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STRATEGY AND INNOVATION FOR A NEW TOURISM ENVIRONMENT OUTSIDE COMPETITION

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ABSTRACT

The present study attempts a bibliographical recording of the changes implemented focusing on technological developments, knowledge, innovation and cooperation as well as competition regarding tourism and hospitality enterprises. It is an approach from the perspective of Strategic Management, whereas references are made to the changes brought about by technological developments, innovation and internationalization of innovation in strategic management of tourism enterprises. This paper attempts to present a comprehensive collaborative value chain with focus on knowledge and innovation. The operation of tourism enterprises in environments outside competition is studied as well, e.g. blue ocean environments, obtaining value innovation.

INTRODUCTION

Strategic management through the holistic perspective it offers to an organization, is undoubtedly a process that will be implemented even more in future tourism enterprises. Future tourism enterprises that will adopt the strategic management processes will still focus on the creation of advantages and avoid disadvantages for the benefit of their business. On a theoretical level, strategic management surpasses its narrow and rigorous theoretical model. Determinants of the external macro-environment, which will further affect strategic management, are communication and information technology and the constantly changing international globalized environment. Knowledge management, innovation and technology in the international competitive environment require a complex strategic approach by modern tourism organizations. Respectively, in both theoretical and operational level, strategic management is influenced by knowledge management and the obtainment of benefits for businesses through advanced synergies and partnerships even through competitors, to create cooperative advantages, whereas the future belongs to enterprises operating outside competition. The unpredictable and constantly changing external environment can dramatically affect the viability of a tourism

enterprise in the future, making imperative the development of scenarios. Enterprises should quickly understand the fundamental conditions of the changes they have to deal with, considering the opportunities and threats for each scenario in order to make each time the right decisions that will ensure not only sustainability but also profitability of organizations (Georgopoulos, 2013).

Information and communication technologies

In this context, the information and communication technologies make it possible for a tourism company to facilitate intra-corporate collaboration and communication between departments and human resources (Poulis, 2011). The information and communication technologies will allow not only the development, the analysis and the storage of information and data, but also the creation of new knowledge, helping to obtain a competitive advantage (Buhalis, 2003; Buhalis *et al.*, 2007 and Eraqi, 2006). This is true since the adoption and implementation of information and communication technologies will greatly enhance a company's ability to make good decisions, to analyse the level of competition, to implement appropriate marketing strategies and to design and deliver products and services that meet the needs and desires of consumers (Eraqi, 2006). The use of social media, the broad use of smartphones- tourism applications, the deployment of RFID systems, the volume and

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the data transfer via cloud technologies and the Big Data analyses, the Business Analytics and Data Science prevail in all operations of Strategic Management of tourism enterprises. According to Andriotis several authors, such as McFarlan, Thurlby, Connolly and Olsen, consider that information and communication technologies can create competitive advantage and establish competition (Andriotis, 2004). In particular the internet is the technological development that decisively influenced the perception of the five forces of Porter on tourism, since it redefines the conditions of competition in the modern environment (Buhalis, 1998). Since information constitute essential element of tourism businesses, it is understood that these technologies are able on their own to offer competitive advantage. The information and communication technologies transform the strategic management operations as well as the strategic position of tourism enterprises affecting efficiency, diversification, operating costs and response time (Buhalis, 1998).

Internationalisation and knowledge-based view

Innovation is an important factor in obtaining competitive advantage, can be achieved through a company's internationalization process, due to intense competition or even new opportunities provided to organizations in the business environment (Zahra, 2009). In order for the extension of an enterprise to be successful, the latter has to determine the values of the stakeholders, their mission and their competitive points, while it also needs to identify those factors in the external environment that are necessary to enable the enterprise to respond to the values and the mission of stakeholders (Hoffman, 1990). The innovative products/services of an organization are used in new markets whereas the contact of businesses in the new environment allows them to acquire new information, knowledge and skills, which will prove to be useful later in creating and delivering innovative products/services. Organizations have explicit and implicit knowledge. Tourism businesses seek to transform individual knowledge into a more collective organizational basis to the benefit of the enterprise (Demarest, 1997). The above arise from the knowledge-based approach, according to which both the creation and the use of new knowledge constitute two acquisition sources of competitive advantage (Zahra, 2009). Tsai referring specifically to the tourism business, states characteristically that the knowledge-based approach emphasizes the flow of new knowledge acquired, transferred and integrated to enrich and alternate the stock of knowledge of the tourism business (Tsai, 2015).

Connecting this theory with the resource-based theory, we can conclude that the resources and capabilities of one company providing it a competitive advantage can also help it expand to new markets. Consequently, the knowledge an enterprise acquires through its internationalization process is associated with its resources. This is supported by the fact that the resources of a company do not constitute by themselves a source of acquisition of competitive advantage, unless they are related to knowledge and skills (Camisón, 2010). The transformation process of existing knowledge (explicit or implicit), the extraction and use of new knowledge to create organizational knowledge to obtain competitive advantage is called Knowledge Management. Knowledge Management has been examined by several theoretical experts and researchers (Argyris, 1992; Buhalis, 1998; Demarest, 1997 and Grant, 1997).

