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# Suppliers as Key Collaborators for Sustainable Tourism Development

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## Rationale

The purpose of this chapter is to introduce a conceptual approach to understanding driving forces for innovation in sustainable tourism development. The model underpins the fact that innovation in tourism is not solely the effect of a strategic and wilful internal action in tourism firms and organisations, but also the consequences of external driving forces. Further, the article offers a more detailed review of the importance of suppliers as (one of several) push factors for sustainable tourism development. Examples are provided, and possibilities and limitations in terms of a rapid development of more sustainable practices in tourism are discussed. A four-field model aims at stimulating the search for new forms of collaboration between tourism firms and their suppliers in the upstream supply chain, and it adds dimensions to the traditional perspectives on value chains in tourism.

## The context of innovation in tourism

There are many definitions of the term 'innovation'. At the broad level, innovation implies the materializing of something new and the successful exploitation of ideas. Joseph Schumpeter (1934) distinguished between the introduction of new goods, new methods of production, the opening of new markets, the conquest of new sources of supply, and the carrying out of a new organization.

Innovation takes place in all sectors of the economy, including the public and voluntary sectors. Some organizations renew their products and services continuously, others only occasionally. Some depend for their survival on being sprinters, while others operate feasible businesses without introducing much change. Investigations of innovations in tourism firms often come up with very

bleak results. The observation is that, understood as individual entities, tourism firms are not particularly innovative (Camison & Monfort-Mir, 2012; Martinez-Roman et al., 2015; Hjalager, 2010a), although attractions and travel services are found to be more innovative than accommodation facilities and restaurants (Sundbo et al., 2013). Even the largest tourism corporations seldom employ people in research and development departments (R&D). At best, innovations consist of incremental changes, mostly aimed at obtaining higher productivity and cost savings. Supplementary studies of management attitudes and practices reveal a distinct conservatism and risk aversion that is likely to counteract the inclination to innovate or hinder the implementation of new product and services (Orfila-Sintes et al., 2005; Jacob & Groizard, 2007; Pikkemat et al., 2016). In small and medium-size firms, changes often do not take place until the facilities are closed and restarted by new proprietors with novel concepts or ideas.

Nevertheless, tourism, as it is experienced by the customer, is undergoing quite dramatic changes. Specifically, in the field of sustainable tourism, green labelling and auditing started more than two decades ago and represent major steps forward both for protection of the environment and for the image of tourism products (Hallet al., 2015). With varying success, national and international programs have attempted to achieve a dissemination of sustainable practices in the tourism sector, as illustrated by Jia & Wahnschafft (2015) in the case of China. Likewise, the conceptualization and re-launching of destinations as eco-friendly embody innovations in the larger geographical scale. Such initiatives require inclusive and collaborative attitudes in their local settings to harvest the benefits of the being advanced in terms of sustainability. Destinations in all parts of the world, in rural and urban and in coastal and inland zones compete for consumer attention through green and responsible profiles. However, both distinctiveness and trustworthiness may suffer, if obtained consumer attention is mismanaged (Hanna et al., 2017).

Unlike other sectors – for example, the automobile or pharmaceutical industries – innovations in tourism are not noticeably embedded inside existing corporate structures. Rather, innovations in tourism are to a greater extent associated with external collaboration and with entrepreneurship (Hall & Williams, 2008). Commonly, the search for, the discovery and creativity, the experimentation and the development of products and services take place in association with recently started firms or through networks for which the tourism aspect represents a new business strategy (McLeod & Vaughan, 2014; Komppula, 2014). The tourism sector is highly volatile with many start-ups and closures, and this dynamic partly explains the ongoing restructuring of tourism and the emergence of new products and services (Kozak, 2014). Knowledge needed for the innovative processes is shared with many actors and flows across sectors, and, as shown in this chapter, not the least upstream to and from suppliers.

In *Innovation and Entrepreneurship*, Peter Drucker (1985) elaborates on the various sources of innovation. Drucker finds that during an innovation process, actors search consistently and purposefully and are organized for changes in the surrounding environment. Innovations exploit changes. His approach and examples demonstrate the existence of a range of external factors that may promote an innovative activity, and which open new profitable niches.

- **The unexpected:** For example, a success or a failure that can be enhanced. The first Icehotel in Sweden was based on the unexpectedly positive feedback of guests who happened to spend a night in an igloo, which was – reluctantly – provided for them.
- **Incongruence:** Misunderstandings about the customers' needs and preferences. For example, tour operators believed that travelers invariably want extensive service packages, luxury and relaxation. That made room for contrasts to luxury: 'back to basics' and 'rough adventure trips'.
- **Process need:** Sometimes it becomes necessary to break routines and invent new modes of operation. For example, congestion on roads and in festivals has led to electronic traffic control and crowd management systems, and (potentially) the saving of energy, as well as higher customer satisfaction.
- **Industry and market structure:** Refocused political agendas lead to changes in industry and market structures. Future climate agendas will continually influence the operations of fuel-intensive airlines and cruise ships and challenge the business models in these and other subsectors of tourism.
- **Demographics:** It is recognized that demographic changes affect the nature of tourism. For example, an increase in the average age of tourists shifts the demand patterns. But demographics that are important for sustainability issues also include changes in education, employment status, income distribution etc.
- **Changes in perceptions:** Changing consumer perceptions require industries to adapt. Tourists are influenced by public and peer opinion in terms of what tourism destinations are worthwhile to visit. For example, the perception of destinations such as Bangladesh and the Arctic/Antarctic are shifting from 'no-go' places towards an image as destinations to visit as a last chance before they sink into the sea.
- **New knowledge:** Technical and scientific knowledge is often regarded as a prime source of innovation, and indeed is essential in many respects. Achievements from hardcore scientific research will, however, often only indirectly affect tourism, as they will be embedded in supplies and machinery.

A concise understanding of what drives the development of tourism will have to take into account not one of these factors, but all of them. Drucker's point is that