

Enhancing competitiveness of Tourism Firms: The role of Innovation in shaping the structure of tourism destination

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Abstract - Innovation in the tourism industry, over the last era has evolved as one of the most argued concept. Many scholars have identified and studied the various aspects related on the issue on, how actually innovation takes place in the tourism industry Innovation in the tourism industry should be considered as the most important element for the survival of firms/products/destination.

Key words: Innovation, destination

I. INTRODUCTION

In the era of globalization and fast communication, changes in the living standards have become an important aspect of the society. Therefore, firms round the world irrespective of the size, sector need to be innovative and should be in the position to respond to the changing requirements of the customers. Innovation, is simply a strategic way to serve in the dynamic global volatile market and help the people to live the way they want to be by full filling their demands. Innovation is not confined to the products only. But it includes in it, the whole production process that is needed to bring the final product at the doorstep of the takers of the product. It not only helps in retaining the customers but has proven to be a successful business mantra for the survival of the firms and the destinations wherein innovation in any form takes place. Be it in the form of product, process marketing and organization.

With the revolution of the technology over the years, innovation has gained a huge momentum in the 21st century, reason being easy access of people to the worlds market. In this era, people living in any remotest part of the world having internet facility available can get information related to any product available in the global village. With the help of innovation, the life of people have been so comfortable sitting at the home they can trigger out what they are seeking for. They can compare the pros and cons of the product produced by one firm with that of another without visiting the store/place. They can easily choose the product /service that suits to their choices.

II. THEORETICAL FRAMEWORK

In the history of economic literature Joseph Schumpeter was the first scholar who introduced the word innovation to the world of economic sciences in the year 1939. Prior his work, the term innovation was usually compared with invention. Therefore, the economist set the parameters in differentiating the two terms, he explained, that invention is the basis for the innovation to take place. Invention is a thing that is completely new to the world like telephone which was invented by the Gram Bell. On the other hand the cell phones we use today is the innovation (i.e., adding

features to the product that already exists there). To make it easy for the people to understand what actually innovation is, he divided innovation into five categories i.e., product, process, resources used to make the end product, marketing and organization innovation. Later, the work was carried out in different branches of the social sciences like management extra. Lately, by the end of 1980 the term innovation started getting developing interest among the academia's of the field of tourism services. However, it was difficult for the tourism experts to study the phenomenon, because of the complex nature of the tourism products. As tourism product is not a single product but it is the composition of various elements like accommodation, transport, amenities and travel and tour operators. Moreover, the characteristic features of the tourism product like heterogeneity, perishability, intangibility extra, make it much more difficult for the innovation thinkers to set standards for studying how actually innovation takes place in the tourism industry.

The first initiative to study nature of innovation in tourism sector was taken by Barras, 1990; Drijer, 2004, they explained that innovation in tourism can be studied on the same lines as it is being studied in the service sector. As tourism industry is also a branch of service industry and constitutes the same characteristics of that of service products. However, tourism sector being considered as an important part of service sector, the scholars used by then traditional approach to study the phenomenon given by the Schumpeter (1939). Even up to this date, the innovation in tourism sector finds its roots in the old fashioned school of thought. The modern era scholars like Hjalager, 1994, 1997; Novelli, Schmitz, & Spencer, 2006, use Schumpeter's work as the basis to study nature of innovation in tourism sector. Also, The European Commission (1995) also shares this concept in the Green Paper on Innovation, defining innovation as, "renewal and enlargement of the range of products and services and the associated markets, the establishment of new methods of production, supply, and distribution; the introduction of changes in management, work organization, and the working conditions of the workforce.(p. 688)" In this work , "innovation separates innovation from little changes in

the production or delivery of products, such as the extension of product lines, service components incorporation, or product differentiation. Therefore, innovation can take a wide variety of forms (Fagerberg, 2004; Gopalakrishnan&Damanpour, 1997). Following Hall and Williams (2008), an innovation can be described by two elements: its form, which indicates the form of the innovation, and its impact range, which delimitates whether its effects are observable at a world, national, regional, or sectorial level”

Indicators of innovation in tourism sector

The Organization for Economic and Development (OECD 2006), suggested that innovation in any sector can be divided into the following four categories:

- ✓ Product Innovation
- ✓ Process innovation
- ✓ Marketing innovation
- ✓ Organizational innovation

Product Innovation

Innovation in tourism sector can take place either in the form of incremental /improved changes in products/services. However, the newness should be visible either to the producers or to the consumers like changes in the service offerings. Innovation in product/services must be considered as a fundamental element for shaping the structure of the organization. With respect to the tourism industry innovative products/services capture a great attention in the environment of globalization. Clients are willing around the world to pay for the services that are new and have not seen before by them like in the first running times, where there are not much difference between the hotel room and the room that the clients have at the own home. This scenario makes it much more difficult for the entrepreneurs to think out of the box and create services and products that would be successful in creating attention for itself in the market and generate revenue for the firm and the destination. Therefore, it can be learned out of it that innovation holds an important place in the tourism industry.

Process innovation

Any type of innovation that takes places in the bringing the product/services to the market comes under the process innovation. It starts from the idea generation and ends when the product is out in the market for the final use. The process doesn't end there, it continues up to the declining stage of the product life cycle. This indicator of innovation is the most challenging one because, any major error in the production process can result in in the ultimate failure of the organization process.

Organization innovation

Over the years organizational innovation has started gaining attention from the professionals and scholars as well. Upto the last decade, this type of innovation was quiet under – ratted .The whole attention was captured by the product

innovation. As for the common people also innovation means innovation in products. But, with the efforts of academicians on this indicator, it succeeded in getting the recognition in both the worlds (i.e., theory and practice).The major focus remains on the climate that is being provided for the innovation to take place, be it in the building employees or liaison with other sectors for the growth of the organization as well as of destination

Marketing

The most important indicator of innovation after product is the innovation in marketing. The success of any destination greatly lies on how well the product is presented in the market. Those firms and destination who use appropriate communication and distribution channels succeed in shaping the future of the product. Good and innovative marketing skills define the longevity of the product/firm/destination.

III. METHODOLOGY

The study is qualitative in nature. Therefore, to attain the object of the study the researcher used the previous work/literature to fulfill the requirement of the subject.

Inference

From above described work, the researcher reached to the conclusion that innovation should be considered as the life savior element for the survival of the firms/product/destination.

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