.6.3. Organizational

Networks, Clusters and Alliances

Knoke and Kuklinski (1982, p. 12) describe networks as *"a specific type of relation linking a set of persons, objects or event"*. M. E. Porter (1998, p. 78) defines clusters as *"geographic concentrations of interconnected companies and institutions in a particular field, linked by commonalities and complementarities"*. These two definitions can be used as a general template for the travel and tourism industry, with niche markets gaining from networks and cluster building, as they create their own tourism function and provide increased economic and social benefits for the local community involved.

Rosenfeld (1997, p. 4) defines clusters as *"geographically bounded concentration of interdependent businesses with active channels for business transactions, dialogue, and communications, and that collectively shares common opportunities and threats"*. It is important to link the cluster to the market place (nationally and globally) in order to stay competitive, and to make links with R&D bodies, such as academic institutions.

Tourism clusters are the result of the co-location of complementary firms, which may not necessarily be involved in the same sector, but may benefit by pre-existing network membership and alliances' dynamics. Networks provide firms with access to knowledge, resources, markets, or technologies' (Inkpen & Tsang, 2005) and can operate as a strategic alliance if the firms involved enter into a voluntary arrangement of exchanging, sharing or co-developing products.

For more than two decades, networking has been accepted as a very important factor of competitive advantage of regions and firms (M. E. Porter, 1990). Firms and regions actively engage in networks in order to survive in the volatile global market (van den Berg, Braun, & van Winden, 2001). Network relationships are particularly important for the tourism sector, as groups of organizations cluster together to form a destination context. Although creating a competitive destination is the core common goal for tourism firms, which encourages them to join together, tourism firms collaborate also to benefit from the different advantages of networking and collaboration. (Bramwell & Sharman, 1999); (Selin & Chavez, 1995)

Networks are the core features of clusters. Networking is very important for clusters, and clusters are generally defined by the local networks. Therefore, networks between firms and clusters are discussed in the same theoretical framework. Many network relations between firms can be located in a specific area (van den Berg et al., 2001) and broaden at a local level

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in a cluster. The term 'cluster' refers to a localized network of specialized organizations, which includes close local links between firms from different levels in the industrial chain

3.6.4. External environment analysis

a. The External Remote Environment

PEST or PESTEL analysis (Political, Economic, Social, Technological, Environmental and Legal)

c. The Broad Competitive Environment

- Porter's Industry Analysis Five Forces Model: Threat of new entrants - Threat of substitutes - Bargaining power of customers - Bargaining power of suppliers - Industry rivalry
- Industry Life Cycle
- Company analysis

d. The Market

- Market Segmentation
- Customer Relationships
- Product Life Cycle

3.6.5. Internal environment analysis

a. Core competencies

Core competency is a concept in management theory introduced by Prahalad and Hamel (1990). It is defined as "a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace". In fact, core competencies are the skills, characteristics, and assets that set your company apart from competitors. They are the fuel for innovation and the roots of competitive advantage. In addition, they are the engine for new business development, underlying component of a company's competitive advantage created from the coordination, integration and harmonization of diverse skills and multiple streams of technologies.

b. Porter's Value Chain

Value Chain analysis was first suggested by Michael E. Porter (1985) as a way of presenting the construction of value as related to end customer. Porter's definition includes all activities to design, produce, market, deliver, and support the product/service. The value chain is concentrating on the activities starting with raw materials till the conversion into final goods or services.

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There are two categories:

- Primary Activities (operations, distribution, sales)
- Support Activities (R&D, Human Resources)

Value Chain analysis can increase the firm's competitiveness, reduce the costs and improve the market share. In addition, it can be developed for individual competitors or an entire industry; and it can be for the product as it relates to end customers or customers within a chain.

c. Ansoff's Matrix

Ansoff Matrix represents the different options open to a marketing manager when considering new opportunities for sales growth. There are two variables in strategic marketing decisions: the market in which the firm was going to operate, and the product intended for sale. In terms of the market, managers had two options: remain in the existing market or enter new ones, while in terms of the product, the two options are: selling existing products or developing new ones.

