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INNOVATIONS IN THE DEVELOPMENT OF EUROPEAN TOURISM

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RELATIONSHIP BETWEEN GROWTH AND INNOVATION IN TOURISM

- Ongoing changes: quantity and quality
- Highly dynamic system



Source: World Tourism Organization (UNWTO)

CAN TOURISM SECTOR BE CONSIDERED AS INNOVATIVE?



HIGH-TECH
HOTELS



Hilton



Sol Meliá
HOTELS & RESORTS

THE
Chocolate
Boutique HOTEL



travelocity

LLGraphics 2007

INNOVATION IN TOURISM MORE COMPLEX THEN IN SOME OTHER INDUSTRIES?

- Complex system
- Innovation in tourism does not represent a “cosmetic change” or extension of product lines, a new component in a product

Innovation has to be profitable, increase value of product
and value of tourist's experience

- Innovation encompasses the whole tourism value chain fostering new and innovative products and processes.

IT TAKES ONE TO SCORE A GOAL BUT A TEAM TO WIN
THE GAME!

WHAT DRIVES INNOVATION IN TOURISM?

- Tourists themselves
- Tourism enterprises
- Technology changes
- Competition



TOURISTS AS DRIVERS OF INNOVATIONS?

- Changes in tourists' interests and values - shifts in tourism trends

RESULT?

- People view present in different way
- Higher expectations from holidays
- Travelling away on holiday - part of lifestyle - holidays have become part of our culture.

I TRAVEL THEREFORE, I AM!

EXPERIENCE HAS BECOME NUCLEUS OF HOLIDAYS!

- It has become more important for clients to contemplate **HOW** to spend unforgettable holiday than **WHERE** to spend it.



- Tourists demand products which are fuller in content and richer in quality, regardless of location of tourism destination is!

“FROM PLACES TO STAY TO PLACES TO PLAY”

TOURISM ENTERPRISES AS DRIVERS OF INNOVATION

- Customer oriented and competition related
- Customised products – Take-home values!
- To survive in competitive market tourism enterprises have to find new ways to reduce costs, increase productivity and gain market power.

ARE THEY SUCCESSFUL IN DOING THIS?

- How can you travel abroad and learn nothing from the experience?

TAKE A PACKAGE TOUR (!?!)

- Has this perception changed?
- Package holidays of 1970's & 1980's and of today are not comparable.

Standardised products ➔ customised taylor-made experience!

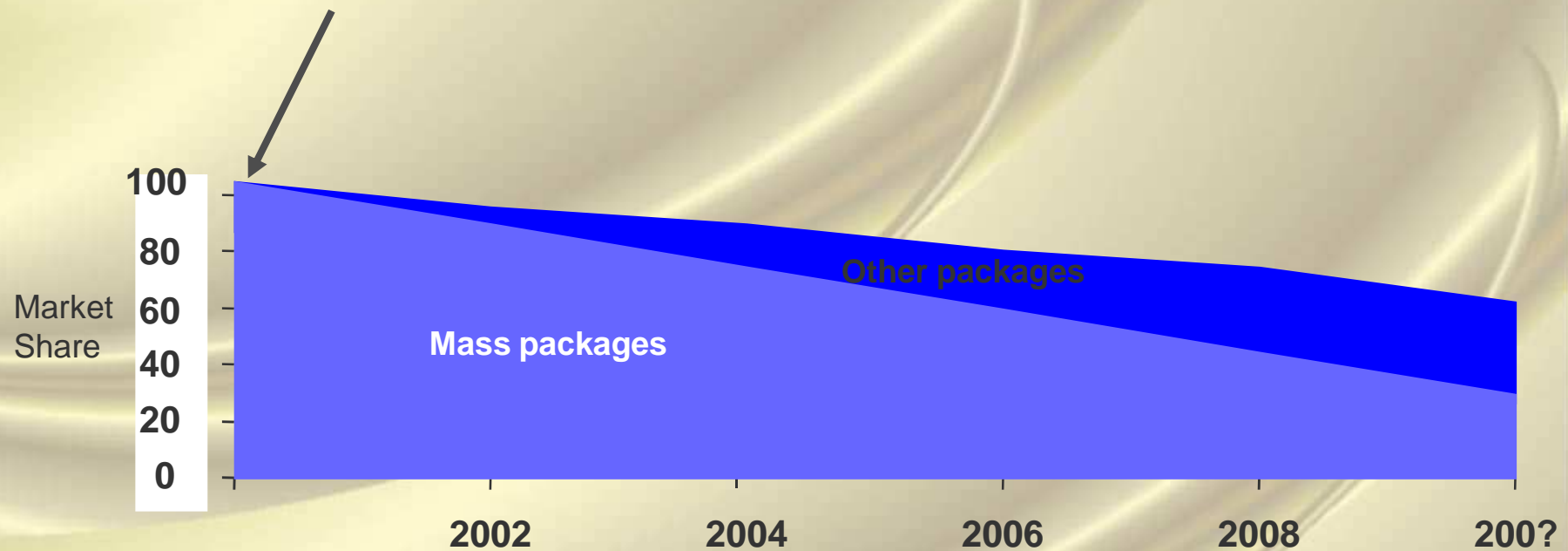
The rule of innovation:

