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Ph.D. Dissertation

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Introduction:

Innovation, tourism and tourism research

The cultural, social and economic importance of the phenomenon of tourism increased rapidly during the second half of the 20th century (Holden 2000; Weaver and Oppermann 2000) and tourism has become a significant expression of human activity (Salah 1992) and one in which more and more individuals engage in more or less regularly. As an economic activity tourism is typically argued to be the largest and the fastest growing 'industry' in the world (e.g. Madeley 1996; Salah 1992; Weaver and Oppermann 2000). Though the economic benefits of tourism have been questioned (e.g. Britton 1991; deKadt 1979; Young 1973; Ascher 1985) and though its status as the largest 'industry' in the world is debatable (Lundtorp 1997) and mainly a status it has achieved through the claims of tourism organizations (e.g. WTTC 1993), the tourism academic society and the use and misuse of multiplicator models (MacFarlane 1995), it is generally acknowledged that tourism can play an important role in a nation's economy (Burkart and Medlik 1990). Apart from the quantitative development of tourism, for this study it is more interesting that the business of tourism is argued to be undergoing significant changes. It has, for example, been argued that globalization of tourists' and of tourism firms' activities (Wahab and Cooper 2001b; Buhalis 2001), the application of new information technologies (e.g. Sheldon 1997; Poon 1993; Werthner 1998; Buhalis 1997) and, not least, the development of new tourist demands and attitudes (Urry 1990; Poon 1993; Buhalis 2001; Claval 1995; Ioannides and Debbage 1998) have posed, and will continue to pose for years to come, new demands on, and bring new possibilities for, tourism firms, creating needs and opportunities for innovating new tourism 'products' (Buhalis 2001; Haywood 1998; Williams and Shaw 1998; Poon 1993).

Despite the cultural, social and economic importance of tourism and despite the needs and possibilities for innovation in tourism firms, such innovations have been subject to only limited research (Hjalager 1997a). Several reasons may be given for this. First, tourism

research is generally a relatively recent research array (Weaver and Oppermann 2000) and, while the first serious scientific textbook on tourism was published in 1942 (Hunziker 1942 - cited in Burkart and Medlik 1990), it was only in the beginning of the seventies that academic research seriously entered the field of tourism (Salah 1992) and today tourism research is still blamed for not being a strong and well acknowledged research area (Weaver and Oppermann 2000). The tourism sector has furthermore been perceived as an '*easy*', '*laid back*' (Poon 1993: 292) and low technology sector (e.g. Hjalager 2002) not needing much attention in subjects such as innovation. Additionally, difficulties in defining a tourism industry and distinguishing it from other economic sectors (Sessa 1983; Smith 1998; Leiper 1990b; Debbage and Daniels 1998: 25; Wahab and Cooper 2001a) and, not least, the difficulties in defining a tourism 'product' (Smith 1994) and of measuring innovations of such a product, which can often not be measured in number of patents (Erhvervsministeriet 1995), pose difficulties for research on innovations in tourism. Economic tourism research has furthermore focused on aspects in which traditional economic theory seemingly could be applied to the phenomena of tourism (Pearce 1992: 1-2) and has typically focused on estimating the importance of tourism in terms of financial and employment benefits while ignoring the harder to grasp aspects of tourism. Such a unidirectional flow of contributions from economics to tourism analysis (Gray 1982) can not capture and explain the particularities of tourism, and 'specialisms' such as tourism economics hinder more holistic approaches: "*Tourism is not merely a consumer/production phenomenon - an economic fact*" (Sessa 1984: 285). This means that e.g. the interrelationship between the 'industry', the consumer and the destination traditionally has been ignored (Sinclair and Stabler 1991: 4). Such an interrelationship is however essential. The 'product' of tourism is not a physical good like a washing machine but rather a hard to conceptualize experience (Burns and Holden 1995: 70). The role of the destination for the character of this 'tourism experience' is essential (Swarbrooke 2001; Cooper et al. 1993; Hughes 1998) and so is the role of the consumer due to an apparent co-presence of production and consumption of the tourism experience (Smith 1994; Sessa 1983; Swarbrooke 2001; Lehtinen and Lehtinen 1991; Crang 1997). Though innovation in tourism firms has recently gained a slowly growing consideration from researchers, most of this research has ignored the existence of a tourism experience, it has focused excessively on the development and application of information technologies in tourism firms (e.g. Sheldon 1997; Werthner 1998-; Buhalis 1997, 1998) and has thus mainly

focused on innovations related to management, marketing and distribution. Innovations of tourism experiences have, on the other hand, received very little focus, perhaps as a consequence of the hard to conceptualize character of tourism experiences. Such tourism experience innovations are, however, essential as the changing demands and preferences of tourists induce new or changed demands for such experiences.

The relatively few studies on innovations in tourism have indicated a high diversity of tourism firms' innovativeness between countries (Pérez and Llaudes 2001). On the one hand, some tourist destinations, regions and even countries have renewed, improved and diversified their offer, e.g. a number of Spanish destinations (e.g. Fayos-Solá and Bueno 2001; Pérez and Llaudes 2001). On the other hand, e.g. Danish tourism firms are claimed to be non innovative (Jensen et al. 2001) just as is the case of tourism firms of the British Coastal Resorts (Shaw and Williams 1998). This is argued to be the result of the general small size of the tourism firms in those destinations and larger tourism firms are generally claimed to be more innovative than smaller tourism firms (e.g. Jensen et al. 2001; Hjalager 2002). Innovations in tourism have, in this way, straightforwardly been claimed related to the size of tourism firms. A generally hypothesized firm size-innovation coefficient dating back to Schumpeter's (1947) statement that innovation is the stronghold of large firms has been taken for granted as valid also in tourism. Such a relation is at the general level debatable (Shan et al 1994: 387). Moreover, certain studies on innovations in tourism have contradicted the relation between size and innovativeness and have identified highly innovative small tourism firms (Ateljevic and Doorne 2000) thus questioning the validity of the hypothesis also in the case of tourism firms. More importantly, such a focus on size ignores the more complex processes of innovations and the factors determining them. In general, there has been little analytical tourism research providing explanations for processes, their causes and effects (Sinclair and Stabler 1991: 4). However, innovations are generally acknowledged to be the result of complex processes (Fischer 1999; Asheim and Cooke 1999) rather than 'simple' outcomes of the personal creativity of entrepreneurs (Schumpeter 1961) or of R&D carried through in large firms (Schumpeter 1947).

Such processes of innovations are in the innovation network theories argued to occur in networks between firms rather than within firms (e.g. Håkansson 1987c; Biemans 1992;

Easton 1992b; Ahuja 2000; Gulati 1998). Such innovation networks may consist of a variety of relations, formal and informal, among different firms. They are considered a more stable organisational form than market relations but more flexible than the internal organization (Tödtling 1995: 175). They are therefore typically referred to as 'something' in between the market and the hierarchy (e.g. Küppers 2002: 32; Håkansson and Snehota 2000: 80-81). Processes of innovations supported by, and taking place in, such innovation networks consist e.g. of information transfer (Dyer and Singh 1998: 665), learning (Fischer 1999: 14) and the coordination of production and product development activities (Holmen et al. 2004; Håkansson and Snehota 2000). Interaction in networks is therefore argued to provide firms with information, learning and other resources considered necessary to innovate, and networks are, thus, argued to be a central determinant for the innovativeness of firms. However, while innovation networks may provide important innovation benefits, different industries may be characterised by dissimilar networks that provide innovation benefits to varying degrees (Rowley et al. 2000; Ahuja 2000). As tourism firms can be observed to be interconnected through a variety of relations constituting networks supporting the production of tourism experiences (Bærenholdt et el. 2004; Tremblay 1998; Framke 1996), the arguments on the importance of innovation networks become interesting in the analysis of innovations in tourism firms. Innovation networks have in a globalized world furthermore been argued to be highly localized within localities (e.g. Camagni and Capello 2000; Amin and Thrift 1992; Storper 1995; Coe and Townsend; Maskell and Malamberg 1999; Amin and Williamson 1999). Such local networks are typically argued to be cost effective (Camagni and Capello 2000: 119; Lawson and Lorenz 1999: 306) and to be the most advantageous networks when it comes to information transfer and learning mechanisms (Maskell and Malamberg 1999; Coe and Townsend 1998). At the same time, global networks are argued to complement the local networks and to provide additional external information and learning benefits (Capello 1999: 359; Oinas and Malecki 1999: 10). The result is a combination of local and non-local networks which is argued to help firms stay innovative (Oinas and Malecki 1999; Asheim and Cooke 1999; Amin and Thrift 1992; Castells 1996). However, different industries may be characterised by different geographical organisations of such networks that consequently may provide dissimilar innovation benefits (Oinas 2000; Amin and Thrift 1992). In the case of tourism, the geographical characteristics of networks become interesting as networks of tourism firms may exist locally within tourist destinations where tourism firms are

agglomerated (e.g. Milne and Ateljevic 2001; Hjalager 2000; Tremblay 1998; Framke and Bærenholdt 2000) at the same time as the networks are highly non-local, international and even global in their nature (Tremblay 1998). The networks of tourism firms could, as such, be examples of networks incorporating the benefits of local and global networks and they could be hypothesized to be of central importance for innovations in tourism firms. The spatial character of tourism makes it the 'natural milieu' of geographers (Stabler 1991: 15) and this is expressed in the geographically organized innovation networks of tourism firms. Tourism firms' networks have, however, not been an aspect of interest in tourism research, neither for economists nor for geographers. Though the network concept is often used by tourism professionals and by tourism researchers, it is mostly used as an easy going 'buzz-word' (Lynch 2000) and the networks of tourism firms have barely been taken seriously in relation to innovations in tourism. Therefore, the geographical characteristics and the innovation benefits of networks of tourism firms are not well documented. This thesis seeks to address the importance of such innovation networks for innovations of tourism experiences.

Research question

The above observations have lead to a delimitation of the research subject. The role of tourism experience innovations and the possible central role of geographically organised innovation networks for such innovations have been emphasized and it has been argued that an understanding of these aspects has not yet been established. This thesis addresses these aspects and its research problem is therefore formulated as follows:

> What is the role of geographically organised innovation networks for tourism experience innovations?

Derived from the above discussions and for the purpose of answering this research question, four sub-questions will be dealt with more or less separately throughout the thesis. As indicated in the above, the 'product' of tourism may be perceived as an experience rather than as a physical product. As further indicated, the concept of the tourism experience has received very little focus in tourism literature and so have consequently the concept of tourism experience innovations and possible types of such innovations. The first sub-question therefore centres the attention on how these concepts may be perceived so as to also provide a

conceptual basis for answering the main research question:

> Sub-question 1: How can the innovation concept be understood in relation to the product of tourism perceived as an experience?

It has, in the above introduction, superficially been indicated that the 'business of tourism' is undergoing certain changes which call for innovations in tourism firms. The second sub-question deals more specifically with the importance of such innovations in tourism firms when considered as tourism experience innovations of different typologies so as to also further indicate the importance of understanding how such innovations come into being:

> Sub-question 2: What is the importance of such tourism experience innovations?

While sub-questions one and two seek to establish an understanding of the character and importance of tourism experience innovations, the following sub-questions deal specifically with the importance of innovation networks for such innovations. As has been indicated in the introductory discussion, innovation networks may provide firms with different important innovation benefits depending on industry specific characteristics and depending on the geographical organisation of innovation networks. Tourism research has barely taken this into consideration. The third sub-question will centre the attention on these aspects aiming to gain an understanding of the geographical characteristics and the innovation benefits of tourism firms' innovation networks. The particular characteristics and benefits of tourism firms' innovation networks when seen in the light of the characteristics of tourism experiences and tourism experience innovations are thus addressed:

> Sub-question 3: What are the geographical and functional characteristics of tourism firms' innovation networks?

While sub-question three will focus on the characteristics and the innovation benefits of tourism firms' innovation networks, the last sub-question will bring together the considerations of all of the former sub-questions and relate them to the overall research

question. The last sub-question therefore questions the influence of geographically organised innovation networks in tourism considering the character and importance of tourism experience innovations, the characteristics and benefits of tourism firms' innovation networks and the relation between tourism experience innovations and the tourism firms' innovation networks:

> Sub-question 4: How do such geographically organised innovation networks influence innovations of tourism experiences?

The research problem and its sub-questions will be discussed through the analysis of a case study of tourism experience innovations in the province of Malaga, Spain. The choice of method and its methodological grounds, details and implications are dealt with in the following chapter.

Outline of the thesis

Chapter one will discuss the methodological approach of the thesis. The reasons for the choice of method, its details and its implications will be outlined and discussed.

Chapter two will seek to approach an understanding of the 'product' of tourism. This product, the tourism experience, will be defined and delimited. The conceptualisation of the tourism experience further serves to conceptualise tourism experience innovations as well as to discuss such innovations' contemporary characteristics and relevance, which will also be done in chapter two.

Chapter three will discuss theoretically innovation networks and, in particular, information and production structures of the networks and their benefits as well as their limits in relation to innovative activities. Subsequently, by combining general tourism theory, wearing the 'network glasses', with the information and production innovation network theory, the innovation networks will be seen in the light of the particularities of tourism firms and of tourism experiences.

Chapter four will introduce the geographical aspects of the information and production

innovation networks. Agglomerations will be considered the setting for local networks. The generally hypothesised benefits of local and non-local networks will be considered and reconsidered critically. As in the former chapter, those geographically organised networks will consequently be seen in the light of the particularities of tourism firms and of tourism experiences.

Chapter five will present the empirical study in the light of the theoretical discussions of the former chapters. It will eventually introduce an additional set of new considerations on the innovativeness of tourism firms in an explorative fashion.

Finally, the concluding chapter will bring to a close the thesis concluding on the theoretical as well as the empirical issues.

Chapter 1

Methodological Issues

The following chapter will discuss the methodological issues of the thesis and will describe the research design understood as the logic that links the data to be collected and the conclusions to be drawn to the initial questions of the study (Yin R.K. 1994: 18). Tourism research has been blamed for lacking the tenets of 'good science' and particularly qualitative tourism researchers have often failed to explain how and why their methods are sound (Decrop 1999: 157; Riley and Love 2000). While such statements may not count in particular for tourism research, but for other research areas as well, the following seeks to provide a sound explanation of the research method applied in this thesis. The research method is based on a qualitative case-study approach which combines inductive and deductive thinking and where theory is a mean for understanding the observed rather than the observed is the mean for creating or testing theory. As argued in the following, considering the research area, subject and question, this seems to provide a convenient approach for analysing the research question.