Cooperation and co-opetition of tourism businesses in the new innovative environment

Several theoretical experts and researchers of strategic management deal with the need for cooperation between businesses to gain competitive advantage. Cooperation between businesses takes place mainly in terms of supporting activities of tourism enterprises. While it is either implemented horizontally between companies of the same value system which are often competitors or vertically between companies with different value systems, that is cooperation between suppliers, customers, owners (Buhalis *et al.*, 1998 and Evans, 2005). An advanced form of cooperation is co-opetition that overturns the theory of Porter, in terms of winning the competitive advantage over competitors (Dadiotou, 2002; Porter, 1980). Although the concept of co-opetition has been introduced since 1993, its value was perceived only decades later with the globalized organizations and the local businesses to create co-opetitive schemes. Co-opetition is the strategy that combines cooperation with competition with the aim to increase market shares and to claim this by creating or maintaining the competitive advantage of a company, with a view to increase the added value of the market (Buhalis, 1998; Mallerou, 20006). Co-opetition applies to tourism businesses where the bad competitor causes considerable damage not only to his own business but also throughout the destination to which the negative customer experience will be extended (Dadiotou, 2002). For this reason, several tourism enterprises have proceeded to human resource training actions to make profit of economies of scale and cost reduction as well as to the creation of local quality pacts and institutions for common promotion of competitive enterprises (Dadiotou, 2002). The concept of cooperation in combination with innovation and new technologies has penetrated horizontally every structure such as in economy level (sharing economy), in governance level (smart cities) and more. Therefore, it becomes clear that the new cooperative forms mean to change any of the management approaches to date. The context of collaborative strategy was initially, as a collective strategy (Astley, 1984 and Astley 1982), while subsequent works refer to it as shared meta-strategy (Huxham, 1992 and Huxham, 1993). As a collaborative strategy, a common definition is required between the businesses of vision and the long-term objectives, designed to address common problems.

In combination, the theories relating to knowledge-based management and the principles of collaborative strategy (Wang, 2005), demonstrated the knowledge value chain, may be implemented to e-business enterprises (Katsanakis, 2012). This framework applies to modern tourism enterprises since the vast majority of them mainly use e-business methods. The knowledge value chain consists of (Katsanakis, 2012).

- Creation of new knowledge, which arises from the collaboration and the participation to virtual networks of organizations.
- Knowledge identification with search and discovery of information and knowledge in the context of cooperation.
- Acquisition of knowledge within the context of collaborative virtual networks of the organizations involved in the cooperative scheme.
- Circulation and sharing of knowledge through collaborative virtual networks

- Re-development of the acquired knowledge and use of knowledge generated or exchanged under the cooperation.

The table below provides a schematic view of the theory described.

principles of the Blue Ocean Strategy on the phase of modulation are the establishment of market boundaries, the focus in the wide picture, the approach out of the demand and the correct change of the selected strategies. Whereas in the period of implementation the principle followed is the avoidance of organizational barriers, which will be identified

