

A REVIEW OF TOURISM AND HOSPITALITY INNOVATION RESEARCH

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Innovation plays a vital role in a company's development and in helping it keep up with new technologies and customers' highest expectations. A large number of publications on tourism innovation reflect the interest of many authors in this topic. In the past few years several authors have approached tourism innovation, developed models of innovation in tourism, analyzed innovation types or the factors that influence innovation in this field. The purpose of this paper is to review the existing literature on tourism innovation and to identify the main research tendencies in this area of interest. Therefore, we searched for keywords like "tourism innovation", "hospitality innovation" or "service innovation" in several databases such as Science Direct, Emerald, Sage Publications and The Center for Hospitality Research of Cornell University. Because this study focuses on tourism and hospitality innovation, there were analyzed 17 research papers regarding these aspects. Relevant findings such as factors that influence innovation in tourism and hospitality (hotels' size, category and chain structure, introduction of ICTs, employee involvement and commitment, customer or guest requests etc.), types of innovation implemented in this area and correlations between innovations' success and hotel performance were highlighted.

Keywords: innovation, service innovation, tourism, hotel, hospitality industry

JEL Classification: M10, O31, L83

Introduction

Innovation is an intensely studied phenomenon in the tourism field, a relatively new area of interest – fact proven by researches that first appeared in the late 80's and intensified in the 2000's when researchers and entrepreneurs started to notice the importance of innovation in tourism. Several aspects regarding innovation were discussed in the undertaken research (Hjalager, 1997; Hjalager, 2002; Enz and Sigauw, 2003; Orfila-Sintes *et al.*, 2005, Ottenbacher and Gnoth, 2005, Ottenbacher, 2007): factors that influence innovation, innovation types, innovations effects on firms' performance, innovation cases, measurement of innovations' success.

In order to highlight the importance of these aspects, further sections of the present paper analyze aspects regarding:

- definitions of innovation and service innovation based on the Schumpeterian approach of the concept (innovation is analyzed from a manufacturing perspective);
- some relevant findings regarding tourism and hospitality innovation;
- analysis of these findings in order to frame three important dimensions of innovation.

Aspects regarding innovation and service innovation

In the field of economics, innovation was first approached in 1912 by the Austrian economist and professor Joseph Alois Schumpeter. He sees innovation more from a manufacturing/production perspective and defines it as "the setting up of a new production function" (Schumpeter, 1939: 84), because this covers the case of a new product, a new form of organization or the opening of new markets (Schumpeter, 1939: 84).

Studies regarding innovation were also conducted by Peter Drucker, according to whom innovation is the act that gives products the capacity of creating wealth (Drucker, 1993: 27). Drucker approaches the innovation concept from an entrepreneurial perspective derived from Schumpeter's manufacturing perspective, however none of them is approaching innovation in the service industry, let alone in tourism.

Service innovation was first studied by Richard Barras in 1986. In his approach, he started with the service characteristics and also proposed a theoretical model of process innovation in services based on the idea of reverse product cycle (Barras, 1986: 161-162). Other approaches regarding service innovation were made by Gallouj and Weinstein (1997), Sundbo (1997), Evangelista and Savona (2003), Hipp and Grupp (2005), de Vries (2006), Verma *et al.* (2008), Gallouj and Savona (2009), Lu and Tseng (2010).

Relevant findings for service innovation were pointed out by Gallouj and Weinstein (1997). In their opinion, service innovation is difficult to accomplish because of two major aspects: first, because the innovation theory was developed only on its technological analysis in manufacturing, and second, because unlike products, services have certain specific characteristics and the outcome of their production process is not something tangible – which makes service innovation more difficult to measure and monitor (Gallouj and Weinstein, 1997: 537).

Also, relevant findings regarding innovation in the service industry were highlighted by Verma *et al.* (2008). In the research they conducted after a Roundtable between academics and practitioners, there were framed the principles of service innovation (Verma *et al.*, 2008: 7): **customer focused** – needed in order to exceed customers' expectations; **process focused** – by using new technologies or new methods of organizing the innovation process, a service provider can improve and adapt its products; **continuous improvement** – needed to keep up with the newest trends in service industry, as well as to analyze and monitor guests' experience.