WINNERS DO NOT STAND STILL!

“MASS” MARKET OF YESTERDAY

Yesterday’s “mass” package marketplace:

- Fixed itineraries
- Inflexible dates
- Limited options



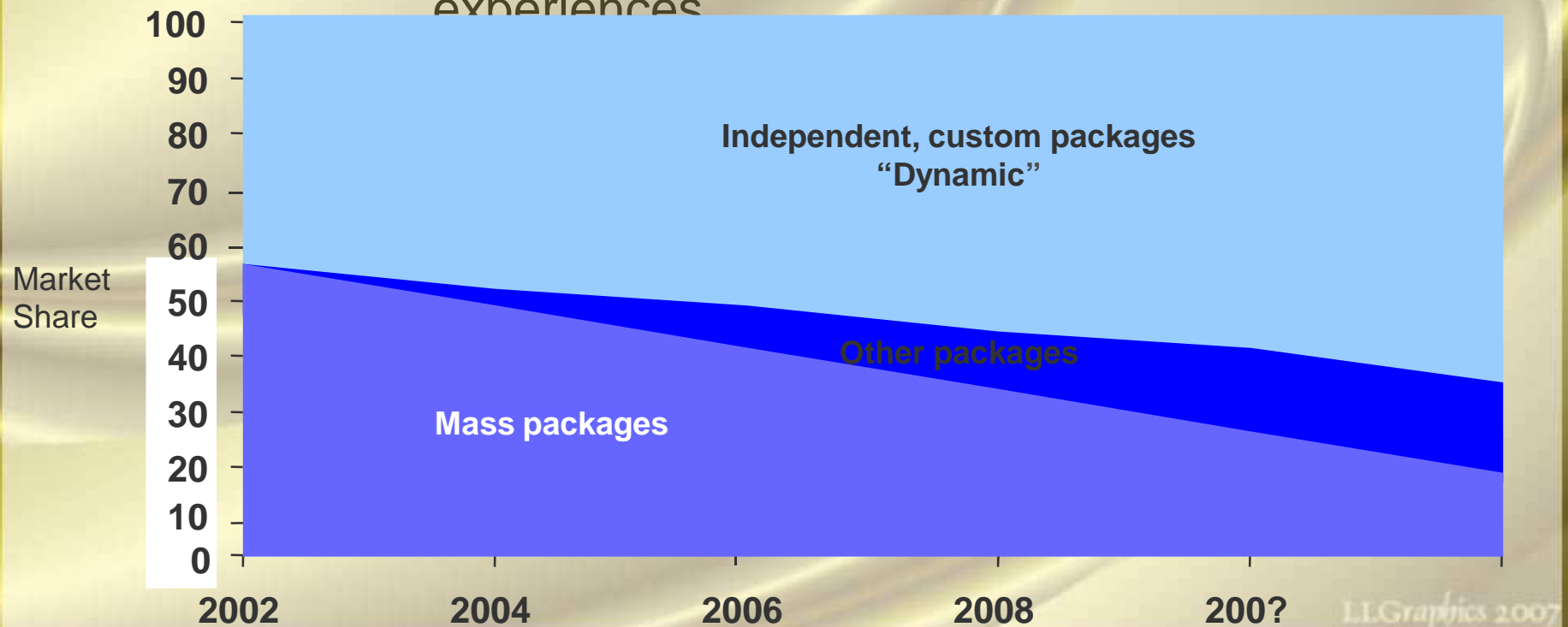


COMPLEX MARKET OF TOMORROW

But this is changing!