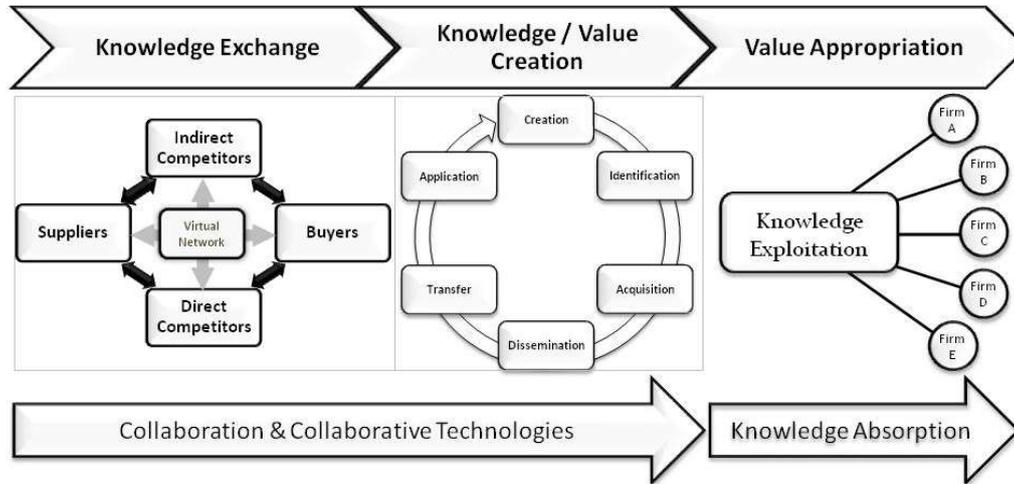


Figure 1. C-Business & Co-opetition Framework

Tourism enterprises without competition to create value innovation

The tourism and hospitality enterprises' sector as already analysed in this paper constitute in principle a space of business competition and small profit margins. In the context of the business strategies examined, modern tourism enterprises seek appropriate strategies to provide them competitive advantage (Porter, 1980). All tourism enterprises operating in highly competitive markets, whose life cycle is waning, are businesses that their environment is characterized as "Red Ocean". The contrary business environment is the "Blue Ocean". The Blue Oceans Strategy is not focused on addressing the competition as conventionally did until now the business strategies we examined, but rather cancel the competition, seeking to create value in new markets through the generation of Value Innovation (Demarest, 1997). The aim of tourism businesses wishing to operate in Blue Ocean environments is to combine innovation and usability, low price and low cost, focusing on both value and innovation. Effectively, tourism businesses seek to achieve differentiation and low cost simultaneously, however out of the concept of focusing on a niche market and rather adopting the concept of creating a new market. Tourism businesses that create Blue Ocean enjoy first mover advantages (Athanasiou, 2009). It is creation, not strategy setting, which in fact requires enough imagination and thorough analysis and can be found in several start-ups.

The Blue Ocean and Value Innovation Strategy seeks to gain a market share where competition is indifferent without the substitution of cost with value, whereas the whole business structure is inspired by the search for value innovation in every action, the search for diversification with low cost based on a reconstructionist view (Chan, 2005). On the contrary, the operation of tourism enterprises in a conventional competitive environment as the one of the "Red Oceans" makes profit of the existing demand, substitutes the cost with value and chooses to adopt business strategies, either of differentiation or of low cost, based on a structuralist view (Chan, 2015). The

later through the adoption of implementation in the strategy (Athanasiou, 2009). Several start-ups seeking the Blue Ocean use a range of tools such as the Strategy Canvas, the Four Actions Framework and the Eliminate-Reduce-Raise-Create Grid (Chan, 2012). Value innovation through the cost advantages it creates and the acquisition of large market share prevents the entry of new enterprises, thus creating a natural monopoly and unclaimed market space. According to research conducted by Yang, the features that create the "Blue Ocean" in the hotel sector are the perceptions of visitors in terms of value, the value innovation, the development of new market segments, the branding and re-branding of a hotel enterprise and the creation of a hotel with unique atmosphere and environment, the regulation of distribution channels, the establishment of strategic alliances and last the reduction of costly room services that can be eliminated (Yang, 2010). According to the same survey, hotel owners should develop pricing policies based on demand in combination with a product development strategy based on the amenities offered. For the improvement of organizational effectiveness of hotels, new revenue management methods should be adopted by them based on the identification of changes in the demand of visitors (Yang, 2010). Customized pricing should be available for differentiated market segments.

Modern hotels that wish to operate in a Blue Ocean environment should create unique customized products and services for their customers combining culture, gastronomy of the area, through which they will strengthen their position in the international tourism market. While on what concerns the destinations for the creation of Blue Oceans, he highlights the elimination of restrictions to attract foreign investments, the elimination of barriers to travelling to the specific destination (visa issuance etc.), the creation of national, inter-regional and transnational brands and packages (Yang, 2010). According to Smith, as an approach of the strategy of "Blue Oceans" in the accommodation industry are considered also boutique hotels. Despite the fact that they present a variation as products requiring low-cost effort, their small size, their operation within the framework of existing competition and the market

share they target itself (family, business trips) do not render them Blue Oceans. The area where the Blue Ocean could Strategy be implemented is the one of the economy of shared accommodation and in particular through the Airbnb application. Using the said application, each private house through an innovative, diversified and low cost method, is a potential hotel building. The rapid and global expansion of the economic phenomenon of sharing economy does not allow the operation of another competitor and has created a standalone market share of tourists, who choose this way of accommodation (Smith, 2014).

Conclusion

The new environment in which tourism enterprises have to operate highlights significantly the importance of Strategic Management from the perspective of innovation and technological developments as concerns the tourism sector and tourism enterprises. The new tourist-consumer cannot be manipulated, is rather the one who chooses, has direct access to information and interacts with the environment. Innovation and new technologies are changing every aspect in the value chain of modern cities and tourism organizations. The new environment requires organizations to establish new corporate governance, new management methods, new approach of the customer and new dealing with competition. The changing and evolving environment requires continuous re-planning and feedback using scenarios. The new corporate models adopted internationally have overturned any traditional relationship of owners-hoteliers, customers-tourists, tour operators, OTAs-agents and suppliers, generating complex investment schemes, thus creating business networks. The concept of cooperation is now also extended horizontally to partner and supplier level. Traditional strategies focusing on the company itself have now been replaced by network strategies, since competition at the time is held between networks of enterprises and organizations rather than individual enterprises, enriched with a culture of value innovation.

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