

# Tourism and Innovation

**C. Michael Hall and Allan M. Williams**

 **Routledge**  
Taylor & Francis Group

# Tourism and Innovation

This book is the first attempt to provide a comprehensive review of innovation in tourism, while also considering how tourism itself contributes to innovative local, regional and national development strategies.

This is a timely book placing tourism innovation in the context of current academic and policy concerns relating to knowledge, competition and the management of change. An introductory chapter describes how innovation in tourism is both distinctive from and similar to innovation in other sectors. This is followed by three chapters that explore how competition drives tourism innovation, how knowledge transfers and creation lead the process, and how institutions shape innovation. These provide a coherent theoretical framework for understanding the roles of different agencies in innovation, ranging from the state, to firms, and consumers. The next four chapters analyse innovation at different scales, reviewing the territorial dimensions of innovation through the fresh perspectives of national and regional innovation systems, as well as the determinants of innovation in the tourism firm, and the contested and complex role of entrepreneurship. The final chapter summarises the importance of understanding tourism innovation.

This ground-breaking volume provides an accessible introduction to a key but neglected topic. A clear conceptual framework is complemented by numerous illustrative international case studies. This book will be a useful guide for researchers and students of tourism studies, management and business, geography and regional studies.

**C. Michael Hall** is Professor of Marketing at the University of Canterbury, New Zealand and Docent in the Department of Geography, University of Oulu, Finland. Co-editor of *Current Issues in Tourism*, his main research interests are in the relationships between mobility and regional development, tourism, food, global environmental change and environmental history.

**Allan M. Williams** is Professor of European Integration and Globalization at the London Metropolitan University, UK. He is the author and editor of a number of books on tourism including *Critical Issues in Tourism* (2002) and *Tourism and Tourism Spaces* (2004), both with Gareth Shaw; and *A Companion to Tourism* (2004), with Alan Lew and Michael Hall.



# Contemporary Geographies of Leisure, Tourism and Mobility

Series Editor: C. Michael Hall

Professor at the Department of Marketing, College of Business & Economics, University of Canterbury, Private Bag 4800, Christchurch, New Zealand

The aim of this series is to explore and communicate the intersections and relationships between leisure, tourism and human mobility within the social sciences.

It will incorporate both traditional and new perspectives on leisure and tourism from contemporary geography, e.g. notions of identity, representation and culture, while also providing for perspectives from cognate areas such as anthropology, cultural studies, gastronomy and food studies, marketing, policy studies and political economy, regional and urban planning, and sociology, within the development of an integrated field of leisure and tourism studies.

Also, increasingly, tourism and leisure are regarded as steps in a continuum of human mobility. Inclusion of mobility in the series offers the prospect to examine the relationship between tourism and migration, the sojourner, educational travel, and second home and retirement travel phenomena.

The series comprises two strands:

**Contemporary Geographies of Leisure, Tourism and Mobility** aims to address the needs of students and academics, and the titles will be published in hardback and paperback. Titles include:

**The Moralisation of Tourism**

Sun, sand . . . and saving the world?

*Jim Butcher*

**The Ethics of Tourism Development**

*Mick Smith and Rosaleen Duffy*

**Tourism in the Caribbean**

Trends, development, prospects

*Edited by David Timothy Duval*

**Qualitative Research in Tourism**

Ontologies, epistemologies and methodologies

*Edited by Jenny Phillimore and*

*Lisa Goodson*

**The Media and the Tourist Imagination**

Converging cultures

*Edited by David Crouch, Rhona Jackson and Felix Thompson*

**Tourism and Global Environmental Change**

Ecological, social, economic and political interrelationships

*Edited by Stefan Gössling and C. Michael Hall*

Forthcoming:

**Understanding and Managing Tourism Impacts**

*C. Michael Hall and Alan Lew*

**Routledge Studies in Contemporary Geographies of Leisure, Tourism and Mobility** is a forum for innovative new research intended for research students and academics, and the titles will be available in hardback only. Titles include:

1. **Living with Tourism**  
Negotiating identities in a Turkish village  
*Hazel Tucker*
  2. **Tourism, Diasporas and Space**  
*Tim Coles and Dallen J. Timothy*
  3. **Tourism and Postcolonialism**  
Contested discourses, identities and representations  
*C. Michael Hall and Hazel Tucker*
  4. **Tourism, Religion and Spiritual Journeys**  
*Dallen J. Timothy and Daniel H. Olsen*
  5. **China's Outbound Tourism**  
*Wolfgang Georg Arlt*
  6. **Tourism, Power and Space**  
*Andrew Church and Tim Coles*
  7. **Tourism, Ethnic Diversity and the City**  
*Jan Rath*
  8. **Ecotourism, NGOs and Development**  
A critical analysis  
*Jim Butcher*
  9. **Tourism and the Consumption of Wildlife**  
Hunting, shooting and sport fishing  
*Brent Lovelock*
  10. **Tourism, Creativity and Development**  
*Greg Richards and Julie Wilson*
  11. **Tourism at the Grassroots**  
*John Connell and Barbara Rugendyke*
  12. **Tourism and Innovation**  
*C. Michael Hall and Allan M. Williams*
- Forthcoming:
13. **Understanding and Managing Tourism Impacts**  
*C. Michael Hall and Alan Lew*
  14. **Tourism Geography**  
A new synthesis, second edition  
*Stephen Williams*
  15. **World Tourism Cities**  
Developing tourism off the beaten track  
*Robert Maitland and Peter Newman*

# **Tourism and Innovation**

**C. Michael Hall and Allan M. Williams**

First published 2008  
by Routledge  
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada  
by Routledge  
270 Madison Ave, New York, NY 10016

This edition published in the Taylor & Francis e-Library, 2008.

“To purchase your own copy of this or any of Taylor & Francis or Routledge’s collection of thousands of eBooks please go to [www.eBookstore.tandf.co.uk](http://www.eBookstore.tandf.co.uk).”

*Routledge is an imprint of the Taylor & Francis Group, an informa business*

© 2008 Michael Hall and Allan M. Williams

All rights reserved. No part of this book may be reprinted or reproduced or utilized in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

*British Library Cataloguing in Publication Data*

A catalogue record for this book is available from the British Library

*Library of Congress Cataloguing in Publication Data*

Hall, Colin Michael, 1961–

Tourism and innovation / by C. Michael Hall and Allan M. Williams.

p. cm.

Includes bibliographical references and index.

1. Tourism – Management. 2. Creative ability in business. I. Williams, Allan M. II. Title.

G155.A1H346 2008

910.68’4—dc22

2007034038

ISBN 0-203-93843-7 Master e-book ISBN

ISBN10: 0-415-41404-0 (hbk)

ISBN10: 0-203-93843-7 (ebk)

ISBN13: 978-0-415-41404-3 (hbk)

ISBN13: 978-0-203-93843-0 (ebk)

# Contents

<i>List of figures</i>	ix
<i>List of tables</i>	x
<i>List of boxes</i>	xi
<i>Preface</i>	xiii
<i>List of abbreviations</i>	xv
1 Introduction	1
2 Competition and innovation	30
3 Knowledge, creativity and innovation	55
4 The state and tourism innovation: institutions, regulation and governance	88
5 Tourism within national innovation systems	111
6 The regional innovation system: territorial learning, regions and cities	142
7 Firm organization and innovation	171
8 Entrepreneurship and innovation	202
9 Conclusions	229
<i>References</i>	238
<i>Index</i>	261



# Figures

1.1	The Abernathy and Clark transilience map adapted to tourism	7
1.2	Distinctive features of tourism and the shaping of tourism innovation	13
2.1	Competition and innovation: costs versus returns	34
2.2	The competition, innovation and competitiveness chain	40
2.3	Protecting innovations	51
3.1	Typology of tacit knowledge	64
3.2	Tacit–explicit knowledge conversions	68
3.3	Channels of knowledge transfer	77
4.1	Influences of the state on tourism innovation	92
4.2	Relative positioning of the effectiveness of state innovation policies	93
4.3	The changing roles of innovation agencies	99
4.4	The embeddedness of firms in the multi-layered governance architecture of innovation systems	109
5.1	Elements of NISs	113
7.1	GATS modes of supply and their significance for tourism	182
7.2	Innovation value creation points in the tourism firm	188
8.1	Entrepreneurship: a double continuum	220