Travelers want:

- “Flexibility”
- Customisation
- Unique, specialist experiences



RESULT?

- Creation of experience-based tourism products (innovation that involves tourists and destinations at same time)

What are the consequences?

- Improvement in quality of products and services of all included in tourism value chain resulting in improving total performance

TREMENDOUS STRUCTURAL CHANGE ON TOURISM MARKET

Consolidation processes accross Europe: main mega trend in European travel distribution

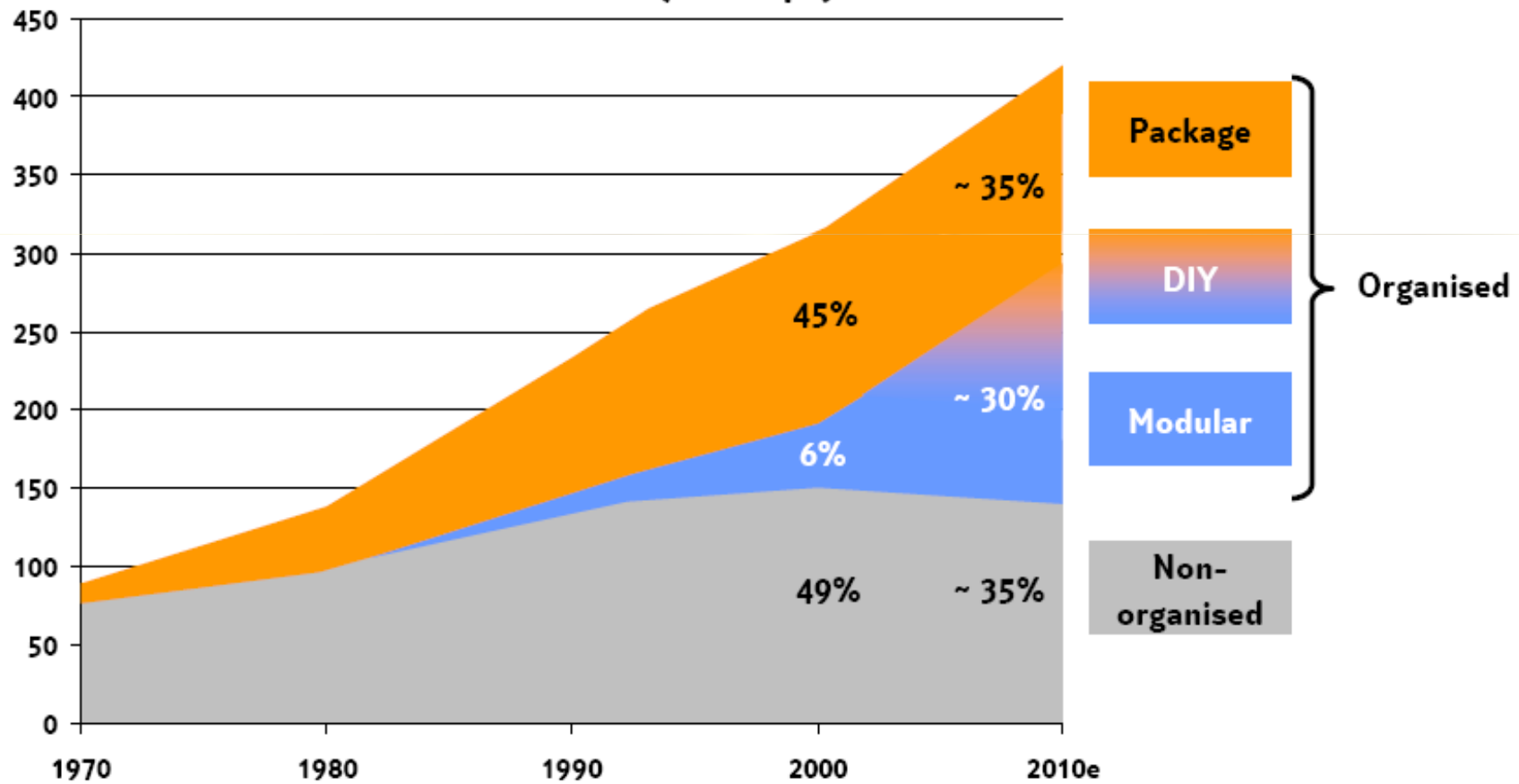
RESULT?