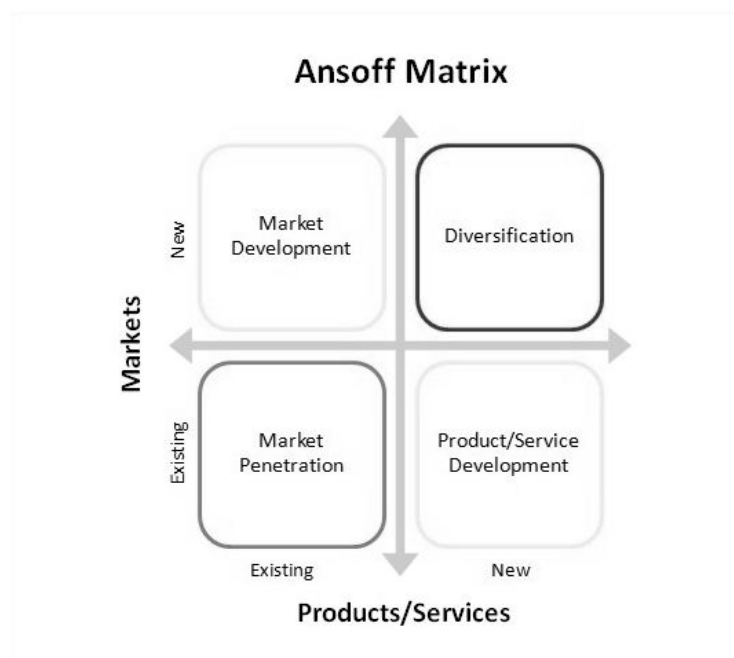


Figure 2. Ansoff's product/market matrix (Schwenker & Bötzel, 2007)

The matrix identifies different strategic areas in which a business could expand. Managers need to then assess the costs, potential gains and risks associated with the other options. In fact, risks involved differ substantially, and diversification is the most risky of all four strategies as it is the process of selling different, unrelated goods or services in unrelated markets.

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d. Positioning strategies

- Cost leadership
- Differentiation
- Focus

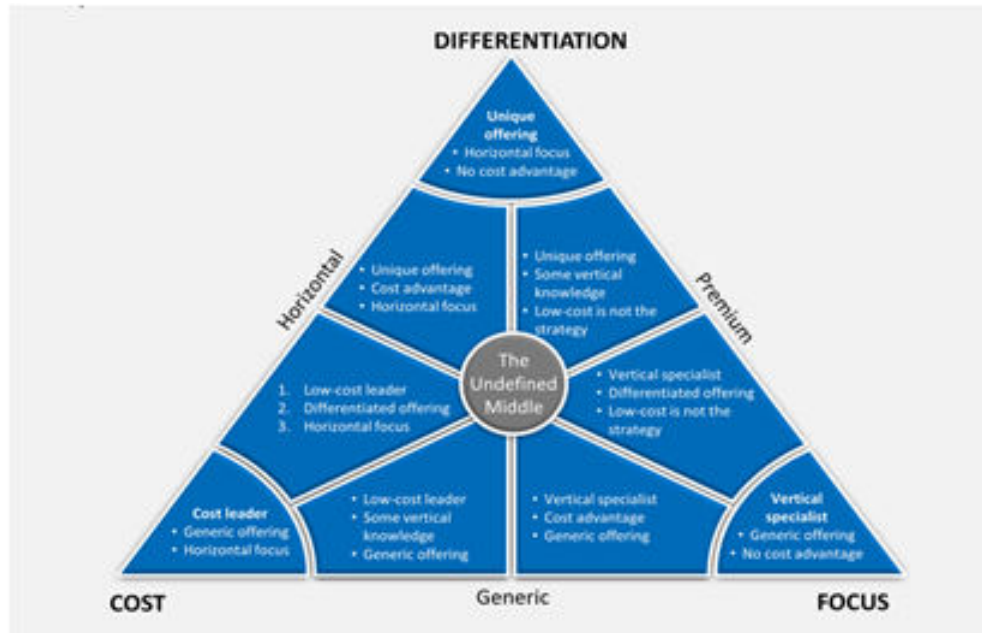


Figure 3. Porter's Generic Strategies

e. Segmentation strategies

Due to the nature of the industry there can be different strategies dependent on the actual segment (Figure 3), of the products (Best, 2014). The easiest strategy to select is the mass-market strategy. This strategy means that the customer needs are more or less the same and a generic value proposition is used, thus basically no particular segment focus. The most detailed level of strategy is the niche-segment where there are few customers but where the product is highly specialized to suit their specific needs and desires.

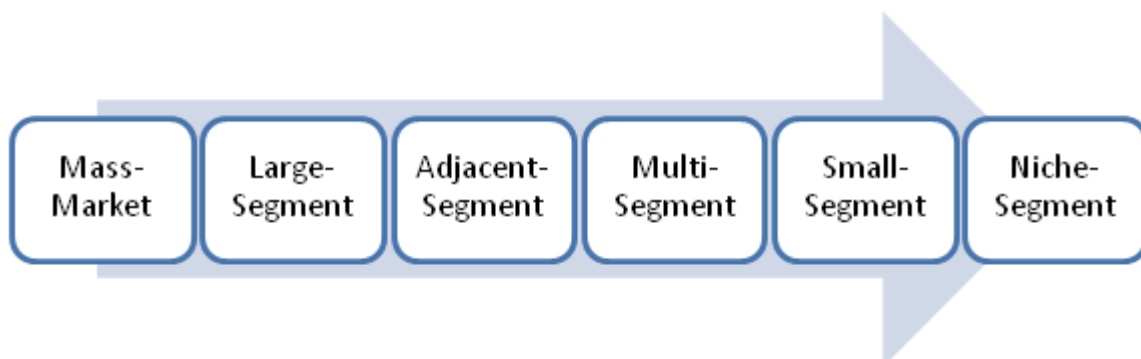


Figure 4. Different market segmentation strategies (Best, 2014)

