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Impact of service innovation and application on effectiveness of tourism

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Abstract

Innovation and creativity are issues that are commonly used from the perspective of the manufacturing industry, though they are as much needed in the services industries for effective and efficient results. Innovations in general may be the profitable market introduction of new products and services, improved production techniques or processes or a better or more efficient way of applying marketing, communication and management strategies or a new way of implementing organizational applications. Service industry differs from the manufacturing industry in many aspects like being intangible, no storage possibility, consumption and reduction at the same time and place, being highly perishable etc. but still innovation theories can also be used to describe changes in services and tourism industry.

The study focuses on innovation applications in tourism industry by analyzing successful case studies. Innovation success factors were examined and common issues were found which are provided as suggestions to improve the performance of tourism establishments by means of process innovation. In addition, tourism innovation cases as a result of trends are taken into consideration, since tourism is a very dynamic and flexible industry which is very vulnerable to changes in the environment.

Keywords: Innovation, Tourism, Sustainability, Innovative Trends

1. Introduction

Tourism is one of the biggest global industries that are improving according to the constant changes in tourism trends and consumer preferences which make the concept of Innovation a vital issue for the tourism firms of any size to stand out from the severe competition with successful applications and profitable operations.

Innovation in tourism industry includes all the aspects of formation and development of creative ideas or improvement of better tourism services leading to higher tourist satisfaction, more effective managerial strategies, higher profits and lower costs as end results. Thus innovation in tourism is related to creative concepts on; easier problem solving, value-adding operations and methods and application of more efficient or unique ways while producing and delivering the tourism product. There -fore it is important for tourism establishments to realize the concept of innovation and the ways to achieve it by examining the successful cases and their common denominators as outcomes for successful and profitable long term managerial success.

2. Literature review: innovation in tourism

Innovation is an important concept for growth, business improvement and differential advantage in competition. Though commonly misused, innovation and creativity, mean and represent different things since creativity covers new products and new services, production of new ideas, new processes, new brands, new techniques, new approaches and inventions, whereas innovation covers the application of new and creative ideas as well as implication of discoveries.

Although the concept of innovation is vital for today's competitive tourism industry for long term success, as Hjalager mentioned, "Innovation in tourism industry is characterized by limited research and political considerations" In addition "the peculiar nature of the tourism sector creates a need for special considerations when conceptualizing, defining and measuring innovation"

Taking the different definitions of innovation into consideration, it may be concluded that; innovation in tourism industry may be attained by means of new services, new target groups and consumers, new channels of distribution, new promotion tools and strategies, new marketing applications or new infrastructures.

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Thus it is obvious that “although much of the discussion of innovation focuses on new products and technologies, all innovation is based on challenging existing assumptions and ways of thinking”. Tourism is a huge industry with rapid changes in trends and customer preferences which makes it necessary for all the applicable innovative approaches to be thoroughly researched for the optimal mix of profit maximization.

Application of innovation has many benefits as end results like; decreasing costs, increasing efficiency of operations and/or profit levels, ease in satisfying changing needs of consumers, increased legibility in adapting supply to changing demand profiles, helping the firm to stand out from the concentrated competition by having and communicating a differential advantage. Sustainability on the other hand brings an innovative edge to the tourism product thus stated by “an increased environmental concern

advanced by consumers, local inhabitants and authorities provokes innovative action within the tourism industry”. Especially, in times of economic crises like nowadays, the consumers are indeed looking for better cost/value ratios and new applications which bring the terms “new tourist” “new tourism” and “new tourism products” to the innovative tourism practice.

Innovative tourism applications usually come as a reaction to the change in the demand profile of consumers and consumer preferences. Indeed, the concepts like “new tourism” and “new tourist” appeared as a result of innovative tourism practices as Table 1 below indicates. Table 1 is titled as s New Tourism as a product of Tourism Innovation: Causes and Impacts and summarizes the changes in the global tourism demand profile as a means for the new tourism and the impacts as the end products to serve them.