# Tables

4.1	Innovative dimensions of the state's roles in tourism	91
4.2	Levels of engagement of state policy with innovation systems	93
4.3	State activities in innovation systems	100
4.4	Evolutionary and revolutionary types of innovation policy	102
4.5	Layers of innovation policy in the Baltic States	106
5.1	Citations of tourism in the Australian government innovation report	115
5.2	STCRC partners in Australia	116
5.3	Characteristics of top-500 universities in the Shanghai ranking, on a country basis	135
5.4	Shanghai academic ranking of world universities by country and region, 2005	136
5.5	Key word citation in projects involving SMEs funded across FP5, FP6 and FP7 in the EU, 1998–2008	139
5.6	Analysis of tourism-related projects involving SMEs funded across FP5, FP6 and FP7 in the EU	140
6.1	Characteristics of clusters in the Montreal metropolitan region	151
6.2	A typology of RISs	158
7.1	Modes of innovation in the tourism sector in Dalarna, Sweden	178
7.2	Comparison of the innovative characteristics of service sectors in Norway	183
7.3	Harrah's patents for its casino entertainment distribution system	194
8.1	Structure of New Zealand tourism industry, 1996	218

# Boxes

1.1	Innovation and the clubbing tourism scene in Ibiza	2
1.2	The classification of innovation: an application to hotels	6
1.3	A cross-European study of service innovation	12
1.4	Environmental sustainability: Scandic Hotels and innovation	14
1.5	1958 as a turning point in mass tourism development	20
1.6	The Holiday Club of Upminster (UK): innovation in the package holiday business	21
2.1	Innovation as an inhibitor of competition: airline CRSs	32
2.2	Value innovation and Accor Formule 1	36
2.3	The many faces of competition: models of airline innovation and competition in the early 2000s	37
2.4	Competition intensity, tourism challenges and IT solutions	44
2.5	Benchmarking and destination competitiveness	45
2.6	Imitative innovation in the holiday cruise sector	49
2.7	Urban branding: Guggenheim Bilbao – the first global museum?	53
3.1	IT and innovation: US CVBs	60
3.2	The selectiveness of IT innovations: UK three-star hotels	61
3.3	The Polat Renaissance Hotel, Istanbul: learning and knowledge	67
3.4	Organizational citizenship: part-time versus full-time employees in restaurants in the US	70
3.5	Absorption capacity in the Australian tourism industry	74
3.6	Transnational Balearic tourism companies in Latin America: proprietary knowledge advantages	75
3.7	Three models of consultancy	80
3.8	Providence's call to action as inspired by Florida's ideas about creativity	85
4.1	The Canadian Industrial Research Assistance Program (IRAP)	94
4.2	Changing role of government innovation agencies	99
4.3	Innovation policy in the Baltic States	105
5.1	Sustainable Tourism Cooperative Research Centre (STCRC)	116
5.2	Tax breaks boost Australian R&D spend	119
5.3	Change of government, change of strategy, change of institutions	122
5.4	'Innovative' Rugby Ball Venue to showcase New Zealand	125

xii *List of boxes*

5.5	Innovation and university research in the UK, 2007	134
6.1	An international future? A competitive Montreal region	147
6.2	The intellectual property of place	153
6.3	Flight from Ottawa to Silicon Valley: discussion page	154
6.4	Tourism development and innovation in Singapore	162
6.5	Dunedin and the low road to development	163
6.6	Manchester: cultural capital and the high road to development	167
7.1	Knowledge-intensive service activities in the Australian tourism industry	174
7.2	Systems of innovation in the tourism and food sectors: Dalarna, Sweden	178
7.3	The business model of space tourism: the ‘next big thing’?	190
7.4	Boeing’s lighter, ‘greener’ airliner of the future	192
7.5	Harrah’s distribution, marketing and innovation	193
7.6	Marketing the French wine experience	195
7.7	Loyaltybuild: supplier-led tourism innovation	197
8.1	Entrepreneurship in Asian hotels	205
8.2	The birth of the British air inclusive holiday package	210
8.3	A tale of two entrepreneurs: the development of Ballston Spa and Saratoga Springs, New England	212
8.4	Urban and rural tourism SMEs and alternative lifestyles: Black Water Rafting and Wellington backpacker accommodation	217
8.5	Indigenous entrepreneurship: Tamaki Tours	224
8.6	Tourism entrepreneurship, Bornholm, Denmark	226
9.1	Social innovation: an extreme makeover?	235
9.2	A prize to save the Earth?	236

# Preface

The initial stimulus to writing this volume was our concern that although the tourism literature made constant reference to growth and change, there was relatively little understanding of the innovation processes that are central to these. That led to our decision to write a book that provided at least the first steps in exploring a topic that is only now emerging onto the agendas of academic researchers and, equally surprisingly, many policy makers.