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f. Adaptive strategies

Defenders

The defender strategy is used by organizations to protect current market share by emphasizing existing products and producing only a limited product line. Defenders have well-established businesses that they're seeking to safeguard. They'll do whatever it takes to aggressively prevent competitors from coming into their turf. A defender succeeds by maintaining a competitive product line and making it hard for others to compete

- Prospectors

The prospector strategy is one in which an organization continually innovates by finding and exploiting new product and market opportunities. A prospector's competitive strength is its ability to survey a wide range of rapidly changing environmental conditions, trends, and situations and to create new products and services to fit this dynamic environment.

The prospector's competitive strategy is to continually innovate, develop, and test new products. They're constantly prospecting—on the lookout—for new directions to pursue. This continual search for innovation creates uncertainties for the prospector's competitors; they never know what's going to happen next or what to expect from the prospector.

- Analyzers

Analyzer strategy, which is a strategy of analysis and imitation. Analyzers watch for and copy the successful ideas of prospectors. They compete by following the direction that prospectors pioneer. Organizations using this strategy also thoroughly analyze new business ideas before jumping in. They'll systematically assess and evaluate whether this move is appropriate for them.

- Reactors

The reactor strategy is characterized by the lack of a coherent strategic plan or apparent means of competing. Reactors simply react to environmental changes and make adjustments only when finally forced to do so by environmental pressures. Oftentimes, reactors are unable to respond quickly to perceived environmental changes because either they lack the needed resources or capabilities or they're not able to exploit their current resources and capabilities.

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3.6.6. External factors

3.6.6.1. Trends

Tourism and well-being

Well-being research stream in tourism is gaining momentum and is likely to receive more attention in the years to come. In fact, in the area of leisure, recreation, and therapeutic recreation, a number of studies have explored some aspects of leisure life on well-being and life satisfaction (Driver, Brown, & Peterson, 1991) ; (Eriksson, Rice, & Goodin, 2007); (E. Kaplan, 1979); (Manning, 2010). In addition, it has been documented in the literature that well-being is a desired feature that consumers are looking to fulfil while engaging in tourism (Voigt & Pforr, 2013). Thus, well-being has the potential to be used as a marketing tool to influence consumer's choice of holiday destination.

Pyke, Hartwell, Blake, and Hemingway (2016) have highlighted the potential offered to the fields of public health and tourism in the concept of well-being, and demonstrated the well-being value of tourism. Data from their research can aid tourism business practice and development by embedding a well-being philosophy for tourism destinations' strategies.

3.6.6.2. Climate change/Global warming and Sustainability

Today, as we are fighting the climate change, most of industries, governmental institutions and environmental institutions are more focused in zero to low carbon emission when providing sustainable solutions to improve the economy, i.e. combining Environment, Economy and Social. Consequently, almost all organizations face a dynamic environment characterized by rapid technological change (advanced technologies), shortening product life cycles, and globalizations. In fact, advancements in technology allow players to conduct many aspects of any industry operations far more efficiently than just a few years ago; and therefore, requires organizations to be more creative and innovative to survive, to compete, to grow, and/or to lead (Jung et al., 2003; Tierney et al., 1999) cited in (Gumusluoglu & Ilsev, 2009).

Since its inception in 1987, the concept of sustainable development has permeated into all economic and social areas, from sustainable agriculture to sustainable transport and sustainable tourism. In fact, tourism impact has a much greater focus today on sustainability than it has in the past. The key concept behind this is intergenerational which shifts the view from how we utilize resources today to one where we are more conservative by using resources carefully and sustainably.

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Beyond Green Horizon Paper defines sustainable tourism as *"... tourism and infrastructure related to both present and future: operating between the limits of capacity for regeneration of natural resources; recognizes the contribution of local people and communities; customs and lifestyles in the tourist experience; accepts that people should have economic profits from tourism being based on their desire to be hosts to tourists"*.

Specialists in the field believe that sustainable development is not only a fashion but a necessity imposed on the one hand by the high level of development reached by some countries on the other hand by the "remaining behind" economy of many other states.

Through the joint work of IUCN (International Union for Conservation of Nature), WWF (World Federation for Protection of Nature), FNABE (European Federation of National Parks and Natural) since 1991, it has been defined the concept of sustainable tourism: "all forms of tourism development, management and marketing of tourism that respects the natural, social and economic integrity of the environment, ensuring the exploitation of natural and cultural resources for the future generations". From this definition, it follows that any form of tourism should respect the sustainable development principles, starting from ecotourism, green tourism and rural tourism, to business tourism or automobile tourism.