The research subject and the choice of method

In tourism research, anthropologists and sociologists have been turning to qualitative methods of investigation whereas this has less been the case for tourism researchers from economy, geography or marketing (Decrop 1999: 157) where positivism has been the dominant paradigm (Riley and Love 2000: 180). Statistical methods may be argued to have been prevailing because the 'tourism industry is about generating dollars' and qualitative research may be perceived to be less able to translate its findings into practices that affect the bottom line (Riley and Love 2000: 182). However, because of the complexity of tourism and the blurred boundaries between tourism and its context, there may also be good reasons to turn to qualitative methods in such economic and geographical research areas of tourism (Decrop 1999). What approach to apply does, however, depend on the specific phenomena of interest.

In the case of the subjects of interest here - innovation and innovation networks - they have generally been analysed applying both statistical and qualitative methods of analysis of which both may be claimed to have advantages as well as limits. Whereas quantitative analysis of innovations and innovation processes may help to draw conclusions of statistical representativity, in order to be statistically representative such studies can only deal with a few dimensions of innovation processes. Processes of innovations can nonetheless not be operationalised through an accessible variable or by a clear functional relationship (DeBresson 1996: 8-9, 14). On the other hand, one of the forces of qualitative research is exactly its ability to encompass a variety of variables and their interactions. Qualitative research - and case studies in particular - can in this way best account for the multi-dimensionality of complex phenomena such as innovative activities (DeBresson 1996: 8). In the case of research on innovation networks both quantitative and qualitative research, including case studies, has been applied. Again, statistical methods may be argued to be capable of establishing statistically representative conclusions but must inevitably focus on a few dimensions of the networks, whereas qualitative research, and particularly the case study method perhaps, can provide more holistic interpretations of the networks. Qualitative methods, and the case study in particular, may further be argued to be suitable for the study of innovation networks as it allows to study a contemporary phenomenon that is difficult to separate from its context but must necessarily be studied within it (Halinen and Törnroos 2004: 2).

However, which method would be the best suited can not be determined at a general ‘tourism’, ‘innovation’ and/or ‘network’ level but must be considered in relation to the research question as the choice of research practices is not set in advance but will depend on the specific research situation and its context (Denzin and Lincoln 1998: 3). The research question of this thesis does not focus on establishing frequency or incidence relationships, e.g. a correlation between network size and innovativeness. The purpose of this study is instead to seek answers to questions on *how* and *why* networks influence the innovativeness of tourism firms and to focus on the processes of innovation. In order to answer such questions case study research is thought to be the preferred research strategy (e.g. Yin 1994: 1). The research questions must additionally be analysed in a contemporary real life context under conditions where there is no control over events and where the boundaries between phenomena and

context are not clear-cut, which substantiates the relevance of applying a case study method (Yin 1994: 1) as it constructs cases out of naturally occurring social situations (Hammersley and Gomm 2000: 2-3). This does not mean that other more statistically oriented methods could not provide information on additional or related research questions and could not - combined with the case study method - provide the benefits of methodological triangulation (Denzin 1970: 472; Zelditch 1970: 499-500). Additionally, compared to such methods, the weakness of the case study is the impossibility of creating statistically representative results. The case study method has, however, been chosen as the only method applied here. This has - given the time and other resources available - provided the possibility of going into depth with the case study instead of more superficially applying different methods.

Choice of case study method and the role of theory

The choice of applying a case study method leaves the researcher not only with one possible research strategy but with a variety of possibilities. In a first instance, a division can e.g. be drawn between *exploratory*, *descriptive* and *explanatory* case studies (Yin 1993: 5). This differentiation is more or less closely related to the purpose of the case study which may be to *provide description*, to *test theory* or to *generate theory* (Eisenhardt 1989). As an alternative to these purposes, emphasis could be placed on the purpose of *understanding the phenomenon observed* in the studied cases. In that sense, the goal is not to generate or to test theory by the means of a case study but to understand the cases by the means of a theory. Though boundaries are blurred between these categories of purposes, the aim of this study is to seek to explain which causes (innovations networks) produce which effects (innovations) and the approach is therefore basically one of an explanatory case study. While such explanatory case studies may be related to both the generating and the testing of theory, in this study the role of theory should first and foremost be seen as a mean of understanding the observed. As the distinctions between such purposes are blurred, the strategy applied here will additionally possess descriptive and explorative elements. At the same time, to provide a theoretical construct that helps understand a phenomenon being observed is also to generate a theory as well as to test it. The approach does, however, have an effect on the character of the research strategy applied and influence how the case studies are related to the theory.

It is often argued that the case study method necessarily must consist of a research strategy in

which the hypotheses of a previously developed theory are compared with the empirical results of a case study which confirms or rejects the theoretical propositions (Yin 1994: 31). Only the selection and construction of a conscious theoretical framework make it possible to state the assumptions necessary for conducting case studies (Andersen 1997: 30) as they help defining the research design, the data collection, and identifying relevant field contacts (Yin 1994: 27). In the case of research on networks it may be argued that, due to the complexity of such networks, the number of actors involved and the different possible types, purposes and outcomes of relations between the actors, the researcher should set limitations concerning the objective and scope of research, e.g. what aspects of the network to study in the first place, on which dimensions and levels. It may therefore be argued that a theoretical framework guiding the case study is the only way to handle the complexity of the network as it limits and identifies the theoretical dimensions to be analysed (Halinen and Törnroos 2004). The pitfalls of such a mainly deductive and theory testing case study are nevertheless argued to be that the development of a theory *a priori* causes 'theoretical sensitivity' to be lost because the commitment to a preconceived theory makes the researcher blind to other interpretations and defensive toward empirical evidence that contradicts his theory (Glaser and Strauss 1967: 46). A pre-developed theoretical template may therefore bias and limit the findings (Eisenhardt 1999: 536). Instead it is argued that explorative case studies must form hypotheses and a 'grounded theory' (Glaser and Strauss 1967). Data collection should start without any preconceived opinions about the studied phenomena and the researcher should not be aware of any answers to identified problems or even be aware of any interesting questions before starting the collection of data. In such a pure inductive approach, the case studies are 'a-theoretical' as they are analysed in a 'theoretical vacuum' and are not guided by hypothesized generalizations (Lijphardt 1971: 691). However, such pure inductive and hermeneutic case studies have been deemed an illusion (Hernes 1977) as all studies will at least implicitly be based on a model of interpretation: "*… any analysis of a single case is guided by at least some vague theoretical notions and some anecdotal knowledge of other cases*" (Lijphardt 1971: 691). In all phases of the research act the researcher is furthermore guided by knowledge, norms, rules, habits, the belonging to a specific research community etc. that reduce objectivity, lead him/her in certain directions, identifying specific aspects of a case while ignoring others and thus bias research. There are, as such, no objective observations (Denzin and Lincoln 1998: 23) and data is always socially constructed (Andersen 1997: 29).

Furthermore, one must necessarily have some kind of notion about what aspects of a chosen case to focus on as it is impossible to study e.g. the Chernobyl accident 'just like that' (Andersen 1997: 65). Finally, by collecting data while rejecting prior knowledge, the researcher risks wasting energy and efforts on rediscovering the already known and theorized and the originality of the research may this way be lost (Alvesson and Sköldberg 1994: 72).

Both pure deductive and inductive case study approaches are thus seen to have their limitations. They may, however, be argued to be purposeful for different research subjects. Depending on the research area, case studies not guided by a previously developed theory are primarily and most suitable in new research areas or in research areas for which existing theory seems inadequate, while deductive approaches are more useful in later stages of knowledge building (Eisenhardt 1989: 549). However, in most cases, the solution will not simply be either deduction and 'theory first' or induction and 'case studies first'. Instead "… *the closing of the gap between data and theory can begin at either or both ends (data or theory) and may often iterate between them … Rigid adherence to purely deductive or purely inductive strategies seems unnecessarily stultifying*" (Langley 1999: 694). It is precisely the data-richness of case studies that makes it possible to exploit in advantageous manners such an interplay. The combination of inductive thoughts and deductive testing of theoretical ideas should therefore be a central aspect of the case study method (Andersen 1997: 73, 134). Such a research process, which has been referred to as abductive, alternates between theory and data, elaborating both successively in the light of the knowledge that both bring (Alvesson and Sköldberg 1994: 42). In such a process, the researcher will 'jump into' an existing research trajectory, developing further and/or testing existing theories or parts of them, rather than initiating a completely new line of research. Researchers do not "… *start with a tabula rasa, as if social science begins with us. Rather we seek to place ourselves in a wider community of social scientists by taking the flaws of existing theory as points of departure*" (Burawoy 1991: 7).

Such an approach may be argued useful when analyzing innovations and innovation networks which belong to a group of dynamic phenomena or processes where time and change are important (Langley 1999): networks are dynamic and ever-changing (Halinen and Törnroos 2004: 2) and an innovation is not something that is but something that becomes. In studies of

such dynamic phenomenon, cause-effect relations are seen to be complex rather than straightforward. Whereas case studies typically take as a starting point the identification and analysis of a few variables - dependent and independent - and the causal relationships between them, this study belongs to a type where causal variables are not independent, making their independent contributions to an overall outcome (Becker 1992: 206, 208). Causes are, on the contrary, only effective when they 'operate in concert' (Ragin 1987: 208). An explanation of such cases consists of more complex interpretations of causal links, which are difficult to measure, and it implies complex interpretations of causal links beyond the scope of a single hypothesis (Yin 1981b: 107). The purpose is then not (simply) to test theory or to test hypotheses but to build theoretical explanations about complex links. In such cases where outcomes are the results of processes involving complex causal links, research can selectively take concepts from different theoretical traditions and adapt them to the data and/or take ideas from the data and attach them to the theoretical perspective: "… *we should not have to be shy about mobilising both inductive (data-driven) approaches and deductive (theory-driven) approaches iteratively or simultaneously as inspiration guides us*" (Langley 1999: 708).

The focus on dynamic phenomena with complex cause-effect relations therefore directs the research strategy towards a case study method which applies both inductive and deductive approaches iteratively. The theoretical state of the research area additionally indicates that such an approach is purposeful. Networks and innovations are not completely new research areas and more or less well developed theories explaining these phenomena exist. On the other hand, as described initially, innovation in tourism is a less developed theoretical area. Additionally, networks have rarely been analyzed in tourism research and even less have they been related to innovations. In this study, innovation network theories were not expected to be directly applicable to provide explanations of innovative activities in tourism firms without being adapted to the specific characteristics of the phenomenon of tourism and of tourism firms. This study can, as such, be seen as one that jumps into the research trajectory of innovation and innovation network theory but directs focus towards the particular setting of tourism firms. This means that flaws of existing theories were taken as points of departure and that a theoretical template was formulated before the case study was carried through. This theoretical template was developed by the inspiration of aspects dealt with by the industrial

network and the social network research traditions as well as from considerations on the geographical characteristics of innovation networks taken from general agglomeration literature. These flaws of theory were selected from - and combined with - considerations on the economic characteristics of tourism and of tourism firms. As such, the theory building is one of theoretical triangulation involving the use of several different theoretical perspectives in the analysis of the same set of data (Denzin 1970: 472; Zelditch 1970: 499-500). This selection was inspired (or biased) by my prior work as well as by work done in my nearest surroundings at the Center for Service Studies and the Tourism Research Centre of Denmark, both based in the University of Roskilde (e.g. Bærenholdt et al. 2004; Jensen 2001; Jensen et al. 2001; 2002; Framke og Bærenholdt 2000; Framke and Sørensen 2003; Sørensen 2001, 2002). However, as the purpose of the theory has been to provide an explanation of the observed rather than the observed being a mean to test theory, the initial theoretical template was constructed as an open-ended one, without stating any clear and specific hypotheses. Additionally, the carrying through of the case study was done bearing in mind other theoretical aspects - including rival theories - though these were not explicitly formulated in the original theoretical template. As a consequence, and as will be described later, the theory was further developed during the analysis of the case study so as to provide an understanding of the complex relations that the data indicated. This process can best be described as one of combined induction and deduction, as data inspired the development of theory which was constantly 'tested' with the data. Focus was, however, mainly fixed on innovation networks and on innovation network theory. The case study can therefore not be considered a purely explorative one. It did, nonetheless, have explorative elements, and considerations on alternative explanations are included in the final part of the case analysis. As the theory is considered a tool for understanding the observed, and because of the complexity of the phenomenon being observed, the theory as presented in the following chapters, stays an open ended one and not one that states clear hypotheses.

Case selection

The observation of the position of the theory in the case study method and of the method as an inductive/deductive one is important as it influences the choice and analysis of cases. In the 'multiple-case design' - in contrast to the 'single-case design' - conclusions are drawn from a group of cases. Such a design is appropriate when the same phenomenon is thought to exist in

a variety of situations (Yin 1981b: 100-101). When multiple cases are chosen carefully, they can be used for the purpose of generalization. A common problem to all studies seeking generalization is how to control unwanted variation. Typically, only experimental and statistical methods have been claimed to be effective to achieve such control. As the depth and the detail of case study data limit the number of cases and thus their statistical representativity, the problem of generalizing from case studies becomes related to the establishment of an acceptable relation between "*Small N's and big conclusions*" (Lieberson 1992: 105). The ambition to generalize from case studies should, however, not be confused with the belief of the existence of universal laws. In social science, generalizations normally have validity for certain classes of phenomena under certain circumstances only (Andersen 1997: 10), and theories derived from such generalizations can be considered 'middle range' theories (Merton 1967). Therefore, in a case study, cases are chosen for theoretical and not for statistical reasons (Yin 1994).

