

**ИНОВАЦИИТЕ В ТУРИСТИЧЕСКИТЕ ФИРМИ КАТО ИНСТРУМЕНТ ЗА
ИЗЛИЗАНЕ ОТ ПЕРИОДИ НА ИКОНОМИЧЕСКА КРИЗА**

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**INNOVATIONS IN THE TRAVEL COMPANIES AS TOOL FOR OVERCOMING THE
ECONOMIC CRISIS**

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ABSTRACT

Subject of analysis of this paper are the types of innovations applied to financial stabilization of tour operators and travel agencies. The work examines the implementation stages of innovative methods and tools, the assessment of the innovative solutions, the financing and marketing of innovations, the use of the innovation networks and the role of foreign languages and cultural differences for the development of new tourism products. Specific innovative solutions in compliances with the latest requirements of the travel market are suggested in the paper.

Keywords: innovation, tour operator, travel agency

The contemporary international tourism industry is developing in a complex political, economic and intensifying competitive environment. According to data of the World Tourism Organization (WTO), despite some crisis phenomenon (war, terrorism and natural disasters), the international travel and tourism income recorded positive annual growth. The main objective of the tourism development is promoting competitiveness and efficiency of the tourism sector through the optimal use of available natural and anthropogenic resources in accordance with market requirements and consumer expectations for sustainable tourism development. For this purpose it is necessary to continually take innovative solutions to create competitive tourism products. Innovation creates advantages that can easily be used in times of recession, as a resource for survival. During economic crises the customer needs and expectations changes rapidly, there are rapidly changing competitors, while technology and regulations change more slowly. The speed of the global and dynamic market is slowing during the recession. All this creates more opportunities for innovation than under normal conditions. In this way the crises can encourage innovation. Innovation can reduce production costs, create new markets and increase competitiveness. Additionally, innovations can increase the yield or stop the lowering of profits. They help to create new jobs or preserving existing at a constant level. Therefore innovation is the main approach to the crisis exit.

The definition of innovation proposed by the Organization for Economic Cooperation and Development (OECD) and the European Commission (EC) Directive for gathering and interpreting information innovation (Oslo Manual) is the following: An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. The

minimum requirement for an innovation is that the product, process or marketing method must be new (or significantly improved) to the firm. This includes products, process or methods that firms are the first to develop and those that have been adopted from other firm organizations.¹ A common feature of an innovation is that it must have been implemented. A new or improved product is implemented when it is introduced on the market. New process, marketing methods or organization methods are implemented when they are brought into actual use in the company's operations. Innovation activities vary greatly in their nature from company to company. Some companies engage in well-defined innovation projects, such as the development and introduction of a new product, whereas others primarily make continuous improvements of their products, processes and operations. Both types of companies can be innovative: an innovation can consist of the implementation of a single significant change, or of a series of smaller incremental changes that together constitute a significant change. An innovative company is one that has implemented an innovation during the period under review.

The following changes are not innovations:

- Ceasing to use a process, a marketing method or an organization method, or to market a product, even if it improves the firm's performance;
- Changes resulting purely from changes in factor prices;
- Regular seasonal and other cyclical changes.

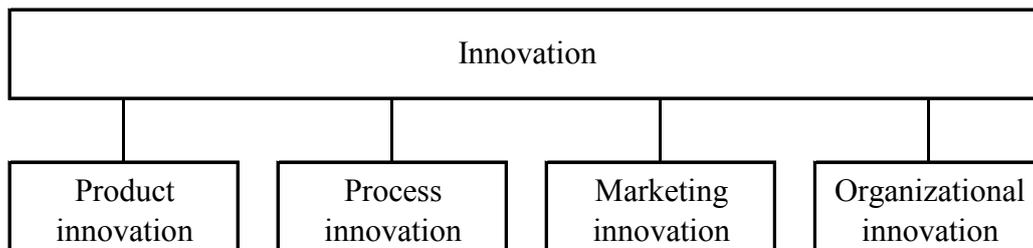


Fig.1 Innovation types

The basic types of innovation are:

- Innovation of products

The product innovation is the introduction of a good or service that is new or significantly improved. The market is analyzed for the detection of market niches in it. The market is observed on the availability of products and services with higher quality and lower price. Looking for the reasons that give rise to frustration in some of the clients and that would attract new customers. The development of new product and its offering in times of crisis is too risky. But crises have certain duration. After their completion sales of products and services are increasing. At this time a new product significantly increases its advantages compared with older products of the competitors.

- The process innovation is the implementation of a new or significantly improved production or delivery method. This concept implies significant changes in techniques, equipment and/or software. The process often takes a lot of resources such as time, human capacity, electricity for which are necessary financial resources. The goal in this type of innovation is to make processes more efficient, to save money, time, or to provide services with higher quality.