Chapter 4. Analysis

Within the world of tourism development, it is indisputable for strategic planning of tourism, especially for defining and existence of a development strategy for tourism. The implementation of the development strategy for tourism is determined by the functioning of strategic management in tourism.

Strategic management is a proactive process of achieving long-term compatibility of the corresponding field in planned tourism environment. This management is a profitable way for implementation of priority development goals in tourism, set by the national economy, which is affected by tourism development.

Strategic management basically has all the necessary features that promise efficiency and effectiveness in achieving development goals in tourism. With increasing competition and globalization trends, dynamics and development of tourism is increasingly intensified, and strategic management to ensure efficient and effective business operations.

4.1. Innovation Management Lifecycle

Innovation management generally describes all activities that are undertaken by a company in order to best use its creativity for new ideas, processes or products. Innovation activities are linked to high risk, cost as well as time which may cause almost inevitably an exceedance of a prior envisioned plan (Bers, Dismukes, Miller, & Dubrovensky, 2009). Hence, the management of the innovation process, in particular, is especially important as it systematizes and structures a complex and time-related set of successive steps. As companies commonly strive for efficiency enhancement and optimization, it is not surprising that there is a large endeavour of defining an efficient innovation process model which reduces cost, time and uncertainty. Furthermore, innovation management is a leading instrument for innovative processes and includes various functions such as planning, marketing, organization, control, and others.

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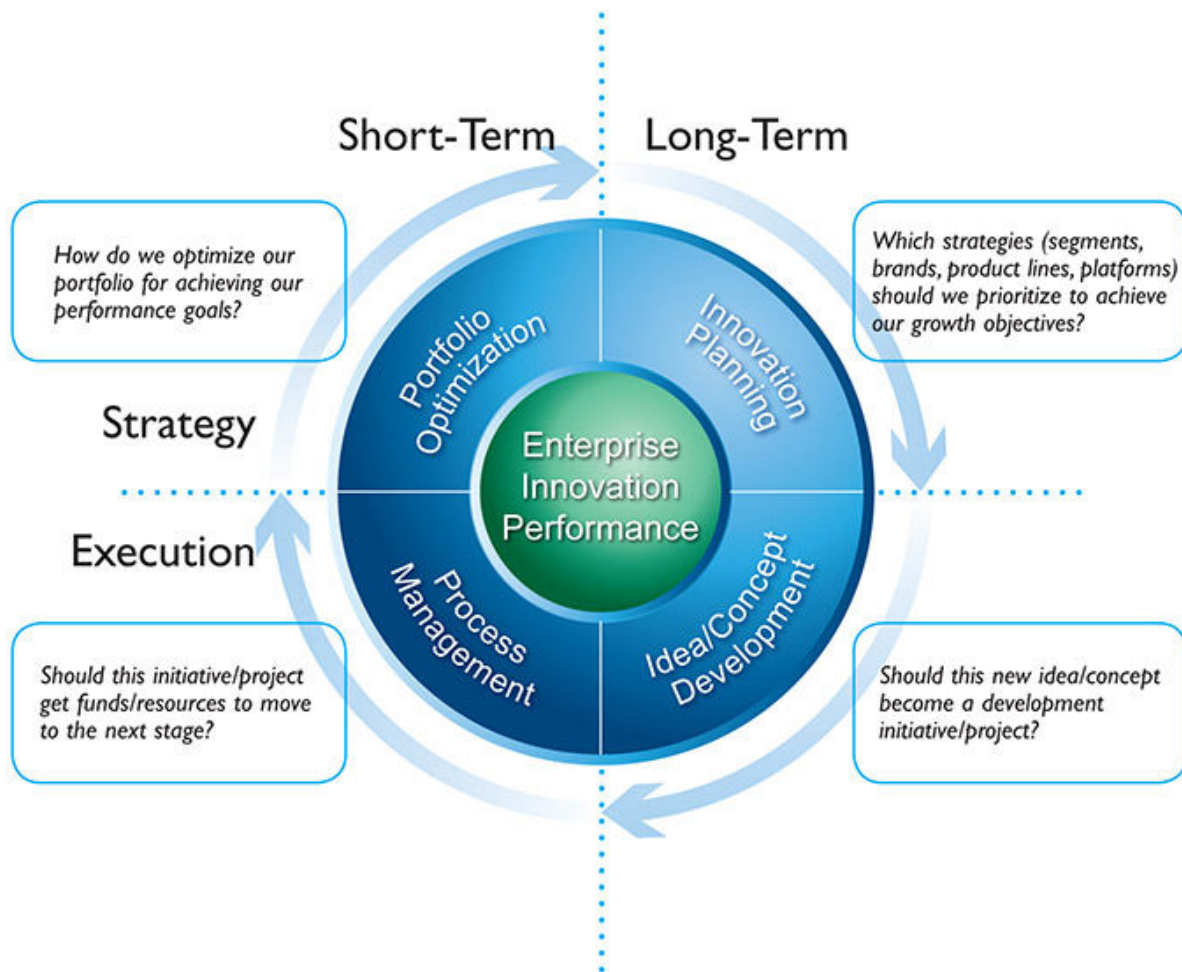