Table 1: New Tourism as a product of Tourism Innovation: Causes and Impacts

Causes	Impacts
Higher income / relative increase in affluence Increasing demand for luxury travel	Higher demand for individualization and personalization. Agencies launching overseas travel counters for affluent customers considering individually arranged unique and innovative travels. Top notch hospitality always expected. New segment demanding affluent tourism
Customers looking for excitement, adventure, something special and different	Culture and experience becoming the most important ingredient in all types of tourism and travel products. Authenticity becomes a necessary condition Themes and stories always appreciated
Changing life-styles	Innovative tourism products and services Diversifying tastes and looking for alternative tourism products Polarizing spending patterns within individuals
Information overload, lots of communication and promotion messages	Traditional marketing strategies losing their effect and significance Firms taking on aggressive marketing strategies with strategic alliances
Co-creation tourism	Innovative travel packages New tourism products like agri-tourism, dark tourism, slow tourism, gastronomic tourism, etc.
Increase in; technological development, mobile usage increase, mass communication, global connectivity, E-tourism	More online booking, selling, marketing, information low, analog to digital, shorter life-cycles Customers combine specific contents (as well as hotels and airlines) It has become essential for tourism companies to possess web sites to provide information and/or channels for Internet shopping and e-tourism
Middle-market consumers are selectively trading-up to higher levels of quality, taste and aspiration	Services are rendered taking into consideration looking for standardization, certification and better price/quality ratio in tourism services Quality management
Increasing number of Internet users	Internet booking is quickly becoming a key channel for travel products Tourism establishments and travel suppliers are use more sophisticated online marketing and distribution strategies. Various online communication and consumption patterns appearing
Individualism	Increasing demand from group tours to individual travels Niche marketing Increasing popularity for tours with specific themes and objectives Importance of contents in driving travel demand

Although tourism is an intangible service industry, innovation in the tourism sector has the same significance as in production of manufacturing industry. What is different is the fact that innovation in tourism is not associated with conventional research and development, and therefore takes different forms making it much harder to realize. These different forms usually come in the style of:

- Manufacturing innovations,

- Process innovations,
- Management innovations,
- Logistics innovations and
- Institutional innovations”

To clear the concept and to provide meaningful examples, Table 2 showing the examples of different tourism innovation types is derived by combining the information provided in literature review and table1;

Table 2: Examples of Different Tourism Innovation Types

Product/facilities innovation (new products and facilities)	Process innovation	Management innovations
Luxury rooms	Wireless internet access	TQM
New tourism products like health tourism, agri-tourism, dark tourism, slow food movement, slow tourism, etc	IT based reservation system	Total Innovation Management
No staff hotels	Computerized management and surveillance systems	Team competitions
Using Nano technology textile products in guest rooms	Processes concerning communication with guests Prior to visit, payment etc.	Staff empowerment by job enrichment, motivation programs, career development systems, etc.
Free tea and coffee kits in guest rooms	Robots for cleaning services	Including guests in production of services
Loyalty programs	Co-branding, co-advertising, co-marketing	

3. Successful tourism innovation applications

Though global tourism numbers in arrivals and receipts is increasing at a constant annual rate since 1950's, it is obvious that all tourism establishments competing in the industry cannot get the same market share from this increase. It seems that some companies are gaining more, are more profitable and / or more efficient and the reason behind their success in general seems to depend on their differentiation and innovative approaches. Thus, global and local tourism competition became very severe nowadays and the ones which apply creative and effective innovative management and marketing strategies seem to have a chance even in times of crisis with negative growth rates. That is why the study tries to briefly examine some examples of successful tourism innovations and gather the common denominators and success criteria.

In this conceptual study, secondary data is used and a comprehensive literature review on the topic is executed. The study focuses on innovation applications in tourism industry by analyzing the ways and approaches and the types of innovations of 42 global and / or local successful innovative tourism case studies the aim is to provide common denominators for useful methods and approaches to provide a benchmarking examples for the similar firms. In the study the examined cases innovation success factors were examined and common issues, applicable methods and managerial approaches were grouped. Some of the examples of products of applicable case studies including approaches are given below as best examples;

1. "Important part of the main innovations of modern tourism was "made in the USA". Some examples being; introduction of the hub-and spokes system and the low cost carrier in civil aviation, international hotel chains, standardized gastronomy, the rent-a-car business, leisure parks and finally the credit card, which has done so much to eliminate exchange rate problems"
2. As a valid example Ribe Byferie – role model for quality tourism may be given where well-thought-out architecture, a location close to the city and deep respect for the historic and architectural individuality of Ribe made the destination an innovative role model which very successfully brought heritage, nature, quality and tourism together
3. Another example may be given from Turkey; a successful innovation case is yemeksepeti.com (meaning food basket) an online home delivery food service which is the first online web site that serves as a restaurant delivery to homes. It gained a huge

success with its wide coverage, 24 hours operation and online customer services, the rewards and promotion programs