We find the aspects mentioned above very important and relevant for further studies in this field, more likely for tourism, especially because they offer a solid feedback regarding the importance of involving both customers or guests and employees in the innovation process.

In order to identify the main research directions and trends in tourism innovation, there will be analyzed several research papers on this topic.

Innovation in tourism and hospitality – main findings

Even if it is important for tourism field development, tourism innovation is a relative recently studied concept, several researches being conducted only after 2000, when along with technological development, the results (new technologies) were implemented in tourism field as well. Many authors (Poon, 1988; Hjalager, 2002; Orfila-Sintes *et al.*, 2005; Victorino *et al.*, 2005; Sundbo *et al.*, 2007; Orfila-Sintes and Mattsson, 2009; Hjalager, 2010; Aldebert *et al.*, 2011; Lopez-Fernandez *et al.*, 2011; Meneses and Teixeira, 2011) reach the conclusion that most of the innovations in tourism are technological. This assertion is sustained by the results of a study regarding service companies developed by Evangelista and Savona in 2003, according to whom “more than one third of the service firms in Europe (40,3%) have introduced a technological innovation” (Evangelista and Savona, 2003: 456).

In order to identify relevant findings regarding innovation in tourism field, there were analyzed several databases such as Science Direct, Emerald, Sage Publications and The Center for Hospitality Research of Cornell University. A search was done after keywords like “tourism innovation”, “hospitality innovation” or “service innovation”. There were analyzed 17 research papers regarding tourism or hospitality innovation. The results are highlighted in the table bellow (Table 1). The earliest paper identified was written in 1988 by Auliana Poon and focused on developing all-inclusive vacation concept in the Caribbean tourism. Also it analyzed the main

types of innovation: technological, organizational, in management practices, in finding new markets or in introducing new goods/services to the markets.

Table 1. Relevant findings for tourism and hospitality innovation

Year	Author/Authors	Analyzed variable(s)	Relevant findings
1997	Anne-Mette HJALAGER	Innovation types	Main types of innovation that can be or were implemented or developed in tourism field: product, classical process, management, institutional innovations.
2002	Anne-Mette HJALAGER	Innovation types Innovation model for tourism	Development of a model of innovation in tourism based on Abernathy and Clark's model including regular, niche, architectural and revolutionary innovations.
2003	Cathy ENZ, Judy SIGUAW	Innovation cases	Examples of innovation from lodging industry, based on the analysis of hotels like Marriott, Ritz, Motel 6.
2005	Francina ORFILA-SINTES <i>et al.</i>	Hotel category, governance and chain structure, Hotel size, Human capital skills, Targeted market segment, Seasonality, Performance	Hotels that are part of a chain innovate more easily than the ones that are operating individually because they can benefit from managements' know-how; Human capital skills and the ability of their update is materialized in trainings and reflected in HR investments, both important for innovation success; The most innovative hotels have a higher classification (3 or 4-5 stars).
2005	Michael OTTENBACHER, Juergen GNOTH	Factors determining innovation success in hospitality industry	Innovations' success in the hospitality industry is determined by: market selection, strategic human resource management (SHRM), training of employees, market responsiveness, empowerment, behavior-based evaluation, marketing synergy, employee commitment and tangible quality.
2007	Jon SUNDBO <i>et al.</i>	Hotel size, Organization, Tourism firms' innovativeness	The most innovative hotels use professional management tools; Innovative hotels have a positive attitude regarding ICT instruments utilization; Innovative behavior of tourism firms is related to their size: the bigger the firms, the more innovative; Amongst tourism firms, hotels, restaurants and transport companies are the most innovative ones.
2007	Michael OTTENBACHER	Performance dimensions, New service performance dimensions	Innovations' success can be measured using three performance dimensions: market performance (market responsiveness, effective marketing communication, raising awareness, tangible quality), financial performance (market attractiveness, SHRM, employee involvement in NSD, NSD prelaunch activities) and employee and customer relationship enhancement (employee commitment, behavior-based evaluation, training, empowerment).