Figure 5. Innovation management lifecycle (Source: Sopheon)

4.2. Innovation Process model

How innovation is managed through the time, how the process of changing from legacy to “new” is carried on. There is a set of three main activities that take place: search, select and implement (Tidd, 2013). At the same time, the latter one is divided into acquire, execute, launch and sustain (Tidd, 2013).

4.3. Strategic Innovation

The table below show the difference between traditional approaches to strategy and strategic innovation.

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Traditional approaches	Strategic Innovation approach
Adopt a “present to future” orientation – takes today as the starting point	“Starts with the end in mind” – identifies long-term opportunities and then “bridges back to the present”
Assume a rule-maker/taker (defensive/follower) posture	Assumes a rule-breaker (revolutionary) posture
Accept established business boundaries/ product categories	Seeks to create new competitive space/ playing fields
Focus on incremental innovation	Seeks breakthrough, disruptive innovation – while continuing to build the core
Follow traditional, linear business planning models	Marries process discipline with creative inspiration
Seek input from obvious, traditional source	Seeks inspiration from unconventional sources
Seek articulated consumer need	Seeks unarticulated consumer needs
Are technology-driven (seek consumer satisfaction)	Is consumer-inspired (seeks consumer delight)
May have a “one-size-fits-all” organizational mode	May experiment with entrepreneurial “new venture” or other organizational structures

Figure 6. Differences between traditional approaches to strategy and strategic innovation (Kalpan, 2012)

Differences between traditional approaches to strategy and strategic innovation
(Kalpan, 2012)

There are eight dimensions of Strategic Innovation ·

- *A Managed Innovation Process* – Combining Non-Traditional and Traditional Approaches to Business Strategy ·
- *Strategic Alignment* – Garnering internal support ·
- *Industry Foresight* – Understanding emerging trends ·
- *Customer Insight* – Understanding articulated and unarticulated customer needs ·
- *Core Technologies and Competencies* – Leveraging Corporate Assets ·
- *Organizational Readiness* – The Ability to take action ·
- *Disciplined Implementation* – From Inspiration to Business Impact ·
- *Sustainable Innovation* – A platform for ongoing competitive advantage

Chapter 5. Discussion, Implications and Recommendations

5.1. Discussion

5.1.1. Innovation systems

Failures of regional innovation systems.

Failures may be associated with the basic entities of the RIS

- Lack of actors and organizations; e.g. firms/ clusters, R&D organizations
- Lack of regional specialization
- Regional over specialization/ lock-in

Or with the interaction between the entities of the RIS

- Too weak ties
- Too strong ties

In general, there is a lack of comprehensive empirical evidence to document the nature of driving forces in innovation systems. However, human relations and inter-organizational structures are considered particularly important. Svensson, Nordin, and Flagestad (2005) map governance and partnership structures and demonstrate that open, inviting and cross-sectoral collaboration explains part of the success of the Åre Ski Destination as a cluster. Likewise, Hjalager (2009) finds that numerous voluntary organizations constitute transparent switchboards for the innovation system at the Roskilde Festival. The governance structures and profit (re)distribution mechanisms efficiently suppress any secretiveness which might be counterproductive for the festival's continual development.

From the ten case studies in the Nordic countries (Hjalager et al., 2008) it is concluded that the public sector is often a key stakeholder and co-driver in tourism innovations systems, contributing for example strategic capacity, infrastructures, (research based) knowledge, legal frameworks, and skill enhancement facilities.

5.1.2. ICTs

The strategic and operational dimensions of ICTs for tourism strategy are emerging in the literature. (Law & Jogaratnam, 2005) advocated that technologies can become part of the strategic planning process of a business only when managers make full use of it. Furthermore, effective ICT applications require the knowledge of managers and operating staff. ICTs should be used for both operational and strategic management. ICT developments have direct impacts on the competitiveness of enterprises, they determine the two

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fundamental roots to competitive advantage, i.e. differentiation and cost advantage (M. E. Porter, 2001)

The emergence of the Internet affected all Five Forces in Porter's (1979), (1980) model, as it changed the conditions of competition in the marketplace. The Internet is changing the industry structure by altering barriers to entry, minimising switching costs, revolutionising distribution channels, facilitating price transparency and competition, while enhancing production efficiency (Kim, Nam, & Stimpert, 2004) Rivalry among existing competitors was also revolutionised, as technology and the Internet affected differentiation and cost structures as well as switching costs. The Internet had a major effect on entry barriers as it altered market scope, economies of scale and the amount of capital required for competing.