- Less fragmented marketplace
- Innovative products, innovative organisational structure
- Competitive cost advantage
- New business models, marketing, etc.
- Tourism offer - never wider,
- Prices - down,
- Customer protection - increased,
- Purchasing power of giant
- Integrated tourism concerns
- Dictate rules to partners

Structural change in tourism becomes more and more evident



Expected market development (mn. trips)





Mainstream Sector

Classic TO business /
market leadership



Turnover
~€16,100 m

Specialists Sector

Exclusive products /
strong local brands



Turnover
~€1.500 m

Activity Sector

Lifestyle travel products /
market-leading brands



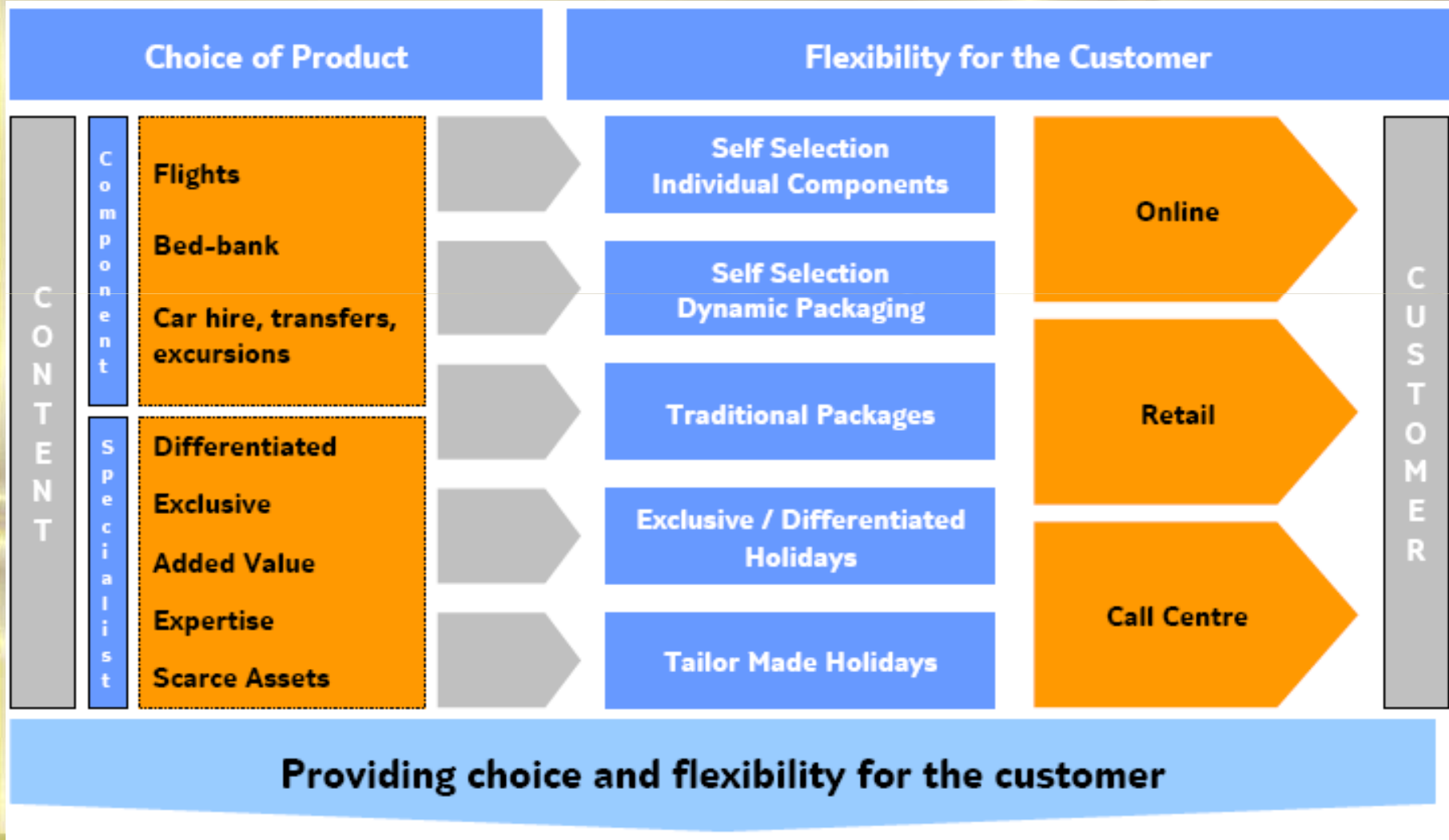
Turnover
~€650 m