2009	Ester MARTINEZ-ROS, Francina ORFILA-SINTES	Independent variables: management, strategic decision of differentiation, market-orientation strategy. Dependent variables: degree of innovativeness: radical or incremental. Control variables: part of a chain, use of tour-operators, hotels size, age and location	Hotels' dimension positively influences both degrees of innovativeness; The use of tour-operators is a determinant factor of incremental innovations especially because they have a limited negotiation power; Once a hotel develops an incremental innovation, it increases its chances of developing a radical one.
2009	Francina ORFILA-SINTES, Jan MATTSSON	Service provider's competences (size, use of physical capacity, additional services), Customer competences (travel motive, booking way, accommodation type) and Market drivers.	Hotels' dimension positively influences the innovation decision; Customers' requests have a positive effect on hotels' innovative behavior, increasing their chances to innovate; Managers' lack of experience (under 1 year) has a negative influence on innovation; Employees with higher education are positive determinants of innovations.
2009	Lori SIPE, Mark TESTA	Innovation and performance	Framework for innovation research in hospitality and tourism marketplace including innovation drivers, outputs and business performance.
2011	Bénédicte ALDEBERT <i>et al.</i>	ICT and tourism innovation Tourism @ event	Importance of ICT actors for tourism innovation development Software, Internet and databases are the main technologies used in tourism innovation development
2011	LÓPEZ-FERNANDEZ <i>et al.</i>	Firm size, belonging to a business group, changes and rigidities, high costs of innovation, lack of qualified personnel, financial support provided by public institutions, lack of information and of interest for innovation by customers.	Large size firms positively influence the innovation decision; Belonging to a business group or hotel chain has a positive influence on innovation decision; Organizational changes have a positive influence on innovation decision in hospitality industry operating firms; The lack of qualified personnel can slow-down the hospitality innovation process, but does not stop it.
****	The Center for Hospitality Research of Cornell University	Innovation cases	There are presented 55 cases of innovative service companies from all around the world and the innovations they implemented. Most of the companies are hotels, restaurants or transport companies.

(Source: author)

Result analysis

It can be noticed that there are several similar aspects regarding tourism innovation. Firstly, it was empirically proven that firms' size influences their capacity to innovate (Sundbo *et al.*, 2007; Martinez-Ros and Orfila-Sintes, 2009; Orfila-Sintes and Mattsson, 2009; López-Fernandez *et al.*, 2011). Secondly, the importance of involving employees and guests in the innovation process was highlighted (Orfila-Sintes *et al.*, 2005; Ottenbacher and Gnoth, 2005; Orfila-Sintes and

Mattsson, 2009; López-Fernandez *et al.*, 2011), and thirdly, the importance of using information technologies in order to be innovative was pointed out (Sundbo *et al.*, 2007; Aldebert *et al.*, 2011). Also, there were pointed out the main types of innovative firms from the hospitality industry: hotels, restaurants and transport companies.

Upon analyzing the above research papers on tourism or hospitality innovation, one can notice that there are several trends followed by most of the researchers. These trends will be further referred to as *dimensions of innovation* and they can be structured as follows:

- *human dimension* – when there are analyzed aspects regarding the involvement of employees or guest in the innovation process (Orfila-Sintes *et al.*, 2005; Ottenbacher and Gnoth, 2005; Ottenbacher, 2007; Orfila-Sintes and Mattsson, 2009; López-Fernandez *et al.*, 2011);
- *financial dimension* – when there are involved aspects regarding the costs of innovation, investments, profit maximization, sales (Orfila-Sintes *et al.*, 2005; Ottenbacher, 2007);
- *organizational dimension* – refers at aspects regarding firms' size and capacity, chain structure, management (Orfila-Sintes *et al.*, 2005; Sundbo *et al.*, 2007; Martinez-Ros and Orfila-Sintes, 2009; Orfila-Sintes and Mattsson, 2009; López-Fernandez *et al.*, 2011).

Conclusions, limitations and future research

As proven above, tourism innovation research was approached by several European and American authors, both from theoretical and empirical perspectives. The analysis of these studies is relevant for Romanian tourism as well, because there is a lack of research in this field. The analysis revealed some important factors that influence innovation in tourism and hospitality: hotels' size, category and chain structure, employee involvement and commitment, managements' orientation towards innovation, empowerment etc. Also, the analysis of relevant findings allowed us to identify three important dimensions of tourism innovation: human, financial and organizational. It is important to highlight that these dimensions were developed from the analyzed papers and are not the result of an empirical research, which we plan to undertake in order to validate them.

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