M. E. Porter (2001) demonstrates how the Internet has changed industry forces. The Internet has also enhanced the bargaining power of suppliers as it enabled them to monitor competitors and offer tailored and differentiated products. By being able to adjust to changes in demand and by being efficient, suppliers gain important cost savings. Overall, suppliers of travel products enhanced their position within the industry due to the increased possibility of interconnectivity and interactivity with consumers and partners.

From a customer perspective, the Internet affected the bargaining power of buyers. Buyers gained bargaining power as they now have instant access to information, understand market offers and conditions better and are constantly exposed to special offers. They have more choice and are able to make direct comparisons that are rising from their expectations and demands. As M. E. Porter (2001, p. 70) states "buyers back away from open marketplaces. They may once again focus on building close, proprietary relationships with fewer suppliers, using Internet technologies to gain efficiency improvements in various aspects of those relationships". The increase in buyers' bargaining power is also related to the increased convenience, transparency, flexibility, direct communication with suppliers, and depth of the available information. The Internet also enabled them to dynamically package their individualised products by combining different travel products (i.e. accommodation, transportation, etc.) (Daniele & Frew, 2005). Access to a greater range of available suppliers also increased their power. The threat of substitution may also be affected by technological advancements (M. E. Porter, 1980). The intensified rivalry led to increased difficulty to create and sustain competitive advantages through differentiation strategies (Go, Govers, & Heuvel, 1999).

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5.2. Implications

Implication for the Tourism industry and related business

There is very limited empirical knowledge about the effects of innovation action in tourism enterprises and on tourism destinations. Some studies are concerned with the consequences on competitiveness, cost profiles and market attractiveness at the individual enterprise level. Hall and Williams (2008) link innovativeness with the propensity to survive as an enterprise.

In their study of productivity gains, Blake, Sinclair, and Soria (2006) survey the considered impacts of various types of innovations. They disclose that accommodation and attraction enterprises find marketing, promotional and product innovations particularly important for their businesses, while organisation and management innovations are matters of somewhat less attention as contributors to productivity gains. Attractions have a higher focus on process innovations than accommodation firms.

For many enterprises and groups of enterprises, innovations are not episodic, but rather a continuous and never-ending process. Starting such a process will create snowball effects. Martin (2004) for example demonstrates that an increased creative use of the Internet in hospitality firms gives rise to a range of other benefits for managers and employees. ICT is the reconstructive factor which introduces a new interactive interface between tourism providers and tourists, and it has pervasive effects on the creation, production and consumption of the tourism adventure product, as reported by (Stamboulis & Skayannis, 2003).

5.3 Recommendations

5.3.1. Monitoring and evaluation

Evaluation and monitoring are some of the basic utilities of innovation management. The information obtained during the evaluation of the results of the innovation is for both an indicator of productivity and the basis for the improvement of the supplementary approach, the functioning and existing organisation. Given that tourism is a cross-sectoral complicated, the use of normal indicators of efficacy of innovative action in the industry does not reproduce the current complete innovation processes. Particular indicators should therefore

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be employed for the evaluation and the analysis of innovation actions in the field of tourism. Along with innovation in market study and information gathering approaches, innovative means of promoting services and goods of specific significance among marketing innovations for tourism organizations are those connected with refining the quality and safety of tourist services.

5.3.2. Sustainability

Sustainability is indispensable in order to improve competitive benefit. Tourism companies must be managed in line with the 3 main dimensions: economic, social and environmental.

- Businesses and governments should set standard and quantifiable goals, review advancement and report towards the accomplishment of sustainable tourism goals. The UNWTO guide on « Indicators for Sustainable Tourism» should be applied as examples of practical applications.
- Given that an action can be satisfactory in one situation and very destructive in another, evaluation and monitoring methods should be adjusted to the particular situation of each local destination according to funds, forms and dimensions of tourism, management capability, etc.
- The perception of a « Global Observatory on Sustainable Tourism» may be considered as an initiative to launch a network of local, regional and national observatories. The objective is to promote the systematic application of monitoring and information management techniques, as well as associated reporting and communication processes, supporting informed decision making in sustainable tourism aspects.