The choice of cases may depend on whether a deductive, inductive or 'abductive' approach is chosen. In the deductive approach, in which a previously developed theory is used as a template which is compared with the empirical results of the case study, 'replication' may be done through the comparison of a number of cases selected carefully so that they either produce similar results (a literal replication) or produce contrasting results but for predictable reasons (a theoretical replication). If both a set of cases following a literal replication logic and a set of cases following a theoretical replication logic turn out as predicted, this provides support for the initial set of theoretical propositions (Yin 1994: 45-46). This is partly in contrast with more inductive approaches to case study research and to the method applied here. As has already been indicated, the applied method is not one of such pure deductive theory testing but one which combines induction and deduction to a high degree. For that reason, the method applied was inspired partly by certain phases of the 'Constant Comparative Method' (Glaser and Strauss 1967). According to this, the comparison of empirical data is essential and 'control' over similarities and differences is vital for the development of concepts and hypotheses from which a 'grounded theory' is generated. By selection of comparison groups where facts are similar or different, categories can be discovered and their theoretical properties can be developed and related (Glaser and Strauss 1967: 24). The goal of generating theory using this method subsumes the establishment of

empirical generalisations as the comparisons help delimit a grounded theory's boundaries of applicability and help to broaden the theory so that it is more generally applicable and has greater explanatory power (Glaser and Strauss 1967: 52-53). Minimising differences among comparison groups helps to establish conditions under which a category exists while maximising differences makes it possible to collect different data bearing on one category while finding strategic similarities among the different groups. Similarities that occur over different groups provide the most general uniformities of scope within the theory and indicate levels of conceptual generality delimiting the theory's scope (Glaser and Strauss 1967: 55-56).

The combined collection and analysis of data is in this process essential and the method is one that combines induction with deduction (Strauss 1987: 12-13). The method is, therefore, especially suitable for the generation of theories of process and change (Glaser and Strauss 1967). However, this method is closely related to the one of creating grounded theory in which the initial case study is not based on a preconceived theoretical framework (Glaser and Strauss 1967: 45) but is based on a purely inductive approach. Furthermore, the method includes the continued selection of comparison groups as the theory emerges (Glaser and Strauss 1967: 50). In that sense, the approach of this thesis can not be claimed to be one of a constant comparative method but one that performs only one step of that type of method. This would probably, under any circumstance, have had to be the case in this study as time and other resources set a limit for the possibility of a total appliance of the method. Furthermore, following the prior arguments on the role of theory and the position of this study in relation to existing theories, it did not seem purposeful to apply a complete constant comparative method developing a grounded theory. As has been indicated, the step to be taken is not one of discovering without any prior perception of the research area ignoring existing theories. I did not start with a *tabula rasa* as if innovation theory started with me but took flaws of existing theories and developed them further so as to provide an explanation of the studied cases.

The choice of cases was inspired by that the research process could be interpreted as a step of a constant comparative method. Cases, which are networks of tourism firms (see below for a delimitation), were chosen in a geographical area in which it was possible to select networks of both innovative and non-innovative tourism firms. Additionally, networks of firms located

on two different tourist destinations producing widely different ‘tourism experiences’ where chosen and on these destinations, networks of firms of widely different types, large and small, independent and chain members were selected. The choice of cases was, at the same time, made with the intention that all the cases should have equals in the selection. Though the character of the networks was not known in advance and though no two firms and their networks were ever identical, the selection should allow categorising the networks in different groups. As such, it was attempted to control - to a degree that was possible - the similarities and differences of the cases selected. This had an influence on the scope of the theoretical generalisations. If networks of two similar firms, e.g. small firms in the same location differentiated only by their innovative activities and their networks, had been chosen, the scope of the theory’s explanatory power would have been limited to such firms but it would not have been possible to generalise to e.g. large firms where it could hypothetically be argued that internal processes of development are more important than in small firms. The wide selection of firms thus provided the means for expanding the scope of the theory and to generalise the results to different types of firms in different contexts. This wish to generalise should - due to the role of theory - be seen as a wish to provide a theory enabling an understanding of the role of the networks of a variety of tourism firms. The generalisation is - just as the theory - not a goal but a mean.

Cases were chosen in the province of Malaga, Spain, on destinations of rural tourism and on the mass tourism destination of the Costa del Sol. Whereas the widely different tourism experiences produced on these destinations provide insights into how contextual factors influence innovation networks and innovations, the limitation of the cases to the province of Malaga meant that cross regional and cross national comparisons were not possible. Such comparisons are, comparing the results with other studies, shortly discussed after the presentation of the case study analysis (in chapter five). Additionally, the cases mainly included networks of accommodation establishments (hotels and apartment complexes) and the scope of the analysis is limited to those particular firms and their networks. Those cases where, however, complemented with a few cases of networks of attractions as well as of campsites. In this way, the intention was to be able to loosely indicate whether the conclusions were valid to the wider array of tourism firms. This is shortly discussed in chapter five also. The province of Malaga was chosen because of the highly different tourism

experiences of the province. Furthermore, many Spanish tourism firms and destinations have been acknowledged to be innovative (Fayos-Solá and Bueno 2001; Valenzuela 1988; Pérez and Llaudes 2001) and this has also been indicated to be the case of firms in the province of Malaga (Morena 1999). It could therefore be expected that both highly innovative and less innovative firms could be found in the area. In the end, the networks of a total of 30 hotels and apartment complexes where included in the analysis. In addition to these, 5 attractions and 2 campsites where included. Also, one interview was made at an early stage with a tourism information office. This interview was not, however, followed up by similar ones as it turned out to have little relevance for, and to provide little insight in, the research subject. A summary of all the cases and of their reference codes as applied in the analysis is presented in figure 1.1. The wide collection of cases does not mean that all types of tourism accommodation firms' networks are included. Some where deliberately excluded in order to set a limit of the number of cases (such as for the studied area important golf complexes). Other cases may unintentionally have been left out. As argued by Chambers (1983) 'active', 'present' and 'living' biases may have an influence on findings in the case of rural development research: those who are active are more visible than those who are not; fit happy children are more visible than those who are ill; the dead ones are rarely seen and those who are absent can't be met. Similar biases may also count in an economic study: closed down firms are not interviewed though the reasons for their closure - such as lack of innovations - may be just as interesting as the success of other firms; those firms who are intensively making themselves visible for different reasons may more easily become the subject of analysis than the inactive, hard to find and see firm; and 'fit and happy' firms with the needed resources are easier to come into contact with than those that are resource weak and for whom business is not going well. While closed down firms were naturally not included in this study, the major problem was a lack of interest in participating of a surprisingly high number of firms. As there seemed to be no obvious similarities between firms who did not want to participate, it is not possible to say what kind of biases this has induced in the study.

Delimiting the cases

In the above, the cases have been referred to simply as the networks of tourism firms which however needs clarification. Any case selected must be delimited and the 'unit of analysis' must be defined. Delimiting the unit of analysis includes the distinction of what is outside it -

Type	Loca-tion	Code	Name	Respondent	Type of firm
Accommodation Establishments	Rural Malaga	R1	Hotel Cerro de Hijar	Co-leaser/-manager	2-star hotel (18 rooms)
		R2	Hotel Banu Rabbah	Co-leaser/-manager	2-star hotel (12 rooms)
		R3	Complejo Salitre	Daily manager	2-star hotel (15 rooms)
		R4	Palacete de Manara	Owner/manager	3-star hotel (15 rooms)
		R5	Hotel Humaina	Sub-director	3-star hotel (13 rooms)
		R6	Hotel Posada del Conde	Co-owner/manager	3-star hotel (26 rooms)
		R7	La Garganta	Daily manager	1-key apartments (12 apartments)
		R8	Hotel Sol y Sierra	Director	4-star chain hotel (26 rooms)
		R9	Complejo Turístico Alberdini	Co-owner/-manager	1-key apartments (8 apartments)
		R10	Molino del Santo	Owner/manager	2-star hotel (18 rooms)
		R11	Hotel Romero	Co-leaser/-manager	2-star hotel (8 rooms)
		R12	Apartamentos el Lagarillo	Director	Apartments (6 apartments)
	Costa del Sol	C1	Hotel Torrequebrada	Marketing director	5-star hotel (350 rooms)
		C2	Hotel Puerto Benalmádena	Owner/manager	3-star hotel (136 rooms)
		C3	Apartamentos Veramar	Sub-director	3-star hotel apartments (99 apartments)
		C4	Jardines del Gamonal	Owner/manager	2-key apartments (132 apartments)
		C5	Apartamentos San Carlos	Owner/manager	2-key apartments (28 apartments)
		C6	Hoteles Hijano	Owner/manager	2-star hotel + 2-star hostal (10+12 rooms)
		C7	Apartamentos Ronda	Manager	2-key apartments (397 apartments)
		C8	Hotel Europa+Hotel Los Arcos	Manager	2-star hotel + 3-star hotel (13+43 rooms)
		C9	Hotel Sol Meliá Costa del Sol	Sales director	4-star chain hotel (540 rooms)
		C10	Flatotel Internacional	Reception manager	3-key chain apartments (100 apartments)
		C11	Hotel Sol Aloha Puerto	Resource manager	4-star chain hotel (370 rooms)
		C12	Hotel Luca Costa Lago	Sub-director	4-star chain hotel (296 rooms)
		C13	Apartamentos la Maestranza	Reception manager	3-key chain apartment (105 apartments)
		C14	Hotel Zenit Olletas	Marketing manager	3-star chain hotel (60 rooms)
		C15	Hotel NH Málaga	Director	4-star chain hotel (133 rooms)
Attractions		A1	Tivoli World	Marketing manager	Amusement park
		A2	Aqua Park Mijas	Marketing manager	Water park
		A3	Sea Life	Marketing manager	Aquarium
		A4	Casa Natal de Picasso	Library Manager	Museum
		A5	Museo de Artes Populares	Manager	Museum
Camp-sites		CA1	Camping Fuengirola	Manager	2nd category camping
		CA2	Camping la Rosaleda	Manager	2nd category camping
Tourist office		O1	Oficina Comarcal de Turismo Rincon de la Victoria	Manager	Tourism office

Figure 1.1: Tourism firms included in the case study.

the contextual surroundings of the case. The unit of analysis becomes then related to the fundamental problem of defining the case. It is often difficult, if not impossible, to delimit exactly the unit of analysis because of its often-close relation to its context. At the same time, a case may have sub-units embedded within the main unit (Yin 1994: 21-22, 24, 41-42). The choice of the network of tourism firms as the unit of analysis emphasises that it is the role of the network for innovations and for processes of innovations which is at the centre of attention. However, the delimitation of this unit could have several dimensions. One is related to the characteristics and functions included in the analysis of the network, such as strength, power, density, information distribution, distance and dependence in networks. Only some of these characteristics and functions can be considered in the analysis and the network should in this way be delimited. This is however a more theoretical question which will be dealt with in following chapters. Another dimension of delimitation is more ontological and is related to the definition of what an innovation network relation is and what it is not. Are e.g. inter-personal relations network relations or are only formalised contractual relations so. That question of delimitation is dealt with in chapter three discussing the ontological grounds of the network theory. At this point, the delimitation which is of interest is a more quasi-physical one.

Network analysis has shifted the analytical focus from the individual firm to networks of firms. Such a network is endless as firms have relations with firms which have relations with other firms which have relations with yet other firms and so on. The network analysis must, as a consequence, compromise with the ambitions of analysing the ‘whole’ and somehow delimit the network. Though any network boundary is arbitrary, boundary setting is necessary for analytical purposes (Halinen and Törnroos 2004: 2-3; Ford et al. 2002). In the following analysis, the network will be limited to relations among tourism firms and to the tourism firms’ relations to their immediate suppliers and distributors. As such the approach is one of a focal actor network (Halinen and Törnroos 2004: 4-5). This, of course, limits the possibilities of acknowledging how parts of the network, distant from the tourism firms, affect their innovativeness. The negative aspect of this delimitation is thus that some of the purpose of analysing the network as a whole is lost. The positive aspect of the delimitation is that narrowing down the network to the degree which is done here allows for a more thorough interpretation of the limited network, while still permitting a focus on the network rather than

on isolated dyadic relations. Furthermore, studying a larger network raises issues of representativity and restricts the possibility of replication as only one or a very few networks can be analysed (Easton 1995: 417). The narrowing down of the network provides, on the other hand, a possibility for generalisation but, at the same time, hinders rich holistic descriptions that would have made it possible to reveal the more complex nature of networks (Halinen and Törnroos 2004: 8). The delimitation, its benefits and its disadvantages, are as such a direct consequence of the selected approach including a high number of cases. The inclusion of a high number of cases meant that information on each case had to be retrieved from the tourism firms only and not from other firms of the networks. The knowledge the tourism firms may have of relations outside their focal network may be very limited, which naturally delimits the unit of analysis. Such an approach may of course also bias the information about the networks as other firms in the networks may have other perceptions of the network. However, as it is the consequences of the networks for the tourism firms which are being analysed, those firms' perceptions of the networks seem to be the interesting ones in this study.

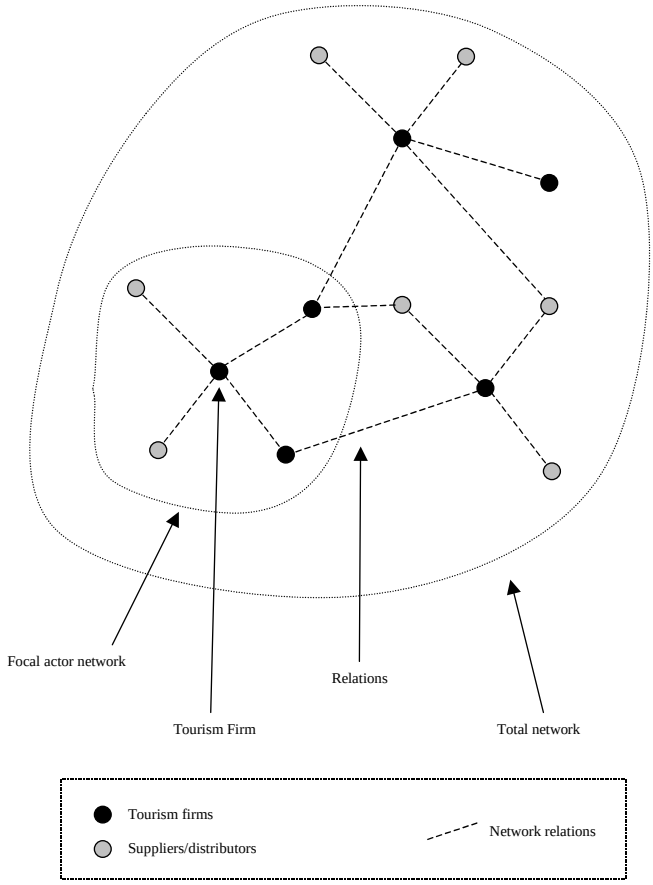


Figure 1.2: Units of analysis

However, this unit of analysis can be perceived to have subunits as well as a 'macro-unit' (figure 1.2). One sub-unit consists of the tourism firm. Though network analysis shifts focus from the firm to the network, the firms naturally become sub-units of the network as they may be considered the nodes of the network. It is these nodes that give life to the network: without firms there would be no network. Additionally, it is within this unit that the knowledge of the network exists as well as it is there that the results of the networks

express themselves. In this way the notion of ‘focus on the network’ may in reality be claimed to be more dialectic than real or in fact indistinguishable from a ‘focus on the firm’. Another sub-unit consist of the individual relations of the network. As shall be seen in following chapters, despite of network research’s ambition to analyse the network as a whole, this analysis of the whole may necessarily be split in an analysis of individual relations if the whole is to be understood. Though the relations of the network are interdependent they are also different and they bring different benefits to the network and to the firms of the network. Finally, a ‘macro-unit’ exists as the focal actor networks are seen to be interconnected forming larger networks of interconnected tourism firms which may have to be taken into account so as to understand the focal actor networks.