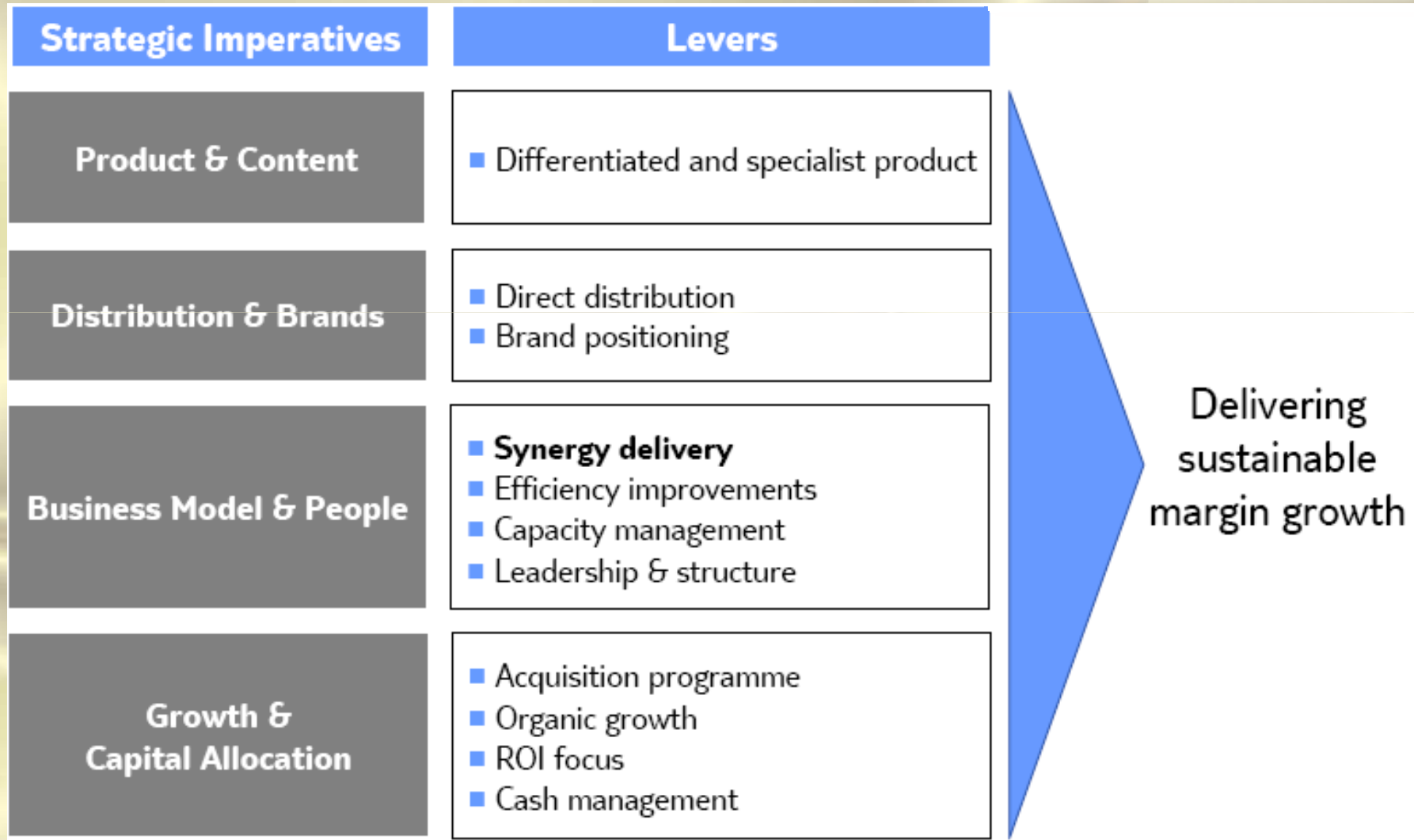
Online Destination Services Sector

Online accommodation /
Destination services



Turnover
~€700 m





TECHNOLOGY AS DRIVER OF INNOVATION

- Key innovations occur at level of IT application
- Innovations in distribution systems
- Significant impacts on traditional business models
- IT adds value to products and services
- IT supports tourism networks, clusters, etc.
- IT covers entire tourism value chain
- Leads to industry restructuring and innovation

COMPETITION AS DRIVER OF INNOVATION



21 CENTURY – CENTURY OF COMPETITION

- Generating markets are highly concentrated and dominated by global players
- Demand is rising at slower rate than supply
- Globalisation has increased competition



WHAT'S THE BIG DEAL?

