

KEEPING TOURISM IN THE Western Cape competitive

Constant innovation in tourism is vital to keep this key growth sector competitive. A study by *Irma Booyens* and *Christian Rogerson* has found that although tourism establishments in the Western Cape find innovative ways to enhance their businesses, these are mainly incremental in nature and more should be done to recognise, encourage and support innovation by these establishments.

Innovation comprises new and improved ways of doing things, which translates into businesses introducing new products (or services), processes or business practices to the market. Economic theory holds that innovation boosts long-term economic growth and economic health for businesses, cities and nations.

Tourism establishments thus have to innovate and adapt constantly to stay ahead of the game or to simply survive in a highly competitive, globalised tourism economy.

Tourism is an integral component of the growing service sector in the Western Cape which collectively accounts for more than 70% of the gross geographic product and contributes significantly to employment creation in the province. Research by Christian and Jayne Rogerson of University of Johannesburg has shown that, despite the strong growth of the tourism sector over the last two decades, the performance of the Western Cape tourism economy has weakened in recent years. Innovation in the tourism sector is thus vital for enhancing the competitiveness of tourism initiatives in the Western Cape to grow the province's tourism economy.

In this study we investigated the innovation activities of tourism establishments (i.e. private businesses, not-for-profit organisations, and public entities such as museums) in the Western Cape. Our analysis is presented in two sections: the nature of innovation

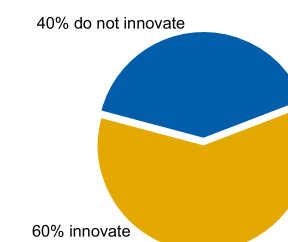
in tourism establishments and the degree of novelty of the innovations; and findings on tourism innovation by category and sector.

Tendencies and novelties in innovation

Research questions centred on whether tourism establishments had made new, significantly improved or only small changes (or upgrades) to their products (or services), processes or practices, during the reference period of 2010 – 2012.

Innovation propensity refers to realised innovations or implemented changes. Up to 60% of tourism establishments were innovative because they had introduced new products, processes or practices, or made significant improvements to these during the reference period, while the other 40% merely implemented small changes (or upgrades) which are not regarded as innovation (Figure 1).

Fig 1 Innovation propensity of tourism establishments



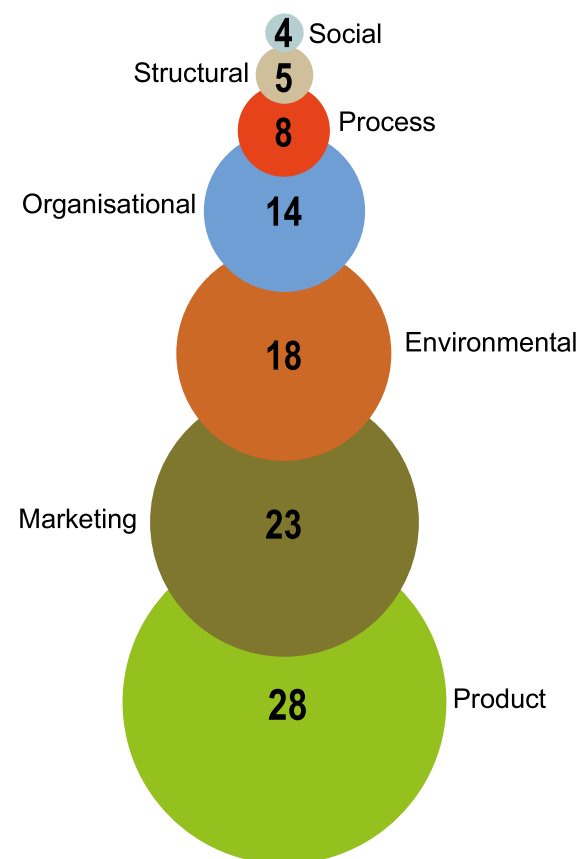
Tourism establishments thus have to innovate and adapt constantly to stay ahead of the game or to simply survive in a highly competitive, globalised tourism economy.