While these are the main units of analysis, as has been indicated earlier, the context is incorporated in the analysis by choosing firms on different tourist destinations so as to broaden the scope of the theory. This context of interest is delimited to consist of the ‘tourism experience’ as defined in chapter two. The delimitation can be seen as necessary to incorporate the context, as a context including everything can not be studied. Finally, while the unit of analysis is arbitrary so are the proposed outcomes of the networks - innovations - hard to describe as ‘a number on a ruler’. The concept of innovations and how to ‘measure’ them will be discussed theoretically in chapter 3.

Case data and data analysis

Case studies are mostly associated with qualitative methods of research in which things are studied in terms of the meanings people bring to them (Denzin and Lincoln 1998: 3) and the interview in particular is often seen as central. However, qualitative research (including case studies) may involve the use of a variety of empirical data, qualitative and/or quantitative (Yin 1981a: 58-59). As a consequence, data triangulation, in which different types of data are included and thus multiple sources of evidence are used (Denzin 1970: 472; Zelditch 1970: 499-500), becomes a natural aspect of case studies and one of the strengths of the case study method as it makes the conclusions drawn more convincing and accurate (Yin 1994: 91-92). Common types of data in case studies are e.g. data from interviews, statistical information, project documents, direct and participant observations (Flyvbjerg 1988: 11; Yin 2003: 86). In this study, the vast majority of empirical data stems from interviews conducted with tourism

firms. However, other types of information have also been used, such as research reports, books and articles based on research carried through in the case study area, statistical information, as well as indirectly information from newspapers, the internet and onsite observation. All of these secondary sources of information have mainly provided data of a relatively general character when compared to the interviews which provided the specific knowledge of specific innovation networks.

The interviews were prepared and carried through in a manner consistent with the research strategy applied. Whereas interviews seeking explorative information tend to be 'open' and to have little structure, interviews that seek to test hypotheses tend to be more structured (Kvale 1996: 97). As a consequence of the research strategy applied, the interviews were constructed neither with the purpose of gaining pure explorative information nor as a hypotheses testing tool, but instead as 'semi-structured interviews'. In such, the interview guide contains an outline of the topics to be covered with suggested questions, many questions are formulated during the interview, irrelevant questions can be dropped and questions are asked according to a flexible checklist and not to a formal questionnaire (Kvale 1996: 129; Mikkelsen 1995). Such interviews allow alternative explanations to arise and sustain the inductive character of the work while still maintaining questions within a more or less narrow area of interest. Interviewees could be characterised as key informants who, as such, are supposed to have special knowledge on a given topic (Mikkelsen 1995: 104). In this study, they were centrally positioned administrative persons such as directors and managers. In some cases, access was given to other persons with more or less knowledge about the topics of interest and, in other cases, persons with a special mission within the firm were interviewed, who had a tendency to bias information e.g.: *"I am sales director and I dedicate myself to trying to increment the sales of the hotel*" (C9). This illustrates some of the problems of the interview as a data providing tool which, in addition to general questions of objectivity (see e.g. Kvale 1996), are that interviewees can talk according to their experience only, they may have special interests, lack knowledge and objectivity and so on (Flyvbjerg 1988: 16). Put simply, some interviewees are good interviewees; some are less good (Kvale 1996: 146) (-just as some interviewers are good interviewers and some are less good). However, in all interviews valuable information was gained. Additionally, in the case of interviews where some information lacked, such was mostly gained from other interviews due to the

interconnectedness of the focal actor networks in the macro-unit of analysis and due to the firms' belonging to the same contextual surroundings. The interviews, as such, often complemented or confirmed each other while in yet other cases raised issues of controversy. This does not mean that the research has not been biased by the oral interactions between the interviewer and the interviewed which in some cases were more fruitful than in others cases.

The interview guide (translated from Spanish) is included in the appendix as it was originally formulated. The highly semi-structured character of the interview guide and of the interviews means that the printed interview guide hardly makes an accurate representation of the 'real life interviews'. Furthermore, during the carrying through of the interviews certain questions and topics of the guide were dropped as they were seen to be of little or of no relevance, whereas other questions were reformulated and new questions were added. This can be seen as the result of a first (un-structured) data analysis taking place during the interview period. However, the main, more structured and planned data analysis took place after the interviews were carried through.

Data analysis can be perceived as the process of bringing order, structure and meaning to the collected data; it is framed by the purpose of the study (Rossman and Rallis 2003: 274, 278); and it is, as such, closely connected to the entire research strategy. As the research strategy has already been indicated to be one of combined inductive and deductive thinking, and one that can be perceived as a step of the constant comparative method, the strategy of analysis can be compared to a 'categorising strategy'. Such a strategy aims at identifying similarities and differences among the data, sorting them into appropriate categories (Rossman and Rallis 2003: 273-274) including, in a case study, a 'cross case synthesis' that probes whether different groups of cases appear to share some similarity and may be considered instances of the same 'type' of general case or whether they reflect sub-groups or categories of general cases (Yin 2003: 134-135). The specific analysis therefore included the identification of similarities and differences across cases, thereby carrying through a categorisation of interesting aspects of the cases. However, while the analysis was inspired by the constant comparative method and a categorising strategy, clear guidelines on how to do qualitative analysis are rare (Patton 1990: 372). Also in the case of the constant comparative method, Glaser and Strauss (1967) have been accused of providing only scant information on how data

is assigned to a category and on how to construct categories from data (Alvesson and Sköldberg 2000: 22). Furthermore, in qualitative research there are no absolute rules for data analysis and there are no ways of perfectly replicating the researcher's analytical thought processes. Because each qualitative study is unique, so will the analytical approach used be unique (Patton 1990: 372). Also the analysis carried through in this piece of research is not to be considered an exact replica, neither of the constant comparative method (for which some reasons have already been underlined) nor of any other specific method.

Additionally, the analysis was confronted with the problem that there is a limit to how much data a single researcher can transcribe and analyse (Peräkylä 2004: 288; Silverman 2000: 179). In such a case, it makes sense to begin the analysis on a relatively small part of the data (Peräkylä 2004: 288), e.g. consisting of a number of fully transcribed interviews. Thereby, the '1000 pages problem' (Kvale 1988, 1996) can be overcome, and the impossibly time consuming process of transcribing a whole data set, diverting the researcher from the data analysis (Silverman 2000: 179), can be limited. Nonetheless, in a 'comprehensive data treatment', all parts of the data, including discrepant cases, must be analysed and must fit with the developing explanations. Therefore, having from a smaller part of the data generated a set of categories, emerging hypotheses must be tested by expanding the data corpus. For this, other interviews can be transcribed partly and the full variation of the phenomenon can be observed (Peräkylä 2004: 288; Silverman 2000: 179). A 'comprehensive data treatment' therefore begins with a small batch of data from which a provisional analytical scheme is generated. This analytical scheme is then compared to the other data and modifications are made as necessary to it and it is constantly confronted with discrepant cases until a set of recursive rules incorporating all the data has been established (Mehan 1979: 21-22). This process involves a repeated 'to and from' between different parts of the data. In such a data analysis the qualitative researcher should not be satisfied by explanations which appear to explain nearly all the variance in the data. Instead, every piece of data has to be used and the analytical scheme must be modified until all the data is accounted for (Mehan 1979: 21-22; Silverman 2000: 180-181). The inclusion of all the data, and thereby of all the cases including discrepant cases, increases validity. 'Biased subjectivity', arising from noticing only evidence that supports the researchers' own opinions and their own conclusions, overlooking any counterevidence (Kvale 1996: 212) or from analysing a few exemplary cases that support the

researchers claims (Mehan 1979: 20), is thereby partly overcome.

In the process of the analysis of the data of this study, selected interviews were initially fully transcribed and, following the logic described above, chosen as the starting point of the analysis. These interviews consisted of such that provided transparent information on central issues while, at the same time, illustrated these in highly differentiated and expected as well as unexpected ways when seen in the light of the originally developed theoretical framework. Interviews of rural tourism firms that appeared innovative (R1, R2, R9) and less innovative (R4, R6, R10) were analysed. Similarly, interviews of large tourism firms of the Costa del Sol, innovative (C1, C9) and less innovative (C7, 15), were analysed as well as were interviews of smaller tourism firms of the Costa del Sol that seemed innovative (C6) and less innovative (C5). In addition to the different innovativeness of these firms, these cases revealed different innovation networks such as networks of chain firms (C9, C15) and of individual firms (C1, C5, C6, C7) of the Costa del Sol as well as networks of rural tourism firms (R1, R2, R9, R4, R6; R10). The cases therefore also included firms which were comparable regarding their innovativeness but, at the same time, were related to different types of innovation networks, as well as they included firms that were related to similar innovation networks but were different regarding their innovativeness. A certain ‘control’ over similarities and differences of the cases was therefore included already in this first part of the data analysis. As a result, the cases illustrated the diversity of innovation networks and how such innovation networks in different ways influenced the innovation processes in ways taken into consideration or not in the initially developed theoretical framework.

Fundamentally, the analysis of the first interviews involved the assigning of descriptive ‘codes’ to the data that served to organise the data into themes, such as innovations, tourism ‘products’ and innovation networks as well as into sub-units of these, such as vertical, horizontal, local and non-local network relations. Through interpretations of the interviews ‘qualitative values’ or interpretations were assigned the different segments of the data. In that process a first categorisation of innovation networks was suggested according to the existence of different types of relations - vertical, horizontal, local and non-local - and their identified characteristics or ‘properties’, e.g. densities, geographical distribution, and capacities to deliver information and their associations with the categories established within the other

themes were considered. This segmentation, interpretation and categorisation of the data followed the original theoretical framework and thus a mainly deductive approach. As such, segments, interpretations, categories and properties were 'theory driven'. However, during the analysis, other properties of networks and even new themes came into being which called for a further development and reworking of the theoretical template. It was, for example, clearly expressed in the interviews, but not considered in the original theoretical template, that network relations did not simply bring information in varying degrees but brought *varying* information in varying degrees and that this seemed important when innovation networks were seen in relation to innovations. This inductive, 'data-driven' interpretation inspired a further development of the theoretical framework involving new considerations on the information benefits of innovation networks. This rework of the theory cast light on a theoretically argued importance of the strength of relations for information transfer, not taken into consideration originally. Such strength was therefore introduced as a new property of network relations which resulted in a more complex interpretation of the structures of networks. Further 'theory driven' analysis of the data now indicated how this strength varied according to the geography of network relations and how this was of importance for the information benefits of such relations. The geographical network organisation and the results hereof therefore also occurred to be more complex than originally stated in the theoretical framework. An observed geographical, as well as functional, diversity of the networks therefore called for further theoretical elaboration, including considerations on the importance of different types of 'proximities', so as to take into account the diversity. The data was subsequently re-analysed in the light of the adjusted theoretical framework. The observed diversity of networks also incited the incorporation of the context into the theoretical template sustaining a more diversified approach to the understanding of the characteristics of the networks. The development of the concept of the tourism experience was therefore encouraged by the data analysis in which inspiration for the conceptualisation of the experience was found and which led to a categorisation of the tourism experiences of the case study. All in all, this first data analysis was deductively assisted by the original theoretical framework while it subsequently, and in several steps called for, and inspired inductively, a reformulation and further development of the theoretical framework which again, deductively supported the data analysis. This first analysis was therefore iteratively (and simultaneously) inductive and deductive.

Following the first data analysis and reformulation of the theoretical template, other interviews were listened to, analysed and partly transcribed so as to account for all the data. The cases were sorted into groups that shared the characteristics of the categories of networks, innovations and tourism experiences, which were more or less well established after the first part of the analysis but still in need of adjustments. As such, while some cases seemed to fit well in the established categories and their properties, others challenged their exact conceptualisation and indicated the need for a further development of the theoretical framework. In this part of the process of analysis, theory was therefore continuously adjusted and further developed and the already analysed interviews were re-analysed. Though theoretical adjustments were now minor, this latter part of the process became a constant and simultaneous process of empirical analysis and theoretical development involving a repeated 'to and from' between different parts of the data. The combined inductive/deductive process in this part of the analysis expressed itself in that the sources of inspiration for data-analysis and for theoretical development at times became blurred, and at times interpretations of interviews seemed to inspire theoretical adjustments while, at other times, theoretical adjustments seemed to inspire data analysis. In this part of the process, the interpretations of the segmented data slowly took the form of a continuous presentation of the findings. The presentation of the empirical findings in chapter five is, in that sense, a result of the analytical process. At a rather late point in the analysis, a new set of considerations were brought into being. Because of the conclusions of the main analysis it seemed purposeful to look for additional elements of importance for tourism experience innovations, a sort of 'missing link'. As this was acknowledged at a rather late point during the writing of the dissertation, this is barely expressed in the theoretical framework, and this last part of the analysis therefore stands in the dissertation as an initial explorative interpretation of the data which calls for further theoretical considerations.