The central aim of the book is to provide a theoretical framework for understanding tourism innovation. Given both the nature of tourism, and of innovation, this inevitably calls for a multidisciplinary, and multi-level approach. We have tried to weave together the, often disparate, strands of research in tourism and other social science areas. In contrast to the neglect demonstrated by tourism, there is a vast literature on innovation in the other social sciences, including several specialist journals. Our approach is, therefore, selective, and we have drawn particularly on research in the areas of the service sector, knowledge, the role of institutions, the national and regional organization of innovation systems, innovation policy, the firm and entrepreneurship. In seeking to build inter- and intra-disciplinary bridges, we have hopefully opened up the prospects of a two-way traffic in ideas. While tourism has much to learn from, say, economics, politics, regional studies and geography, so too does tourism studies have much to offer those interested in the creativity of tourists, the dynamism of tourism firms, and the influential role of tourism in local and regional development.

Against this background we have used an array of short case studies (presented in boxes) to illustrate our central themes. These provide insights into the complexities inherent in the innovation process, while also emphasizing that innovation has to be understood as temporally and spatially contingent. In a way, they also tease out some of the tensions between structure and agency, with many of the case studies illustrating the influential roles of particular individuals, firms or territorial policy initiatives – although these always have to be understood in context of specific politico-economic and cultural structures and institutions.

Innovation is, of course, not a new process. It is as old as economic activity itself. But, in an increasingly competitive world, product cycles are shortening

and the pressures – or perhaps, more accurately, the clamour – to ‘innovate or die’ are becoming incessant. Innovation is, however, an easily romanticized and misrepresented process, and the associated risks and costs can just as easily lead to ‘innovate and die’. Research on innovation, just as much as the successful implementation of innovation, requires a multidisciplinary approach that engages with the blurred and shifting sets of relationships that stretch across different spheres of work and non-work activities, and across different scales. This presents an enormous challenge, and we hope that this book represents a helpful starting point for those wishing to engage with this challenge.

We also wish to acknowledge the help and support of a number of people without whom this book would not have been produced. Michael would like to thank Tori Amos, Nick Cave, Bruce Cockburn, Tim Coles, David Duval, Nicolette Le Cren, Dieter Müller, Jarkko Saarinen and Nicola van Tiel for stimulating thoughts and examples on tourism innovation and services at various times, and Jody Cowper for assistance with the Tamaki Brothers case study. Allan has benefited from his collaboration with Vladimir Baláž, Sergio Salis, Gareth Shaw and Adi Weidenfeld, and the general support provided throughout by Linda Williams. Finally, we would both like to thank Jennifer Page and Andrew Mould from Routledge for their continued support of the project.

# Abbreviations

ABRS	Australian Biological Resources Study
AGMA	Association of Manchester Authorities
APEC	Asia Pacific Economic Cooperation
CMM	Communauté Métropolitaine de Montréal
CORDIS	Community Research and Development Information Service
CPDB	central patron database
CRC	Cooperative Research Centre
CRS	computer reservation system
CSTA	Council of Science and Technology Advisors to the Government of Canada
CVB	convention and visitor bureau
DCC	Dunedin City Council
DIUS	Department of Innovation, Universities and Skills
DTI	Department of Trade and Industry
EU	European Union
FDI	foreign direct investment
FP	Framework Programme (EU)
GATS	General Agreement on Trade in Services
GDP	gross domestic product
GDS	global distribution system
GIF	growth and innovation framework
IRAP	Industrial Research Assistance Program
IT	information technology
KISA	knowledge-intensive service activity
MCC	Manchester City Council
NIS	national innovation system
NRC	National Research Council
OECD	Organisation for Economic Co-operation and Development
OSVC	Our Stadium Visionaries Club
R&D	research and development
RIS	regional innovation system
SIS	spatial innovation system
SME	small and medium sized enterprise

xvi *Abbreviations*

SPC	service-profit chain
SSIP	sectoral system of innovation and production
STCRC	Sustainable Tourism Cooperative Research Centre
STDC	Sustainable Tourism Development Consortium
TFP	total factor productivity
THE-ICE	International Centre of Excellence in Tourism Hospitality Education
WdW	Witte de Withstraat
WGF	Westergasfabriek
WIPO	World Intellectual Property Organization
WTO	World Trade Organization