Shifting consumer preferences

The advent of the Internet

Pressure on margins for intermediaries

Easy consumer access to products and pricing

Radical Change in the Leisure Travel Marketplace

More demand for custom products / itineraries

Better informed consumers

Emergence of multiple distribution channels

Rapid changes in business requirements for suppliers

HOW CAN THESE MARKET CONDITIONS FOSTER INNOVATION?

- New answers to confronted challenges
- Process innovation opposed to product innovation
- Process innovation cannot be easily copied or imitated by competitors.

Product quality + Operative Efficiency



Percived differentiation + Operative Efficiency

WHAT IS ROLE OF DESTINATION?

- Destination is “raw material” of tourism
- Destination should act as “experience provider”

The more unique the destination is the more appealing is to visitors!

HOWEVER...

There are still many more imitations than innovations in tourism

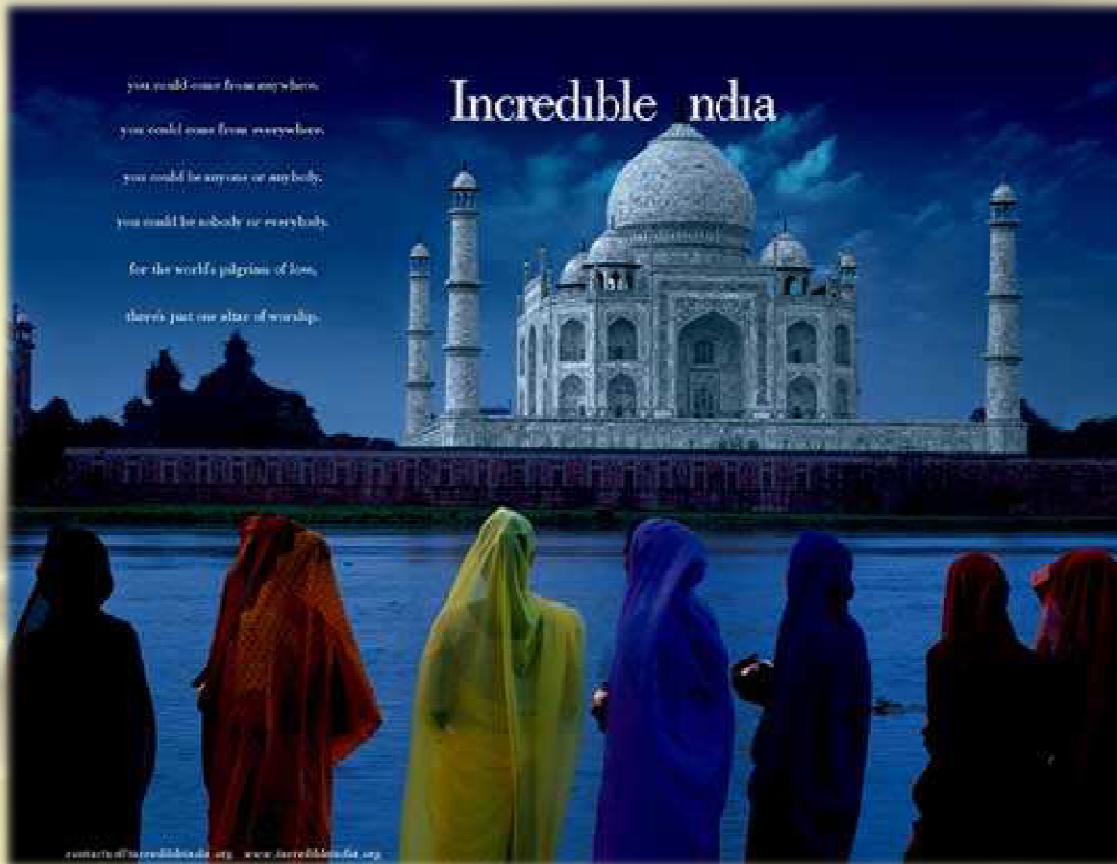
WHY?