All in all, while facilitating the accounting for all the data, the analysis involved a complex, reflexive and iterative process, including the entering of blind alleys of failed attempts to find, establish and verify categories and relations among them; the identification of alternative explanations; the reformulation of theory; and the re-reading of, and the re-listening to, interviews. This approach to analysing the data - while complex and brain teasing - helped to

take into account the full amount of data in establishing a theoretical framework explaining the full corpus of data and it limited - I believe - biased subjectivity. Furthermore, while the analysis was, on the one hand, 'biased' by a 'perspectival subjectivity' (Kvale 1996) influenced by the network perspective, it included, on the other hand, the identification of rival network explanations not included in the original theoretical framework, as well as the identification of non-network rival explanations. The analysis thus included a 'perspectival subjectivity' of 'multiple perspectival interpretations' of the data, which can be considered a potential strength of interview analysis (Kvale 1996: 212) and which was sustained by the inductive aspects of the analysis.

The true character of the entire research process is, however, not expressed in the dissertation. The presentation does not follow the logic of a 'radical phenomenological presentation' in which the combined inductive/deductive research process becomes obvious through a chronologically organised presentation of the research process and its findings - theoretical and empirical - illustrating how and when different aspects of it 'happened' (Mac et al 2001). The presentation is instead a (traditional) linear one where problem formulation, method, theory, analysis and conclusion follow each other separately. This, while minimizing the transparency of the research process, focuses the presentation on the findings of the research rather than on the research process itself. The strategy of analysis is, in other ways, expressed in the written presentation of the empirical study. Rather than a descriptive or a narrative presentation of each of the cases, the analysis is presented as a cross case analysis where each section of the presentation is devoted to a separate cross case issue and where information from individual cases is distributed throughout the presentation (Yin 2003: 148). Rather than a description of the cases, a categorisation of aspects of the cases and of the relations among them is presented.

Chapter 2

Tourism Experience Innovations

The purpose of this chapter is to approach an understanding of the 'product' of tourism considered as an experience. Considering the characteristics of the tourism experience it will be discussed how the innovation concept may be applied to the concept of such an experience. As such, this chapter will lead to delimitations and definitions of the concepts of tourism experiences and of tourism experience innovations. These considerations will be followed up by discussions on the contemporary relevance of tourism experience innovations and on the type of such that may be found empirically. The chapter will form the basis for the following chapters' theoretical discussions on some of the mechanisms behind tourism experience innovations, as well as it constructs the basis for the empirical search for innovations.

The tourism experience

The 'product' of tourism has resulted complex and hard to conceptualise. This is due to the character of tourism, which consists essentially of an array of activities and which is a phenomenon arising from the movement of people to - and their stay in - various places other than those of their ordinary residence (Burkart and Medlik 1990: 42). The result of this phenomenon is hard to conceptualise as a product in a traditional sense. However, economic tourism research has (unsuccessfully) attempted to define the product of tourism in more or less traditional economic fashions, e.g. defining narrowly the product as 'what the tourist buys' (Burkart and Medlik 1990: 48). However, there is obviously more to the 'product' of tourism than simply 'what the tourist buys'. In the following the result of tourism shall be approached as an *experience*. Though the experience concept has only had a small role in tourism research (Suvantola 2002: 1), it is the experience as a tourist that determines the evaluation and remembrance of being a tourist (Burns and Holden 1995: 70). The product of tourism may thus be interpreted to be neither a good nor a service, but an experience (Ashworth 1991): "*Unlike a car or a washing machine, all we have left after consuming the*

holiday product are our memories" (Burns and Holden 1995: 70). However, it is not because the product of tourism may be interpreted as an experience that it is different from other products. On the contrary, the tourism experience can be interpreted to arise as a consequence of the consumption of goods and services, and that is in fact not different from most other 'experiences of consumption'.

Experiences of consumptions and the tourism experience

An experience – which is difficult to conceptualize - is rich with sensations created within individuals who have been engaged on an emotional, physical, intellectual or spiritual level and it lingers in the memory of any individual (Pine and Gilmore 1999: 13): "*While commodities are fungible, goods tangible, and services intangible, experiences are memorable*" (Pine and Gilmore 1999: 11-12). Experiences, goods and services are, however, closely linked to each other rather than being dissimilar or clearly distinguishable material and immaterial objects. Economically speaking, experiences are e.g. argued to be closely related to the marketing (O'Sollivan and Spangler 1998; Pine and Gilmore 1999), the purchasing or shopping (Falk and Campbell 1997; Lunt and Livingstone 1992), the production as well as the consumption (Pine and Gilmore 1999) of goods and services. The following discussion will focus on the *experience of consumption* of goods and services. Though such experiences of consumption may not be clearly distinguishable from other types of experiences related to goods/services - not least in the case of the tourism experience perhaps - they will nevertheless be the starting point of the discussion.

At the general level, an experience of consumption may be conceptualised as having three central characteristics. First, the experience is not *the* product but one of several potential qualities of a product. E.g. a car has certain *technical characteristics* that may characterise it as *a good*, such as the number of cylinders, automatic or manual transmission, brakes and suspension. At the same time it has characteristics that may characterise it as *a service*, such as acceleration and speed, comfort and luggage space (Tether 2003; Saviotti and Metcalfe 1984). Finally, the car may be interpreted to possess characteristics that may characterise it as *experiences* of e.g. movement and travelling provoking intense and memorable senses of pleasure and excitement or of boredom and carsickness. While the technical, service and experience qualities of the car may be interdependent and conceptually difficult to distinguish

from each other, it may be argued that the car as a good is tangible, as a service intangible and as an experience memorable. The technical characteristics of the car concern *what the product is*, the service characteristics *what it does* (Saviotti and Metcalfe 1984) and the experience characteristics *how it is sensed and remembered*. Second, the experience arises from the act of consumption of the good/service. To be a good and/or a service the product must be *produced*, to become an experience it must be *consumed*. This indicates the importance of the interaction of the consumer in the creation of the experience. The experience of this interaction is heavily dependent on the *choices* the consumer makes as well as on the *purpose* of the consumption. On the one hand, the consumer has several choices when consuming e.g. a car: he/she can drive fast, drive slow, turn left, turn right and so on. On the other hand, the purpose of the consumption - which itself influences the choices - is important as e.g. the experience of a consumption of the car 'just for the fun of it', is different from the experience of a consumption of the car because of the need of it, e.g. having to go to work during rush hour. The two car consumer segments - 'the leisure driver' and 'the commuter driver' - create different experiences. The third characteristic of the experience of consumption is the existence of a range of external *conditions* affecting the experience. In the case of the consumption of a car, such conditions could be road conditions, weather, landscapes and other car-consumers. These conditions are not directly a part of the good/service being consumed and they can normally not be changed or omitted by the consumer. They are, however, significant as e.g. too much traffic may make the intended pleasurable experience of consuming the car unpleasant, whereas driving through beautiful landscapes may make an otherwise trivial experience pleasurable. The conditions may be enjoyable or disagreeable.

It may be argued that all goods and services possess such qualities. A consumption experience of any good/service may thus be illustrated to be the product of three interdependent elements: a good/service, a consumer and a set of conditions (figure 2.1). In the case of the consumption of a car, the experience depends on the consumer's interaction with the car as well as the purpose of this interaction and whether the car lives up to the demands of the consumer. A consumer who feels a need for speed must have a car with technical characteristics enabling these wishes to be fulfilled. At the same time, the fulfilment of such consumer needs depends on the conditions: fast driving on winding roads is mostly not an outstanding combination. Finally, the experience is dependent on the combination of the

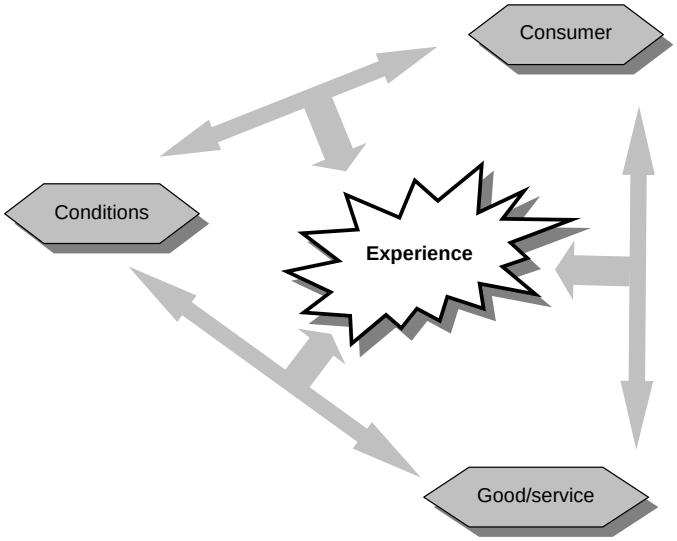


Figure 2.1: The experience of consumption.

technical plus the service characteristics of the car and the conditions: off road driving in a Trabant will mostly not be a pleasurable experience.

If the product of tourism has experience qualities, this does therefore not differentiate it from other products. It applies also to a variety of other goods/services where consumers derive satisfaction from acts of consumption (Gordon and Goodall 2000: 291). It may, however, be claimed that some goods/services are more experience intensive than others. A bottle of wine is more experience intensive than a bookshelf. The product of tourism is in this sense an extremely experience intensive product as the core purpose of the product is to create an experience through consumption. Additionally, the tourism experience may be claimed to be a particular case because of its complexity. The tourism experience is characterized by the extended period of time of experiencing and the inclusiveness of the experience occupying the whole of the holiday period rather than a few discrete episodes. furthermore, while the consumption of e.g. a car is essentially a consumption of one good/service, the tourism experience involves the consumption of a variety of goods and services during a period of time at a particular location (Burns and Holden 1995: 70). This means, first of all, that the choices of the consumer - the tourist - become immense, and so does the number of possible experiences. The tourist, his needs and wants are thus vital for the character of the experience. Furthermore, the tourism experience will, in most cases, be affected by the technical and service characteristics of not one but a variety of goods/services which, though they may be

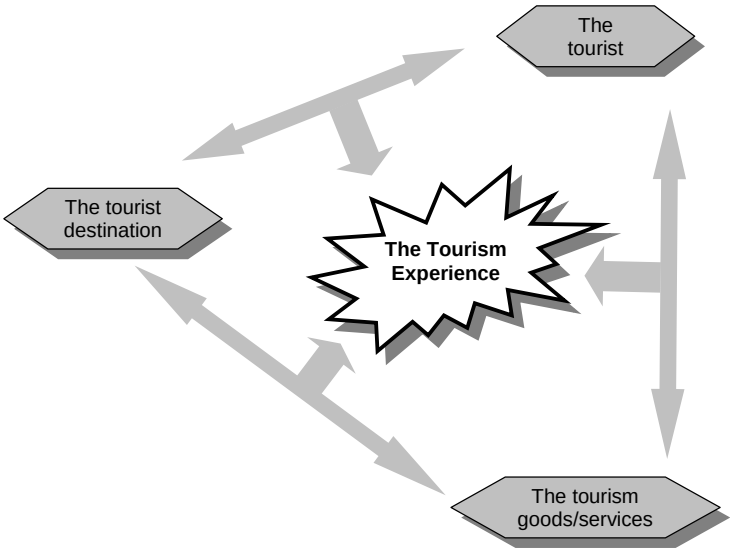


Figure 2.2: The tourism experience.

independently provided and consumed, are somehow dependent on each other and together create one overall experience (Williams and Buswell 2003: 72). Finally, the character of the tourism experience depends on a magnitude of conditions such as weather, pollution, safety, hospitality etc. (e.g. Burns and Holden 1995: 70). Those conditions of the experience consist of the characteristics of the particular location where the experience is created. This location is typically referred to as the tourist destination and its role for the experience may be more central than conditions are for most other experiences of consumption. It may even be claimed that it is mostly these conditions that incite people to engage in tourism or retain them from doing so and the tourism experience is therefore an extreme case where it becomes meaningless to distinguish a core product from its context (Gordon and Goodall 2000: 291). The conditions are enjoyable - such as beautiful landscapes, cultural happenings, language and other tourists - or disagreeable - such as bad weather, crime, war, pollution and other tourists. They result in different experiences such as rural, urban or mass tourism experiences.

In this way, the tourism experience is a result of three interdependent and interacting elements: 1) tourism goods/services; 2) a tourist destination; and 3) a tourist (figure 2.2.). These three elements have characteristics and dependencies, which – as for other experiences – determine the experience. In the following these elements will shortly be conceptualised and delimited and their interdependencies considered so as to delimit the concept of the tourism experience as it is to be understood in the following analysis.

The tourist

The concepts of tourism and tourists are interdependent. As the term tourism is defined, so is indirectly the term tourist and vice versa. The concept of the 'tourist' refers to the person who practices (the '–ist' of 'tourist') the practice (the '–ism' of tourism) of a movement in a circle (the 'tour-' of tourist and tourism) (Theobald 1994: 6; Leiper 1990a). In its essence, tourism may therefore be interpreted as an activity engaged in by people who travel (Mill and Morrison 1992: 7) and the people who are engaged in such activities are tourists. However, while all tourism involves travel, not all travel is tourism (Burkart and Medlik 1990: 42). Though no definitions, distinguishing travel which is tourism from travel which is not, are universally accepted (Mill and Morrison 1992: XIII) there is - at least for statistical purposes - a general consensus on what individuals may be characterised as tourists and when. This is expressed in the definition of the World Tourism Organisation which first defines a 'visitor' as "*Any person travelling to a place other than that of his/her usual environment for less than twelve months and whose main purpose of the trip is other than the exercise of an activity remunerated from within the place visited*" (Theobald 1994: 14). For this visitor to become a tourist he/she must spend at least one night in the place visited. Motives for this type of travel are furthermore limited (or expanded some claim) to embrace such as leisure (including recreation, holidays, health, studies, religion and sports), business, visiting family or friends and meetings (Mill and Morrison 1992: 8; Framke 1993: 8). Other travellers, such as e.g. commuters, migrants, diplomats and members of armed forces, are excluded (Theobald 1994: 15).

Though these definitions are accepted by most countries (Mill and Morrison 1992: 8), they may be criticized. First of all, they may perhaps be considered to include too many types of people 'on the move' and it may be suspected that this is a result of the tourism organisations' interests in boosting statistics and thus the importance of tourism (Leiper 1990a) and - not least - the importance of the organisations themselves. Leiper (1990a: 9), for example, suggests that business travellers are wrongly included in the definition and he defines tourism as being only related to leisure activities. While it may make sense, in certain studies, to exclude the business traveller from the definition, in an economic study this becomes problematic. In tourism, money earned in one's normal domicile is spent in the places visited and on the way to these places (Burkart and Medlik 1990: 42). This is also the case of

business tourists which can therefore hardly be isolated from other types of tourists from the economic point of view (Shaw and Williams 1994: 6). It may also, from the economic point of view, be argued that the problem is not the inclusion of business travellers in the definition but rather the inclusion of those travellers that behave in ways that are not, or are only marginally, economically beneficial for the places visited. Those could e.g. be travellers visiting friends or family who do not necessarily consume what may be considered tourism goods/services to experience. Those tourists may be claimed to be 'less' tourists, from the economic point of view, than the business tourist. What this indicates more than anything else is that there may be research subject related reasons for delimiting the tourist concept differently, instead of looking for and believing in a generally applicable definition.