This said, 25% of tourism innovations can be considered as novel, since they were either new to a particular market, a first in South Africa or first in the world (Figure 2). By contrast, three-quarters of tourism innovations were merely new to the establishment and incremental and could therefore not be considered as novel.

Fig 2 Novelty of tourism innovation



Fig3 Tourism innovation by category (%)



Tourism innovations by category and sector

The focus now shifts to the tourism innovation categories (or types), namely product, marketing, environmental, organisational, process, structural, and social innovations (Figure 3).

In terms of the degree of novelty per category, the most 'new' innovation activities occurred in the product category, followed by the environmental and process categories. Novel innovations in this category mostly comprised new products, processes or environmental practices; while innovations in the organisational and marketing categories were more incremental than tourism innovations since they comprised more significant improvements and upgrades than 'new' innovation activities.

Product innovations included new or significantly improved service offerings, typically in relation to attractions and

activities, accommodation, travel and transport services, and food and beverage offerings.

Marketing innovations were those with new or significantly improved marketing practices, including the uptake of e-marketing, changes in marketing strategy, rebranding, entry into new markets, and strategic alliances and product bundling for marketing purposes.

Environmental innovations refer to new or improved methods or practices around saving energy, reducing water usage, minimising waste, and contributing to conservation. Organisational innovations in tourism would include new franchising agreements, corporate restructuring, business expansion and the adoption of new and improved methods to enhance operational and administrative processes, productivity and efficiency, staff training, and health and safety.

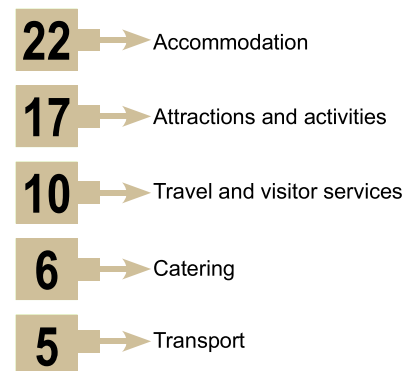
Process innovation largely consists of new or significantly improved web-based, e-portal or other online platforms; specifically integrated management; central reservation; online booking customised ticketing; and yield and revenue management systems.

Structural innovation includes new or significantly improved collaboration and regulatory structures, networks or initiatives to maximise overall benefits to a local economy, community or destination. Typical examples are collaboration with various stakeholders to improve environmental and social sustainability practices; drive conservation and environmental practices in nature-based clusters; or market an area or destination.

Social innovation is defined as the implementation of new or significantly improved products or services, process or practice to ensure social benefits. Examples include new or significantly improved sport and skills development programmes; community outreach programmes focusing on the provision of medical care and education; route networks to stimulate tourism development and entrepreneurship in rural areas; and visitor centres highlighting social justice issues.

In terms of tourism innovation per sector, the accommodation sector has the largest number of innovative businesses (22%), followed by the attractions and activities (17%), travel and visitor services (10%), catering (6%) and transport (5%) sectors (Figure 4).

Fig4 Innovative tourism establishments by sector (%)



The accommodation sector performed strongly in terms of environmental innovation. The attractions and activities sector had the most product innovations, as well as the most structural and social innovations.

The providers of leisure or recreational activities typically remained competitive by introducing new tourism products, while catering firms characteristically opted to open new shops (considered as an innovation if done during the reference period); innovations in this sector, however, are observed to be highly incremental. Overall, the transport sector is observed to be the least innovative.

Conclusion

This research shows that even though tourism innovation is widespread in the Western Cape and of significance for the competitiveness of tourism establishments, the nature of tourism innovation is largely incremental.

This means that tourism establishments have a higher propensity to introduce upgrades rather than innovations, and

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most innovations were new only to the establishment and not to the sector. Whilst incremental innovation creates value for individual tourism enterprises, novel innovation cumulatively enhances the competitiveness of destinations and the growth of the tourism economy as a whole.

Product, marketing and environmental innovations were widespread in tourism; and the accommodation, attraction and activities, and travel and visitor services sectors were dynamic in terms of innovation. These findings add to perspectives on innovation in tourism.

We believe that more should be done to recognise, encourage and support innovation by tourism establishments. Overall, innovation is recommended

as a focus area for policy support and further research in tourism.

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