5.3.3. Tourism planning

There is a need to incorporate sustainable tourism organisation into regional and national improvement plans to reinforce action on the ground and construct the resources and skills required to employ them effectively. Public guidelines, authority mechanisms and stakeholders' participation should be integrated into the structure defined in the regional and national improvement plan. Planners should find and employ legal and fiscal administrations, evaluation tools, knowledge, information and cooperative procedures among experts and civil society. Some umbrella suggestions, instructions and opinions are used to frame planning as a permanent process. These involve:

The guidelines of the Global Code of Ethics for Tourism adopted by UNWTO and recommended by Multilateral Environmental Agreements and conventions as appropriate, by

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the UN General Assembly and the recommendations and guidelines provided e, involving the World Heritage Convention, the United Nations Convention to Combat Desertification (UNCCD), Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the Code of Conduct for the protection of children against sexual exploitation in travel and tourism:

- Tourism planning at the sub-regional and national levels should synchronise and interrelate with the local level.
- Planning should be strictly related to rules for sustainable development, i.e. poverty reduction plans, national sustainable development policies and local Agenda 21. Private and public establishments and societies engaged in tourism planning, involving tourism master strategies, should make use of reliable scientific approaches and tools integrating economic, social and environmental approaches and evaluations for sustainable development that will support sponsors relate to diverse modules of the value chain, comprehend their environmental and socio-cultural influences. They should make afford to increase benefits and decrease negative effects.

Experience has revealed that a strategy is very efficient if made by a multi-stakeholder participatory preparation process (community based organizations, local authorities, NGOs, experts, enterprises, and Destination Management Organisations, etc.), as well as through the expansion of partnerships at international, national, regional, and local levels. Establishing organisations to allow this participatory process guarantees that diverse stakeholders, particularly local societies, have their own say in how tourism is achieved and improved. In turn, they are encouraged to reproduce on agreed priorities for tourism in their own job. It is thus a 2-way processes. The efficiency of guidelines will be improved by the setting up of organizations that would permit synchronisation between all stakeholders, and the adoption of a balanced mix of tools, involving legislative and economic instruments and Strategic Environmental Assessments Structures (SEAS) that promote the application of the supplies of multilateral environmental contracts connecting to the responsibilities for preservation and environmental prevention, protection, and control of pollution, and supervision of natural resources will also add to the preparation of sustainable tourism development.

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5.3.4. Tourism operations and management

Tourism industries and public organisations in control of tourism should apply appropriate and innovative technology to enhance the effectiveness of resource use (water, energy and notably land), face the challenges related to climate change, reduce releases of greenhouse gases and the production of waste while preserving the biodiversity.

Tourism functions and organisation should respect the established and/or intended goals related to tourism organisation and development, as set out by national and local authorities. This implicates conditions related to the socio-cultural concerns, economy, and the environment.

Functions and actions should follow worldwide accepted standards for sustainable tourism.

Tourism operators should contribute dynamically in the creativities and procedures put in place or supported by « the International Task Force on Sustainable Tourism Development like the ‘Davos Process’ on climate change and tourism, the Sustainable Investment and Finance in Tourism (SIFT) Network, the Sustainable Tourism Stewardship Council (STSC) etc.; and use the tools developed by the International Task Force projects and other relevant voluntary initiatives».

Tourists can really participate in preserving the environment if efforts are put in place to provide clear information on marks clamming sustainability. In this context, two strategic changes are required: better regularity between such marks and a clear confirmation of content on marks. A large range of communication methods and claims (founded on sound principal data) can also guarantee that the community has the best probable information, provided in the most proper manner, which will permit them to make to most environmental choices in their tourism selection.

Informing, educating, and working closely with the tourism firms are needed in order to incorporate sustainability into their plans and organisation practices, and protect their dynamic contribution in promoting sustainable tourism.

5.3.5. Tourism investment

Public and private financing from international and national companies dealing with funding in public organisation associated to tourism or investments in private tourism industries should evaluate their environmental and social consequences and implement economic actions to equalise and compensate inevitable consequences.

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Controlling tools with entirely incorporated social and environmental criteria should be used in certifying and offering permit-approval practices. These tools should also contain and support the introduction of tools, such as ‘Environmental and Social Impact Assessments’, ‘Strategic Environmental Impact Assessments’, and associated implementation and evaluation processes. Additionally, controlling tools participating to sustainability should be intended to support governments to improve reorganised and synchronized processes for this purpose and construct institutional capacity.

The evaluation of the estimated profits of tourism progress on the basis of the ‘Total Economic Value that involves environmental services and social accounting profits should be counted in decision making and investment. Specific accent should be provided to the involvement of consequences in local communities and societies.

Companies should implement “Corporate Social Environmental and Responsibility” (CSER) guidelines in their tourism expenses. Old-style stakeholders should be called to reinforce their obligations regarding responsible investments, since they represent the major players presently capable to support sustainable actions.

Instruments and techniques founded on novel financial and economical methods can encourage decision makers to make and recognise sustainable financing, comprising advanced techniques through ecological-economics that evaluate the predictable “Return on Investment (ROI)” and “Internal Rate of Return (IRR)”.