I shall here limit the tourists to consist of individuals who travel according to the definition of WTO for the purpose of leisure only and whose experiences are dependent on the consumption of tourism goods/services as they will be defined later. Thus are excluded, on the one hand, travellers who do not to a certain degree consume tourism goods/services to experience. This seems reasonable from the economic point of view in which the tourism experience can be considered an experience of consumption: people who do not consume tourism goods/services to experience do not create a tourism experience as defined. As tourists are furthermore limited to those who consume for leisure purposes, the business tourists are excluded. This exclusion is chosen mainly as a limitation of the research subject. In addition, the business tourists also include a type of consumers whose purposes and ways of consumption result in experiences very different from those of the leisure tourists. Such business tourism experiences are not necessarily pleasurable nor are they necessarily intended to be so. At the same time, though business tourists consume, to a certain degree, the same types of goods/services as the leisure tourists do, they may also consume other very different ones such as convention and conference facilities.

The tourist destination

That place plays a central role for the tourism experience is evident as tourism arises from the travelling to and staying in a place (Gordon and Goodall 2000: 291). This travelled to place is typically referred to as the 'tourist destination': "*Destinations are the core of the tourism product. The desire to visit them is the main motivation for most tourist trips*" (Swarbrooke

2001: 159). The destination becomes in this line of thought the 'raison d'être' of tourism (Cooper et al. 1993: 77). However, the destination may not necessarily be the only 'raison' for tourism: "*The main causal factor of tourist flows is not located in destinations but in traveller generating regions*" (Leiper 2000: 366). Whether destinations are the main cause of tourism (the pull factor) or the result of peoples need to get away from home (the push factor) - or most probably a combination of the two - is not so important for the accepting of the centrality and importance of destinations for the tourism experience: "*Tourism is, after all, essentially about making available a diverse range of geographical locations to potential visitors and thereby translating those locations into tourist destinations*" (Hughes 1998: 18). The concept of the tourist destination is nonetheless an intricate one as different actors with interests in such destinations, e.g. tour-operators, tourists, local residents, destination managers and politicians, may all have different perceptions of the same destinations. Such may be perceived as e.g. marketing projects, business networks, political development projects, local populations, landscapes, images or mythologies (Bærenholdt 2001). Additionally, tourist destinations are not *only* tourist destinations but can also be residential centres, industrial production areas, agricultural zones, etc. (Swarbrooke 2001: 159-160). Attempts to overcome the complexities of the concept seem to conclude that the tourist destination is a 'problematic concept' (Saarinen 1998; Framke 2001; Haldrup 2001). The destination concept can, nevertheless, be a useful or necessary concept to grasp the phenomena of tourism: "*The tourist destination, however defined geographically, provides a convenient focus for the examination of the tourist movement and its manifold impact and significance*" (Burkart and Medlik 1990: 46).

Different academic approaches to the concept of the tourist destination may be distinguished as the *economic*, the *geographical* and the *socio-cultural*. In the economic literature, the destination is mostly defined closely related to a supply side point of view. In such a view the destination may e.g. be conceptualised as a mix of attractions, facilities, infrastructure, transportation and hospitality (Mill and Morrison 1985: 201). Focus is mainly on aspects of direct economic importance for the creation of a tourism experience. As already indicated, the character and quality of the tourism experience depend on a variety of place specific, mostly non-producible conditions, such as traffic, weather, noise-level, crime, poverty, friendliness of the local population and so on. A wide variety of such conditions are of importance for the

quality of the tourism experience and many of those are neglected in the pure economic approaches. The conditions are related to the destination understood as the whole of the geographical area in which the tourist is staying temporarily and the tourism experience is thus inevitably related to the physical, economical and socio-cultural landscape of the destination. The destination is in this way, instead of being merely a synonym of the supply side aspects of tourism, an all-embracing concept of a geographical place. Despite the inclusiveness of the destination concept understood as a geographical place it might be claimed to exclude other facets of the destination of importance. Such are included in the more socio-cultural approaches to the destination concept:

> … Destinations are not merely a leitmotif for geographic place. Rather, they are also social and cultural constructions whose meanings and values are negotiated and redefined by diverse people, and mediated by factors often related only tangentially to a particular tourist setting (Squire 1998: 82-83).

In such socio-cultural approaches focus is directed towards the ever changing constructions of destinations and their reasons. Destinations are seen as social constructs, as subject to constant processes of transformation (Saarinen 1998: 169) and are thus perceived as mainly intangible elements such as processes, interactions, negotiations. Those intangible features may be perceived to be the mechanisms constructing the conditions of the tourism experience rather than being themselves conditions of the experience.

I shall here, for the purpose of this study, opt for a pragmatic perception of the destination as a geographical place including the conditions of the tourism experience. Such destinations are not perceived as places with specific geographical boundaries. Rather, destinations may for different tourism experiences be perceived to exist at different imperceptible spatial levels. Rather than geographical borders, what are important are the characteristics of the destinations: the conditions of the tourism experience. Excluded from the destination concept are the socio-cultural approach's mechanisms constructing the conditions of the destination. These are not neglected to be essential and critical aspects of destinations but they are not central to this study. I furthermore exclude from the destination concept the tourism goods/services, which are the central element of the economic perceptions of the concept.

These are instead considered as a separate element of the tourism experience and will be described in the following. The delimitation of the destination concept as applied here is thus clearly related to the perception of the tourism experience in which the destination first of all represents the conditions of the experience. Much more could be said about the destination concept and the conceptual challenges related to it (see e.g. Bæhrenholdt et al. 2004; Bæhrenholdt 2001; Framke 2001; Haldrup 2001; Saarinen 1998) but here it serves the purpose to consider the destination as defined above.

The tourism goods/services

Defining or delimiting which goods/services are parts of a tourism 'product' has been subject to much controversy in tourism research. This controversy has mainly been centred on whether an industry called 'the tourism industry' can be defined and delimited. In the search for the 'tourism industry' Smiths (1994: 582-583), for example, argues that an industry is characterised by a generic product. Generic products of agriculture are e.g. food and fibre. The tourist, on the other hand, needs access to a range of goods and services, making it possible to eat, to sleep and to be entertained etc., in a place where he does not normally reside. This is, according to Smith, the function of the 'generic product' of tourism. However, which goods/services actually form part of such a 'generic product' has caused one of the most vivid debates within tourism research (see e.g. Leiper 1990b, 1993; Smith 1988, 1991, 1993). One approach to delimiting the tourism goods/services can be considered an 'all-embracing one'. In such a view, tourism goods/services do not pertain to a clear-cut sector. Instead, they are an all embracing domain of service and industrial activities which touches upon most spheres of national life (Wahab and Cooper 2001a: 5) and blends with all the productive sectors of economic activity (Sessa 1983: 16). While this may in some senses be true, and a convenient approach for those wanting to boost the statistical importance of tourism, it is not a convenient approach for the research act as it leaves us with 'everything and nothing' to study.

The belief in the existence of a 'tourism industry' may be argued to represent the root of the definitional problems. It may e.g. be argued that the production of tourism can not be related to an industry as an industry must fulfil the characteristics of being a group of businesses producing similar types of commodities using similar types of technologies which is not the

case of tourism goods/services: "*There is no apparent commonality between moving people from place to place (transportation) and helping them to stay still (accommodation)*" (Smith 1998: 36). Alternatively, some have attempted to define and delimit the 'tourism industry' according to who the tourist as a consumer is. Such an approach focuses on whether or not (and in what amount) goods/services are sold to tourists. The straightforward conclusion is to include everything a tourist uses, consumes or acquires on one round trip (Jeffries 1990:28). In that sense, the tourism 'product' consists of such tangible or nearly tangible goods/services that are produced by firms and are bought by tourists (Jeffries 1990: 28-29). However, the definitional problem arises as tourists consume 'tourism commodities' as well as 'non-tourism commodities'; local residents also consume 'tourism commodities' as well as 'non-tourism commodities'. Furthermore, some firms live of selling their products to tourists only locally or seasonally, and it may thus be argued that they are tourism goods/services in some places and not in others, and during some seasons but not during others (Smith 1998: 38). In an attempt to overcome such definitional problems, the 'tourism industry' has been defined as 'partially industrialised' indicating that some firms are not 'significantly' in the business of tourism but may have relations with consumers who incidentally happen to be tourists (Leiper 1990a: 157). However, defining the 'tourism industry' according to who the consumer is, is inconsistent with accepted definition standards used by other industries (Debbage and Daniels 1998: 25) and is generally problematic:

> Saying that a firm is in the tourism business or industry merely because it has customers who can be described as tourists is … analogous to observing red-heads among the customers of the butcher, baker, and candlestick maker and deducing the existence of a red-heads industry (Leiper 1990b: 602).

It is not here believed that these problems of delimitation can be overcome. Additionally, while such delimitation may be interesting for statistical purposes it may be less relevant in more qualitatively oriented studies. Instead, focus should be directed towards the qualitative characteristics of tourism goods/services seeing them as being part of the tourism experience. As indicated, the tourism experience may be envisaged as an experience of consumption of goods/services by tourists in a particular place. The tourism experience does therefore not exist until the acts of consumption (Sessa 1983: 21). Such acts of consumption are essentially

acts of interactions between the goods/services and the tourists. Smith (1994: 591) has indicated that such interactions occur at two levels: as *freedom of choice* among different goods/services and as *involvement* of the tourists in the production process of individual goods/services. In the same way, it makes here sense to talk of two levels of interactions in the process of consumption: the *functional* and the *consumption level* of interaction. Interactions at the functional level involve the functional putting together of individual goods/services of the destinations:

> [The destinations] contain large number of different 'building bricks' from which each tourist can build their own destination product or experience. As with Lego sets very different products or experiences can be created from identical sets of building bricks (Swarbrooke 2001: 159).

Depending on which 'building bricks' are functionally put together by the tourist under the conditions given by the destination, different forms of tourism experiences may emerge. Such experiences have been given more or less meaningful names such as mass, golf, rural, green or urban tourism. The other level of interaction, the consumption level, is the one where individual goods/services are consumed through interaction. These interactions may be claimed not simply to be interactions between the consumer and the goods/services but also, and at the same time, between the tourists and the destinations, as well as between the goods/services and the destination. While e.g. a meal in a restaurant may be considered, at first glance, a relatively simple good/service it is only one part of the experience which also includes the tourist and the destination as well as the interactions between all these elements. The tourist is enjoying (or consuming) the setting of the restaurant and the interaction with the waiters and, at the same time, place mythologies attached to the natural and cultural landscape of the destination (Haldrup 2001: 74). In this way, the production of the tourism experience of consumption is interactive and conditioned. The experience arises as the different elements of the experience interrelate and interact. On the one hand, this indicates a functional fixity in place of the single goods/services. A hotel on a mountaintop is not just a hotel but 'a hotel on a mountaintop' which is different from 'a hotel *not* on a mountaintop'. On the other hand, it is indicated how the interaction is central to the experience and how production and consumption become the same thing occurring at the same time: without production there will

be no consumption and without consumption there will be no production. Production processes are part of the product; consuming tourists are also producers (Lehtinen and Lehtinen 1991; Crang 1997: 139); and the tourism experience of consumption becomes an experience of production as well. The goods/services are a result of the temporal and spatial co-presence of production and consumption (Crang 1997: 137). This furthermore means that the experience cannot be detached from the tourism firm, as the firm becomes itself the good/service being consumed and thus a part of the experience.

Such an interaction view comes close to the view of the tourist as a performer (e.g. Edensor 2000, 2001; Larsen 2004) in which the firm becomes a stage of performance. The consumption is seen as a performance creating the tourism experience and tourists are performers in tourist spaces, which are the stages of the performance. Such stages are e.g. beaches, mountains, cities, heritage sites, museums and theme parks (Edensor 2001). While some of these stages are part of the destination (which in this way also becomes a stage or a number of stages) others are provided by tourism firms. In this way, the production of a tourism good/service becomes the provision of a stage on which tourists can perform their tourisms: "*We are above all else performers in our own dramas on stages the industry has provided*" (Chaney 1993: 64). In the provision of these stages, the tourism firms themselves become performers, which again indicates the intricate relationship between production and consumption and between the tourism firm and the tourism experience: "*These places and spaces operate as the settings for the performances of both producers and consumers*" (Crang 1997: 143).

Considering these qualitative characteristics of tourism goods/services, such goods/services may be characterised as experience intensive stages provided by tourism firms, where the tourists are interactors who pay an 'entrance fee' to become part of the play. They are sold places of interaction and experience making located on - and living under the conditions of - the tourist destination. Goods/services with such characteristics may be claimed to consist of produced attractions including amusement parks, museums, guided tours, cultural events etc. produced for tourists. They include attractions that are staged by firms, produced through interaction and sold to tourists, including intangible attractions such as culture and the like, when they are being staged as e.g. a guided tour. Included goods/services further consist of

accommodation establishments and restaurants and the like, which may also be considered attractions for the leisure tourist. Each of these individual goods/services can not on their own satisfy the demands of leisure tourists. The tourists need a combination of those to create tourism experiences. It is this combination (the functional level of interaction) of interactions (the consumption level of interaction) of such tourism goods/services happening under the conditions given by the destination that result in the creation of a tourism experience.