- The marketing innovation is the implementation of a new marketing method involving significant changes in design or packaging, placement, promotion or pricing of a product. Grow in importance to find new ways to reach clients. Is necessary to know the needs of customers and to advertise products and services in an innovative way, so as to reach the target market segments. Should be known cultural differences of potential customers to develop an appropriate marketing strategy and remarketing.

- The organizational innovation is the implementation of new organizational methods, such as changes in business practices, organization of the workplace, the company's relationship with the outside. The crisis' period opens opportunity for organizational innovation. There is enough additional time to analysis of the structure, intellectual capital, skills and research resources. This period is appropriate for changes in the staff of the company and dismissal of employees who have insufficient competence.

The innovation is a continuous process. For the creation of a targeted program and strategy for innovation establishing have to be taken four steps.

Step 1 - A realistic assessment of the situation - definition of symptoms, assessment of customers and competitors.

Step 2. Identification of the omissions and problems in the company and taking steps to resolve them. Innovation in the company depends on four main components: resources, infrastructure, culture and process. Company resources, except personnel and finance include: intellectual property, access to information, technological capacity, time, clients, suppliers and financial reserves.

Step 3. Drawing up the plan for the change, persuading the staff about the benefits of innovation and involvement of all employees in it.

Step 4. Implementation of innovation gradually and with the participation of all employees.

In the innovation process key players and components are: the human resources, the scientific excellence, the investors, the legal and regulatory environment, the facilities and the infrastructure.

The human resources are the main prerequisite for the development of the innovation process and for the successful operation of a company. The process of creating and successfully implementation of an innovation is mostly creative. The human factor in the innovation process consists the following elements - creative thinking, creative work environment, teamwork, system for continuous training and acquiring new knowledge.

The scientific achievements which benefit on innovation are created in research centers, universities and specialized companies to develop the relevant industry-specific software products and new technologies. In the tourism industry the global companies developing reservation systems are Amadeus, Sabre and Travelport, whose market share in December 2013 is given in figure 2.

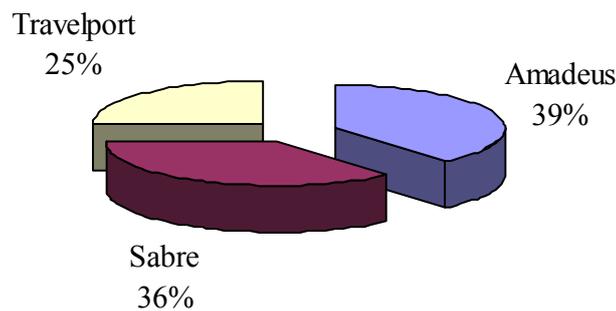


Figure 2. Global Air Market Share

In order to create innovation are required enormous financial capital therefore only part of small entrepreneurs, researchers and even universities have the opportunity to ensure funding for the implementation of the overall process of development of an innovation. There is a need of wider access to financial resources - venture capitalists, bank lending, other financial institutions and

instruments, developing of public-private partnerships, public funding for innovation, so-called business angels and others.

The legal and regulatory environment is responsible for creation of favorable conditions for the establishment of innovations for infrastructure development, to the promotion of the financial sector to participate in the innovation process, to support the development of research and technology. For example, the specifics of the the tax legislation could lead to the attraction or withdrawal of capital. Unlikely innovations to develop in places with relatively cumbersome administrative procedures regarding small and medium enterprises and employment. In addition to this lack of incentives for investment in innovation is also a major obstacle to the creation and development of a successful innovation system. Unfavorable legal and regulatory environment is extremely harmful to small businesses, such as travel agencies and tour operators.

The material base as a key element for creating innovation in tourism include:

- accommodation facilities - hotels, motels, hostels, guest houses, family hotels, rooms, villas, bungalows, camping, swimming pools, water slides and entertainment facilities, holiday resorts;
- dining experiences and entertainment - restaurants, fast service, pubs, cafes and bars;
- cultural resources - museums, galleries, monuments, old quarters of cities, villages with specific design etc.;
- tourist information centers, travel agencies and tour operators.

The accessibility to tourist destinations and historical attractions is determinative for the development of the tourism industry. The tourist infrastructure includes:

- street lighting and electricity network in the resorts,
- marinas and their equipment,
- mountain transport - ski lifts, cable cars,
- internal transport and sports facilities in tourist complexes
- polyclinics in the resorts and others.

The tourist infrastructure is divided into:

A/ Technical infrastructure - energy system, reservation system, water and sanitation, road transport system;

B/ Production infrastructure - shops, workshops;

C/ Social infrastructure - health, security, animation;

D/ Environmental infrastructure - environmental protection.

In conclusion, in economic crisis, market conditions change. Customer needs and expectations change rapidly and competition, technological and external regulatory environment change more slowly. In such conditions appear niches. This gives new opportunities for innovation and is a prerequisite for the creation of new tourism products and increase competitiveness of travel agencies and tour operators. The benefits of innovation are: entry and establishment of new markets, increase market share, increase profits and reduce costs, create new jobs and boost competitiveness.

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