Lack of trust and fear of change!

DIFFERENTIATE AND INNOVATE OR DIE!



INNOVATIONS IN BRANDING DESTINATIONS



INNOVATIVE APPROACH IN DIFFERENTIATING DESTINATIONS

- **Unique selling proposition** = exceptional appeal in relation to market needs
- **Unique emotional proposition** = which competitors do not or cannot offer, and for which destination will exceed clients' expectations.
- **Destinations as personalities**

Each generating market has its own differentiated content & needs specifically designed products for clients' requirements!

RECENT CROATIA'S SUCCESS STORY: FRENCH MARKET

- Brake away from traditional promotion = classical picture postcard image
- 
- Estetics of an individual artistic photography
 - Involment of people
 - Scenes from everyday life
 - Stolen moments of emotions
 - Authenticity and Intimacy in focus
 - Deeper meaning to every imagescape

Instantané de **LIBERTÉ**
La Croatie, une pays d'exception

marsans SEJOUR PLAGE **622** € TTC
LA MEDITERRANÉE DÉCOUVTE

Instantané de **PURETÉ**
La Croatie, une pays d'exception

Thomas Cook ILE DE BRAC **579** € TTC
LA MEDITERRANÉE DÉCOUVTE

Instantané de **AUTHENTICITÉ**
La Croatie, une pays d'exception

Jet tours CROISIÈRE EN GOULETTE **899** € TTC
LA MEDITERRANÉE DÉCOUVTE

Instantané de **IMMENSITÉ**
La Croatie, une pays d'exception

marsans SEJOUR PLAGE **642** € TTC
LA MEDITERRANÉE DÉCOUVTE

Instantané de **GRÂCE**
La Croatie, une pays d'exception

Thomas Cook ILE DE BRAC **499** € TTC
LA MEDITERRANÉE DÉCOUVTE

Instantané de **HISTOIRE**
La Croatie, une pays d'exception

Jet tours CIRCUIT SPLENDEURS DE LA CROATIE **1599** € TTC
LA MEDITERRANÉE DÉCOUVTE



Instantané d'ÉQUILIBRE

La Croatie est un équilibre

SECOURS À MER
 Assurance maritime
 595[€] TTC
 1000000000€ de garantie

Le tourisme est un secteur de qualité qui est l'un des moteurs de développement de la Croatie. Elle dispose d'un patrimoine naturel exceptionnel et d'un climat méditerranéen idéal. Elle est aussi un pays à la culture riche et à la gastronomie raffinée. Venez découvrir la Croatie et profiter de son soleil et de sa mer.

CROATIE
 LA MÉDITERRANÉE RETROUVÉE



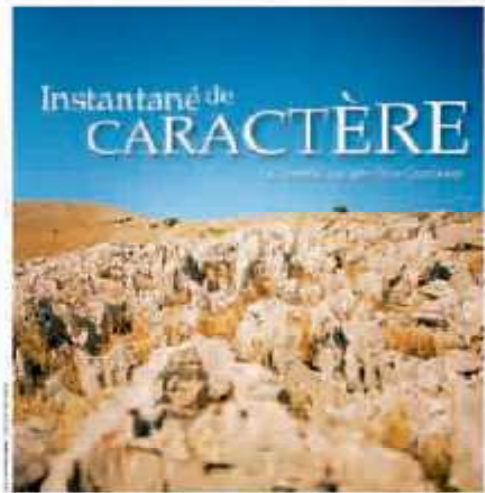
Instantané de SAVEURS

La Croatie est un pays de saveurs

SECOURS À MER
 Assurance maritime
 595[€] TTC
 1000000000€ de garantie

Le climat de la Croatie est idéal pour profiter de son soleil et de sa mer. Elle dispose d'un patrimoine naturel exceptionnel et d'un climat méditerranéen idéal. Elle est aussi un pays à la culture riche et à la gastronomie raffinée. Venez découvrir la Croatie et profiter de son soleil et de sa mer.