Conceptualising the tourism goods/services and the tourism experience in this way does not eliminate the problems of exact delimitations of tourism firms and boundaries stay blurred. Other goods/services of importance for the tourism experience, but not included here as tourism goods/services, may possess similar characteristics but may be claimed to be less experience and interaction intensive. That is e.g. the case of money exchange, souvenir shops, souvenirs and swimsuits. They are here instead considered as conditions or as supporting goods/services. Excluded are also goods/services not produced on the destination though they may have experience qualities and involve moments of interactions, e.g. air and land travel to and from destinations, sales and marketing, travel insurance and vaccinations. As envisaged here, those goods/services mainly support the creation of the tourism experience but are not themselves part of the experience created within the destination. Additionally, the conceptualisation does not eliminate the problems of delimitation resulting from the fact that local populations may also consume tourism goods/services, just as other goods/services, possessing the same characteristics as tourism goods/services, may not form part of a tourism experience. However, what is important here is that the consumption of a tourism good/service does not itself result in a tourism experience. A tourism experience is the result of a tourist’s consumption of several functionally put together tourism goods/services during a period of time, under the conditions of a specific tourist destination which is a place different from the tourist’s normal place of residence. This does not imply that tourism goods/services can be distinguished from non-tourism goods/services. They may instead, in many cases, be similar and indistinguishable. It is, instead, the total tourism experience that is different from other experiences of consumption - such as going to the shopping centre on a Saturday afternoon or having a beer in the pub on the corner after work - and not necessarily the characteristics of the goods/services themselves. Finally, delimitating the tourism experience, as has been done in the above, can rightfully be claimed to lead to the exclusion of parts an

'overall tourism experience'. Such an experience may be initiated a long time before the tourist's arrival at the destination as well as it may not end when the destination is left. The total experience could include anticipatory excitement as well as reflexive experiences through memories and looking at photographs (Burns and Holden 1995: 70).

Tourism experience innovations

The innovation term has been applied mainly to describe innovations of 'traditional goods' and, when focus is on experiences, as defined in this chapter, existing perceptions of the innovation term seem only partially capable of describing the phenomenon of innovation. The following discussion will attempt to clarify how the innovation term can be dealt with in this thesis, applying it to describe one of several possible types of innovations of the tourism experience.

The tourism experience and the concept of innovation

Schumpeter is typically referred to as 'the father' of innovation theory. Due to his influence on the understanding of the innovation concept and on innovation research, he serves as the starting point for this discussion. According to Schumpeter (1961), innovation is an activity that creates economic development. The drive for such an economic development is first and foremost related to the carrying out of new combinations: "*To produce means to combine material and forces within our reach. To produce other things, or the same thing by a different method, means to combine these materials and forces differently*" (Schumpeter 1961: 65). Such new combinations could result in innovations consisting of the introduction of a new good or of a new quality of a good; the introduction of a new method of production; the opening of a new market; the conquest of a new source of raw material or half manufactured goods; or the carrying out of a new organisation of an industry, such as the creation of a monopoly position or the breaking up of a monopoly position (Schumpeter 1961: 66). While Schumpeter's definition has been criticised for its blurring boundaries, which may be due to Schumpeter's focus on economic development rather than on definitional exactness (Sundbo 1998: 13), the importance of the definition is evident as it is still often cited and applied. Innovations have later been divided in 'product' and 'process innovations' (e.g. Abernathy and Utterback 2000, first published 1975). 'Product innovations' correspond broadly to the first category of innovations in Schumpeter's definition (the introduction of a new good or a

new quality of a good). 'Process innovations' may, on the other hand, be defined as such that result in increased performance of operations already being carried out through intensification or perfectionisation. Product innovations are thus related to changes of *what* is produced and process innovations to changes of *how* it is produced. However, product and process innovations are not completely independent and they tend to go hand in hand in the real world (Stoneman 1995: 3).

When related to products (rather than to the organisational features of an industry), the innovation concepts focus on changes controlled within the firm, on what is produced by the firm and on how it is produced. As the tourism experience is understood as the result of the interactions of tourists with tourism goods/services and a destination, changes of what is controlled within the tourism firm represents only one way in which the experience can be changed and the creation of different experiences may occur in a variety of ways. E.g. changes of the conditions of the destination may change the experience in a variety of ways such as through improvements of infrastructure, global warming and changes of local populations' attitudes towards tourists. Additionally, different and unique experiences may be created as tourists bump randomly into tourists and local inhabitants, thus creating good or bad experiences through 'innovative interactions'. As each tourist may, furthermore, perceive interactions differently, each interaction creates exceptional experiences. In this way, tourism experience 'innovations' are out of control, chaotic, disorganized and personal. It is thus clear that traditional innovation concepts could have serious shortcomings when it comes to such a wide interpretation of innovations of the tourism experience - or of any experience for that matter - and also that innovation theories (such as e.g. those dealt with in following chapters) would not be fit to explain such experience innovations. However, if the term innovation is applied in traditional ways and thereby limited to concern what is produced by the firm and how, it may be argued that innovations such as those described can not be considered as innovations as they are 'out of the firms' and out of control of the firms. The interactions are not changed by the firm but by external factors, and are partly uncontrollable and random. It can, in such a line of thought, be argued that an innovation must be the result of something that can be changed within and by a firm. Sundbo and Galluj (1999) additionally argue that a product should be reproducible to be considered an innovation. As such, exceptional or chaotic and random occurrences cannot be considered as innovations. From the tourism firms'

point of view, innovations of the tourism experience then concern changes of the experience that can be controlled and induced by and within firms. However, what is produced within and outside the firm becomes hard to distinguish in many cases of tourism goods/services, as the production may happen 'in situ', e.g. in the case of a guided tour. This does, furthermore, not mean that what is out of control of the tourism firms, random and chaotic is irrelevant to the tourism firms as the tourism goods/services being part of the tourism experience are interdependent with the other elements of the experience and depend on the interactions with the other elements. Changes in the other elements may not just change the experience but also create a need for changes within the tourism firms or affect the success of such a change.

From such an 'inside the tourism firms' point of view, the tourism experience may be influenced and thus innovated in different ways. As the experience of consumption of tourism goods/services is a result of the interaction of the tourist with the tourism good/service, the purpose of an innovation is to create a change of the experience of the interaction. Again the result of such an interaction is partly out of control as tourists uncontrollably interact with each other - and with the goods/services - while within the tourism firm. Though such interactions may be partly controlled, controlled changes of the experience of consumption may be carried through in two fundamental ways. One is by influencing the firms' personal interactions with the tourists. Changing the ways of treating the tourists or general ways of interacting - i.e. changing the personnel's role in the play on the stage - may for example create different experiences. Though such innovations can rightly be considered to be of extreme importance, they are not the ones that I shall focus on here. The other way to change the experience of the interaction - and the one of interest here - is by changing the physical aspects of the stage of interaction. Such a change of the stage is not simply a physical change but will also result in a change of the interaction of the tourists with the physical characteristics of the firm, its personnel as well as with other tourists. Interactions taking place round a swimming pool are different from interactions taking place in a dining room and such different interactions create different experiences. Some experiences of interaction may be more pleasurable than others and depend on the physical setting and e.g. the experience of interaction with a low budget hotel room is different from the experience of interaction with a five star hotel suite. Physical changes are thus closely connected to changes of the experience. In this sense, the focus is on innovations that may be compared to

traditional product innovations as they consist of new combinations of the elements that make up the physical aspects of the stage of interaction. When focus is on tourism experience innovations, focus is on how new combinations of the technical characteristics of goods/services are the source of changes of the stages of interactions and thus of the tourism experiences. This is, as such, equal to innovations of other experience products, such as the car, where innovations through changes of the technical characteristics of the car improve the experience of consuming the car. While focus, in this thesis, is on the physical changes of the stages of interaction, such changes are, as indicated earlier, dependent on the other elements of the experience because the tourism goods/services are functionally fixed to the conditions provided by the destination: you do not change your hotel into a 'hotel on a mountaintop' if it is not actually on a mountaintop. Exceptions from this are e.g. themed restaurants, e.g. a restaurant in the historical centre of Copenhagen that becomes a restaurant in Mexico, or hotels in developing countries providing uniform, familiar and standardised secure western atmospheres for the developed world's tourists (Madeley 1996: 12; Morgan 1994: 381). Mostly however, while an innovation may be seen in isolation it nevertheless remains embedded in the tourism experience complex, consisting not simply of goods/services but also of tourists and destinations, their interdependencies and interactions.

Though such innovations may be compared to product innovations, they are closely related to, and indistinguishable from, certain process innovations because of the co-presence of production and consumption of the tourism experience. The division of process and product innovations is thus extremely blurred. The product innovations of interest here are, as indicated, those which change the physical aspects of the stage of interaction. On the other hand, what may be considered process innovations - such as the introduction of information technologies for managerial purposes, or hidden physical changes, such as changes of electrical installations and the like - are not considered directly. Though such innovations may indirectly have an effect on the tourism experience, they are not directly visible to the tourist. They can however be considered important as they are themselves not just related to improvements of production processes, but also, in cases, directly related to product innovations as e.g. the introduction of one product innovation may cause for several process innovations to be carried through.

Tourism experience innovations and the Schumpeterian heritage

Schumpeter's importance for innovation research can be seen in how certain theoretical and definitional issues related to his original definition have developed later and in how some of his original underlying assumptions have survived. Some of those issues and assumptions are of importance for the tourism experience innovation term. First, Schumpeter's focus was mainly on specific changes of a certain importance: 'great structural breakthroughs'. Those were related to the appearance of one or a few 'entrepreneurial heroes' who, in Schumpeter's early theory, were considered to be persons capable of carrying through new and important combinations causing an innovational breakthrough. Those 'heroes' would pave the way for others to follow, as they remove the initial obstacles for further development (Schumpeter 1961: 228). This would cause a discontinuity as the initial breakthrough would be followed by a swarm of new combinations giving rise to a business cycle where old products and production structures became obsolete and substituted by new ones in a process of 'creative destruction' (Schumpeter 1961: 212-255; Coombs et al. 1987: 175-177; Reijnders 1990: 30-33). It was especially the initial great structural breakthroughs requiring 'entrepreneurial heroes' that were of importance and of interest, and they were opposed to the continuous development consisting of technological change 'so small' that managers could do the job (Rostow 1990: 455). This approach has later been given prolonged life with the well-known distinction between 'incremental' and 'radical' innovations. Radical innovations may be seen as very different new combinations or discontinuous events, whereas incremental innovations are small improvements that occur more or less continuously (e.g. Freeman and Perez 1988: 45-46).

These often applied divisions have, according to Rosenberg (1985), resulted in a bias of the research of economists who have directed their focus towards the more 'prestigious' and, in the Schumpeterian sense, 'true' radical innovations instead of towards the smaller changes of incremental innovations, considered to be of minor importance. Nonetheless, technological change is also, and perhaps more importantly, a continuous stream of minor adjustments, modifications and adaptations. Such minor changes may individually be very modest but cumulatively they are of major significance (Rosenberg 1985: 61-62). Abernathy and Clark (1985: 6-7) further argue that 'true radical innovations' are rarely encountered in practice. It is thus indicated that incremental innovations may be of important significance and that new

products may mostly not result in great structural breakthroughs. Despite this, the focus on, and the search for, the 'true' innovation has resulted in the importance of many forms of technological change being dramatically understated (Rosenberg 1985: 77).

This discussion is closely related to another critical aspect derived from Schumpeter's original distinctions. In Schumpeter's terminology, the process of technological change was divided into *invention*, concerning the first development of a new product; *innovation*, concerning its economic application; and *diffusion*, concerning the introduction of the innovation by buyers or competitors (Dosi 1991: 181). Schumpeter, in this way, applied the term innovation to describe a particular stage of technological process in which innovation was clearly distinguished from invention: "*As long as they are not carried into practice, inventions are economically irrelevant. And to carry any improvement into effect is a task completely different from the inventing of it*" (Schumpeter 1961: 88). On the other hand, diffusion may be seen as the predominant aspect of the latter parts of the business cycle where the now 'not so new innovation' becomes familiar and the acceptance of it becomes a matter of free choice not demanding the qualities of a true entrepreneur (Schumpeter 1961: 228-229). While some innovation researchers have used the term innovation to describe innovation as separate from invention and diffusion, others have widely used the term to describe the entire process of technological change (Stoneman 1995: 3; Sundbo 1998: 12). The last is not necessarily the result of a loose misuse of terms but have practical as well as logic rationales. The division into invention, innovation and diffusion can e.g. be criticised as a rough conceptual distinction, which can hardly be found in practice (Dosi 1991: 181). An invention may e.g. be introduced as an innovation by economically minded research establishments, and the diffusion process may entail further innovation by both developers and users. Similarly, Stoneman (1995: 3) indicates that the invention-innovation-diffusion process is not a linear one of separate stages as extensive feedbacks exist and Rosenberg (1985) adds that -

> The diffusion process is typically dependent on a stream of improvements in performance characteristics of an innovation, its progressive modification and adaptation to suit the specialised requirements of various sub-markets … It is economically absurd to consider the innovation of the automobile as having been accomplished when there were a few buffs riding around the

countryside terrifying horses (Rosenberg 1985: 75).

This, while problematising the conceptual distinction between invention, innovation and diffusion, also brings us back to, and emphasises the problems of the distinction between radical and incremental innovations. By maintaining such a division, focusing on the first as the true innovation, the analysis fails to focus upon continued alterations and adaptations (Rosenberg 1985: 75). Instead, the innovation process does not consist of a single well-defined act but of a long series of acts that incorporate invention and diffusion. It consists of an extensive process of redesign, modification and thousands of small improvements (Rosenberg 1985: 76)

The above discussions are related to a third often applied geographical distinction which divides innovations in e.g. *global* and *local*. When this terminology is applied, global innovations refer to the very first introduction of new products while the local innovations refer to the first introduction in the unit of observation (Stoneman 1995). As such, some studies make it a condition that an innovation is new at the global level so as to be considered an innovation, while others have analysed innovations as new combinations within national boundaries and yet others have made it a condition that they are new within the firm only (Sundbo 1998: 14). However, as innovations cannot necessarily be separated from inventions and diffusions, the geographical distinctions become artificial in some senses. During the diffusion process, i.e. the introduction of combinations considered new at the national or firm level, important adjustments, adaptations and further developments of the product are carried through.