4. Another example is Point hotel in Istanbul, which was named as Hotel Taxi Plaza 2 years ago. From name to design, the hotel was rebuilt and reorganized according to the principles of innovation. The hotel is applying total innovation management and has 5 subtitles as, marketing innovation, technology innovation, product innovation, organizational innovation and service innovation. In Turkey, they are the first to apply for famous global 'World hotels' consortium and first to apply popular American 'Guest Ware' CRM software. They are also the first to use 'Voice over IP' systems in Turkey. They put signed famous and original Istanbul photographs in their guest rooms. They prepare and distribute many original products form original music CD's to Point Magazine. They provide "Point Hotel career Line with a special telephone number for potential staff which may be accessed from 24 hours a day. The line has been called 850 times with 250 CV's from which the hotel has hired 15 of them for its team. Thus the hotel is open to all the innovation suggestions from its staff as well as its' guests. They are working on including their guests to become members of innovative R&D teams
5. Introduction of cold spas to hospitality for health tourism is very innovative tourism idea. Though the information was not new, with the new application in tourism industry it was a great success. The quote is taken from the related web site to give an idea on the topic; "With the introduction of the Cold Sauna - 110°C, Sparkling Hill Resort in Vernon, B.C., spa guests will get a peek at what Europeans have been experiencing for years to help medical conditions and ailments such as inflammation, arthritis and joint pain"
6. A very interesting example comes from Denmark; an accommodation facility provides free dinner to its fitness club guests who provide electricity by cycling 15 minutes a day and providing 10 w. of free electricity to the hotel by the help of generators

4. Conclusion and suggestions

As a result it may be concluded that successful tourism innovation examples seem to bring together important new or updated tourism products, service qualities and issues of trends in tourism industry in an integrated model. When the application models of successful tourism innovation examples are examined, it becomes obvious that most do

have common characteristics and they share some or all of issues like sustainability, quality management, cost reduction, e-tourism, internet usage and / or mobile applications, consumer friendly approaches, CRM, ecology friendly implications, having heritage and culture dimensions, using updated marketing strategies. It is also seen that networks/clusters positively impact in the capacity of tourism operators to innovate within their production or marketing processes. Some of the suggestions for being innovative in tourism, thus the strategies for application derived from successful examples may be summarized as;

- Following up the industry and consumer trends closely.
- Collecting suggestions, complaints and information from all the available sources (covering all the possible; from the staff to the guests) provides a wide pool of innovative ideas that a company may choose to apply from.
- Applying innovative managerial strategies for differential advantage seems a good start to become an innovative company.
- Applying creative, updated and innovative marketing approaches
- Using all the aspects of internet and social media.
- Faster and more efficient certification of the technology, management systems, human resources, etc.
- Continuous training and periodical updates of tourism staff
- Appealing to different segments like niche groups, affluent travelers, green travelers etc.
- Having stories related to the tourism product or destination to provide unique experiences for the guests.
- Following up the technological enhancements of the visitor experiences through virtual and augmented reality
- Having the social media marketing (usage of Facebook, twitter) and social commerce as an integral part of the company's online marketing mix
- Applying "advanced analytics" to provide simulation, prediction and optimization
- Integrating mobile usage to the management and marketing systems (convergence of location-based and social-aware)
- Awareness for the development of sustainable and innovative products and services for success.
- Serving totally new tourism products and / or services to the market served.
- Marketing different products, different services, offering excitement, offering an adventure, having a story beyond the product for sale, looking for and applying differential advantage in any way possible.

5. Limitations & Future Research

As with any research, this study has some limitations. First, time limit was a main constraint for the data gathering process from the secondary data leading to a limited number of samples for the analysis. The number of the cases analyzed was 42, which was limited. Also, it is recommended to apply a primary qualitative research with professionals and quantitative research with a greater sample size on the same topic, in order to obtain healthier

results.

Nevertheless, even though there were some limitations for this research, it has a potential value in providing a foundation for future researches. There are several opportunities to extend this study and the mentioned ones are the recommendations

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