CROATIE
 LA MÉDITERRANÉE RETROUVÉE



Instantané de CARACTÈRE

La Croatie est un pays de caractère

THOMAS COOK
 579[€] TTC
 1000000000€ de garantie

La Croatie est un pays de caractère. Elle dispose d'un patrimoine naturel exceptionnel et d'un climat méditerranéen idéal. Elle est aussi un pays à la culture riche et à la gastronomie raffinée. Venez découvrir la Croatie et profiter de son soleil et de sa mer.

CROATIE
 LA MÉDITERRANÉE RETROUVÉE



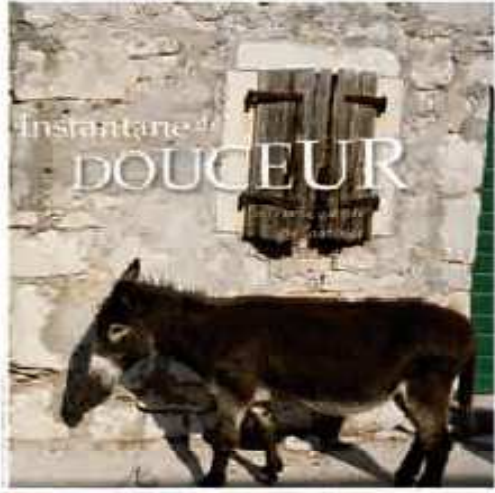
Instantané d'INTIMITÉ

La Croatie est un pays d'intimité

SECOURS À MER
 Assurance maritime
 595[€] TTC
 1000000000€ de garantie

La Croatie est un pays d'intimité. Elle dispose d'un patrimoine naturel exceptionnel et d'un climat méditerranéen idéal. Elle est aussi un pays à la culture riche et à la gastronomie raffinée. Venez découvrir la Croatie et profiter de son soleil et de sa mer.

CROATIE
 LA MÉDITERRANÉE RETROUVÉE



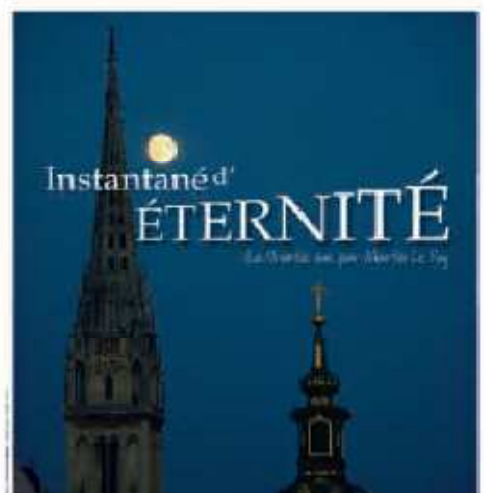
Instantané de DOUCEUR

La Croatie est un pays de douceur

MARSOUIS
 SECOURS À MER
 642[€] TTC
 1000000000€ de garantie

La Croatie est un pays de douceur. Elle dispose d'un patrimoine naturel exceptionnel et d'un climat méditerranéen idéal. Elle est aussi un pays à la culture riche et à la gastronomie raffinée. Venez découvrir la Croatie et profiter de son soleil et de sa mer.

CROATIE
 LA MÉDITERRANÉE RETROUVÉE



Instantané d'ÉTERNITÉ

La Croatie est un pays d'éternité

Jet Tours
 SECOURS À MER
 899[€] TTC
 1000000000€ de garantie

La Croatie est un pays d'éternité. Elle dispose d'un patrimoine naturel exceptionnel et d'un climat méditerranéen idéal. Elle est aussi un pays à la culture riche et à la gastronomie raffinée. Venez découvrir la Croatie et profiter de son soleil et de sa mer.

CROATIE
 LA MÉDITERRANÉE RETROUVÉE

KEY ELEMENTS TO REMEMBER...

- Tourism will be one of main ways to assure prosperity in Europe in next decades
- Who wants to be part of it has to:
 - set its goals to INNOVATION
 - offer value advantage to clients
 - add value rather than discounts
 - concentrate on S.E.X.

KEY EMELEMNTS TO REMEMBER

- CUSTOMER WILL STAY IN CONTROL
- TECHNOLOGY WILL REMAIN A KEY FACTOR
- PACKAGE HOLIDAYS WILL NOT DISAPPEAR

I TRAVEL – THEREFORE, I AM!

**I EXIST TO DISSCOVER AND ENJOY NEW
EXPERIENCE!**

Thank you for your attention !