The conditions for sustainable financing in the tourism industry should be adjusted within the attitude of the “Equator Principles”. The conditions should also put in first place investments on missions established by “Small, Medium and Micro-sized Enterprises (SMMEs)” that pilot production procedures and sustainable utilisation in tourism industry so as to simplify the admission to financial capitals or particular funds by small and micro sponsors. The establishment of novel investment and financial tools as well means to help SMMEs targeting at sustainability should be supported.

The main importance in effective tourism development is also the investment in sustainable infrastructure.

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5.3.6. Tourism promotion and marketing

Marketing approaches should support the sense and necessity for sustainability. Current promotion and delivery networks should accentuate sustainability as a fundamental choice in tourism development and to effect customer choices.

Civil society, governments and businesses organizations should be supported to make all "Meetings, Incentives, Conferences and Excursions (MICE)" events as ecological as possible, that uses both technical instruments and guideline to assure responsible execution of these events.

The 'achievement' of tourism destinations must be estimated not only in the sense of 'arrivals', but also in the sense of social and economic profits that remain in the destination, and in the sense of control of the undesirable social and environmental effects.

The improvement of an event-associated communication approach should be supported so as to promote the sustainability information, especially supporting the usage of the media in big events to support sustainable tourism.

The practice of local services and goods in the tourism field, which reduces economic discharges, should be supported. These services and products have an important part in creating jobs for the local staff, leveraging supplementary local investment, and supporting these players to be effective and competitive, while providing tangible occasions in participating to the preservation of the cultural and natural environment.

Chances offered by contemporary "Information and Communication Technologies (ICT)" to promote consciousness on sustainable exploitation and functions in tourism should be included into the marketing tasks.

In terms of socio/economic sustainability, tourism industries should be supported by usual and contemporary commercialisation systems that assure suitable admission of local communities, local tourism, SMEs, and other dealers (particularly in unindustrialized nations) to global and domestic markets.

5.3.7. Capacity building

All sponsors should be supported to construct competence for sustainable tourism and employ this competence in their functions, and to impact the choice of other sponsors. In this

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context, the capabilities of local societies and native inhabitants should be ameliorated, while recognising their customs, and allowing them to construct sustainable community-based creativities.

Knowledge-brokers, NGOs, international organisations, and educational institutions should be involved to promote the competence improvement of all investors, implicating national authorities, for the accomplishment of sustainable tourism goals.

5.3.8. Consumption of tourism products and services

Customers should be recommended to choose local services and products that creates jobs for locals and help creativities for society and community infrastructure development such as hygiene, schooling, and health.

Customers (public sector, individuals, companies) of tourism services and products should be animated to assess the socio-cultural and ecological footprint and economic effects of their choices. They should moreover be encouraged to buy indigenous sustainable tourism services and goods, comprising goods such as food, hand crafts, etc.

Principles for the comportment of tourists at their destinations should be informed using media (radio, TV), social networks, and other communication systems, such as information from operators and service suppliers throughout the entire value chain of tourism.

Chapter 6. Conclusion and limitation

6.1. Conclusion

From the concept of innovation in the chapter 2, we have learned the origin of innovation, the main categories, the types, the determinants and driving forces of innovation found in existing literatures. Then, the concept of innovation systems was studied.

Afterwards, Innovation in tourism was reviewed: the types and the key factors of innovation; then, the measurements and the main areas of innovation in tourism sector. Followed by the theory of innovation strategies, such as internationalization, technological development (ICTs), and organizational (network, clusters and alliances), together with various tools for external and internal environment analysis. In fact, market-level and industry-level strategies, adaptive strategies, and several management strategy tools (Porter's 5 forces, Porter's generic strategies, Ansoff matrix, etc.). Finally, the concept of strategic innovation is highlighted. This chapter thus aims to introduce several fundamental concepts for the study of innovation strategies in tourism.

In chapter four, the innovation systems in tourism was analysed, then it was outlined that innovation management is a very important element to keep firm's competitive advantage, and its core competencies.

In chapter five, the failure of the innovation systems was discussed. As well as, the challenges with the technology development (digital development). For the implications, some practical theories were demonstrated with significant recommendations

As mentioned previously, tourism is one of the most profitable and fastest growing industries. According to the World Tourism Organization, by 2030 the number of international tourist arrivals will reach 1.8 billion. Thus, the vital importance of the development of tourism for the entire world economy and the need to introduce innovative ways of development of the tourism industry. Therefore, globalisation, experienced demand and sustainability must be taken into consideration when planning a firm's strategy to gain competitive advantages.

6.2. Limitation and further research

This thesis has focused on literature review of innovation strategies in Tourism sector, thus this work has limitations when it comes to the strategies implementations. One suggestion to further work is to perform several empirical studies in terms of practical implications; and

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find out how innovation systems and innovation management can be the pillar of strategic innovation in tourism sector.

Also bring more insight and to find out how and if there are any strategies describing when and how to do so. As there are several communication layers between end-users and the producers it would be interesting to study the role of loss of tacit information.

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