Following the above arguments, the innovation concept can be defined, as by Dosi (1988), as "*(…) the search for, and the discovery, experimentation, development, imitation, and adoption of new products, new production processes and new organisational set-ups*" (Dosi 1988: 222). In this way, the innovation term comes to include the whole process of invention, innovation and diffusion; and radical as well as incremental innovations at any geographical level. It may, on the other hand, at this point, be suggested that a rejection of such conceptual distinctions may be just as unfruitful as applying them the Schumpeterian way. Schumpeter's original distinctions may be argued to be theoretically useful starting points as the term

invention indicates some kind of potential for technological progress, while the terms of innovation and diffusion hint at the economic, social and organisational incentives and impediments (Dosi 1991: 181). The distinctions may, furthermore, be useful to identify introductions of completely new products but also, and not least, to identify the slow continuous developments and diffusions of innovations. Only by accepting the conceptual distinctions may it be possible to identify slow continuous developments and, not least, to state their importance. Considering these arguments, the term innovation shall here not only be restricted to include radical innovations but will also include non-radical innovations of new products, as well as incremental innovations or the continuous development through diffusion and adaptation. As a consequence, the innovation concept includes the result of the whole process of invention, innovation and diffusion. However, the terminological distinction between invention, innovation, diffusion, radical and incremental is at the same time acknowledged so as to recognise - and not to devaluate - the importance of processes of diffusion and continuous change.

Before applying these terms to tourism experience innovations, yet another conceptual distinction must be introduced. The term ‘tourism product’ may, as indicated by Middleton (1989), be used at two different levels of which one is related to the single ‘products’ offered by the individual producers and the other refers to the total level which covers the complete tourism experience. Such a distinction can also be derived from the conceptualisation of the tourism experience established earlier. On the one hand, innovations of individual goods/services are related to the consumption level of interaction, whereas innovations of total experiences are related to changes of interactions at the functional level. Innovations of individual goods/services are thus related to changes of the technical characteristics of the stages of interaction, resulting in changed possibilities of interactions and experience making through the consumption of these individual goods/services. On the other hand, total tourism experience innovations are related to changes of the possibilities of functionally putting together individual goods/services.

Referring now to the original Schumpeterian terminology, tourism experience innovations may be divided into *radical* (or new or discontinuous) and *incremental* (or continuous). At the consumption level of interaction, this means that innovations of individual goods/services can

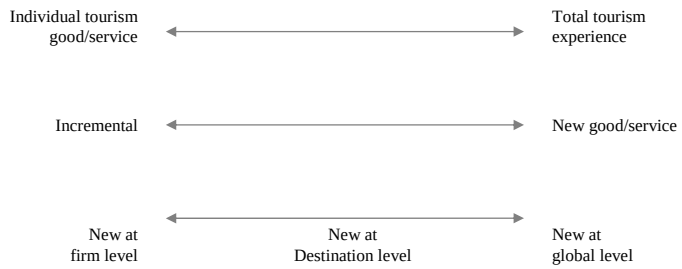


Figure 2.3: Dimensions of tourism experience innovations.

consist either of an improved or a new stage of interaction. The *incremental innovations of individual tourism goods/services* can be perceived as the continuous developments of the goods/services occurring as new combinations are carried through. E.g. a hotel consists of the combination of a large amount of elements such as furniture, decoration, swimming pools, rooms, restaurants etc. When an element is added or changed, a new combination occurs and the stage of interaction is changed. The *introduction of a new tourism good/service* is, on the other hand, related to the introduction of a new stage of interaction not seen before, such as a new type of attraction. Such innovations can furthermore cause *incremental innovations of the total tourism experience* which can be perceived as changes of the possibilities of functionally putting together individual goods/services. Finally *the introduction of new total tourism experiences* may also be perceived as resulting from the introduction of new individual goods/services, but of such a kind that they can be considered to result in a new type of tourism experience, such as e.g. a golf tourism experience. Innovations could finally be distinguished as *globally new*, *new at the national level* or *new in the firm*. However, instead of the national level it makes here sense to apply the destination level as the one of interest. Only the first (the innovation that is new at the global level) may be defined as the 'true innovation' while the rest would simply be related to diffusion processes. Any innovation can then finally be positioned anywhere along the three dimensions of figure 2.3: as innovations of individual tourism goods/services or as innovations of the total tourism experience; as incremental or as new; and as new at the firm, the destination or the global level.

It is, at this point, tempting to continue applying the traditional Schumpeterian innovation

terminology. In the left-hand side of the figure the less important diffusions of incremental innovations (of individual goods/services) are found, while in the right hand side the true radical innovations (of total experiences) are found. Nonetheless, referring to the earlier discussion, such a division of innovations may neither be problem free nor fruitful as it may be hard, in a real life context, to distinguish radical from incremental innovations and the innovations from inventions and diffusions. With the innovation (distinguished from invention and diffusion) of e.g. the rural tourism experience (if the act of such a radical innovation ever took place), rural tourism was not finally developed. New tourism goods/services related to the rural tourism experience continue to pop up to change the experience, just as individual goods/services and the total experience of rural tourism are further developed and accommodated to local conditions (the destinations) and consumers during its diffusion process, creating constantly developing new tourism experiences. The innovation process in this sense becomes one of continuous development, application and adaptation to local conditions. The same is the case with the development of individual goods/services. That the concept of a hotel was (perhaps) invented and applied in economic life thousands of years ago (perhaps) as a consequence of one entrepreneurial hero's great skills, does not mean that the product has never been developed since and accommodated to local conditions. It becomes additionally conceptually difficult to distinguish innovations of individual goods/services from innovations of total tourism experiences. Innovations of individual goods/services may result in that the tourist can combine goods/services in new ways facilitating the production of different total experiences through interactions at the functional level. At the same time, innovations of individual goods/services may be closely related to the destinations' conditions resulting in that the innovation cannot necessarily be seen as one of the individual good/service only.

Though the distinctions in this way are blurry, the three dimensions of tourism experience innovations illustrated in figure 2.3 may be theoretically and empirically useful. They indicate the existence of innovations of different magnitudes and they facilitate the identification of such innovations empirically and help to state their importance, though the exact positioning of any innovation along the dimensions may be tricky. However, innovations should perhaps not be perceived as positioned as fixed points along the dimensions. Instead, they may have varying extensions. Some may be innovations of individual goods/services at the same time as

they are, to a certain degree, innovations of total experiences. Others are both new and incremental which may depend on the geographical level at which they are observed. An innovation, which may e.g. at the global level be considered an incremental innovation of an individual good/service, may at the destination level be considered to result in a new total experience. The conceptual distinctions are, however, useful for observing and describing different qualities of tourism experience innovations. It furthermore allows for the identification of not just major breakthroughs but also of continuous incremental innovations, diffusion processes and adaptations to local conditions and tourists. Such continuous and incremental innovation may, as will be indicated in the following, be of uttermost importance for tourism firms.

The contemporary importance of tourism experience innovations

While the above discussions have approached an understanding and a certain categorisation of the tourism experience innovation concept, the following sub-chapter will discuss the relevance and importance of different tourism experience innovations in a contemporary context. It will be discussed which types of innovations may be argued to be of importance and which may be expected to be occurring in tourism firms. As such, the following short discussion also represents an indication of which innovations may be found in the empirical research carried through and described later.

The phenomenon of tourism probably began in historic times when humans established settlements and a few of those humans acquired certain wealth and free time (Leiper 1990a: 3). Tourism has since then existed in a variety of forms such as tourism in the Arab World of the Middle Age; nature tourism in Japan and China in antiquity; and Imperial Rome may have been the first culture to produce a kind of ‘mass tourism’ (Feifer 1986). In modern times, tourism experiences have been subject to continuous changes. The more recent developments of tourism experiences in a European context have been identified by Claval (1995) who distinguishes significant phases in the modern period of tourism. A first phase, *the Grand Tour*, was characterised by a highly socially constrained access to tourism and included especially tourism in destinations of Italy and Greece. A second phase was characterised by a broadening of the social base to whom tourism was accessible (including the middle class) and incorporated tourism of romanticised landscapes and large swatches of coastline. A third

phase, *modern mass tourism*, made tourism accessible to most social classes in northern Europe and converted tourism into the major income for many coastal areas especially in southern European countries and later in parts of the rest of the world. As such, the tourism experience has developed through the incorporation of new destinations, new tourists, new tourism goods/services, as well as new types of interactions between these elements.

At the moment a new significant change of phases of modern tourism is argued to occur. It may be argued to be characterised by the development of new tourism experiences as new consumer demands, new destinations and new tourism goods/services are creating new types of experiences. Such a view finds support in a broad range of tourism literature. This literature claims to identify how the 'mass tourism experience' is being phased out by a new and more diversified range of tourism experiences. Already in the year 1984, Feifer identified a substitution of the mass tourist by the post-tourist. Poon (1993) equally claimed that a '*new*' tourist was substituting the mass-tourists and Urry (1990) argued that the modern society's tourists were being substituted by the post-modern society's tourists. Such developments are furthermore claimed related to changing production practices where a Fordist type of mass production is being substituted by post-Fordist flexible production practices (Ioannides and Debbage 1998). Tourists are, in this literature, generally claimed to become more differentiated, segmented, individual, spontaneous and critical, imposing new demands on, and providing new opportunities for, the providers of tourism goods/services in new or existing tourist destinations. The resulting new experiences have been given names such as culture tourism, heritage tourism, green or sustainable tourism. This change of phases has been described as a sudden change of profound transformation and could therefore be compared with Schumpeter's theory of business cycles where a state of equilibrium (mass tourism) is interrupted by major breakthroughs (e.g. rural tourism): "*In the year 2000 tourism will look nothing like it used to be. The industry is in metamorphosis – it is undergoing rapid and radical change … the era of sunny weather management is over*" (Poon 1993: 3). Such major breakthroughs would be followed up by a swarm of imitations (in existing or new destinations) and incremental innovations (e.g. farm tourism):

> Tourism is breeding diversity in the market place … Innovative energy is apparent in every domain of tourism. Significant technology and product

> developments and improvements are being introduced on a daily basis (Haywood 1998: 282-283).

While the comparison to Schumpeter's concept of the business cycle may be tempting, it does not necessarily describe the mechanisms behind the change of phases or the characteristics of the change. That there has been a less obvious and a less sudden change than predicted is evident today. This is indicated by the dates of some of the references predicting and even identifying such a change e.g. 1984 (Feifer), 1989, 1993 (Poon) and 1990 (Urry). As we today, in the beginning of the 21st century, continue to observe half of our compatriots leaving us for two weeks of bathing and sun-bathing in mass tourism destinations of Sunny Weather Land once, twice or thrice every year, the change of phases does not seem to have been such a clear and sudden one. While there have been shifts in the production and consumption of tourism goods/services, these are only tendencies and the detailed picture is more complex (Williams and Shaw 1998: 52-54). This complexity is not only a characteristic of the present process of change but was also inherent in the phase of mass tourism. E.g. Shaw and Williams (1994) divide the phase of mass tourism in 5 distinctive sub-phases distributed from 1920 to the end of the 20th century, indicating that the development of that phase was a complex one and part of a longer continuous process of development as well. Additionally, there is no evidence that the dominant form of tourism of the last phase, mass tourism (which also always coexisted with other types of tourism such as individual tourism), is being substituted by other types of tourism - some of which may not be new at all. Instead mass tourism is seen to adapt itself to supply more individualised holidays, greater quality and more environmentally sound ways of production (Williams and Shaw 1998: 54). The change can furthermore not be portrayed as a clean break or a clear chronological transition from Fordism to post-Fordism as both forms of production coexist (Williams and Montanari 1995: 4; Ioannides and Debbage 1998: 116). Finally, there is no sign that the change of phases is completed and a new state of equilibrium established, and new predictions of change continue to pop up. E.g. Buhalis (2001) argues that the process of change is a slow long lasting one that started in the 1980s and is expected to continue during the 21st century. The change of phases is thus best characterised as a general slow continuous development of tourism experiences and not as a sudden major breakthrough.

It could therefore be suggested that the current change of phases is mainly one of incremental innovations at the firm level, as tourism firms gradually change their products to meet new demands and new possibilities. It may, however, also include the introduction, or rather the diffusion and incremental innovations, of total tourism experiences such as rural tourism, sustainable tourism, adventure tourism etc. produced in new, merging or existing tourist destinations. Within each of those new types of tourism experiences, new goods/services emerge or are diffused and adapted to local conditions, such as in the case of rural tourism, e.g. farm accommodation and different nature activities, causing a slow continuous incremental development of tourism experiences. Though not all (if any) of those experiences may be new (in Schumpeter's sense of the term), they may nevertheless be considered to be important stages of the overall process of innovation, including the entire and intertwined process of invention, innovation and diffusion, where products are introduced locally, further developed and adapted to local conditions. Though the change of phases can not be conceptualised as one of a sudden major breakthrough but rather as a period of slow gradual change without any specific identifiable starting and ending points, the period may be conceptualised as one of a cluster of innovations, or at least as a cluster of innovations of particular types of tourism experiences. It is a period in which such types of incremental innovations are of importance for the survival of tourism firms and of tourist destinations if they want to be part of a slowly developing new phase of modern tourism instead of being 'phased out by the change of phases'.

If such are global trends, other trends and their intersections with the global trends may be identified at the regional, national or local scales (see e.g. Shaw and Williams 1994; Poon 1993). Such trends shall not be treated here. Nonetheless, at this point, some general considerations on innovations at the geographical level of the destination can be introduced. As proposed by Butler (1980) in his 'Tourism Area Life Cycle Model', destinations - or rather tourism experiences - undergo development trajectories and go through different phases of *exploration*, *involvement*, *development*, *consolidation*, *stagnation* and finally either *decline* or *rejuvenation.* This model is concerned with the 'self-destruction' of tourist destinations as they become un-modern, overcrowded and/or resources become overused, and on how such a phase of destruction can be avoided and substituted by a new development trajectory. Though the model, which is largely descriptive, does not generally apply to destinations (Haywood

1998: 275) and though there is little consensus about the usefulness of the model (Johnston 2001), it indirectly indicates that tourism experiences created in particular destinations develop (in one way or another) and that they may pass through more innovative phases, such as the involvement and development phases, and less innovative phases, such as the phases of consolidation, stagnation and decline. Additionally, the model indirectly indicates that non-innovative phases lead to stagnation and decline and that the way for destinations to avoid their self-destruction is by entering a new innovative period of rejuvenation. Tourism experience innovations are thus indicated to be constantly important and indispensable for the long term survival of destinations. Other models have been proposed as alternatives (e.g. Gormsen's 1981; Lundgren 1973). Though these models contradict certain central features of Butler's model, they equally identify different phases of development of tourist destinations' tourism experiences. However, such models ignore external factors' influence on the development, such as e.g. the change of phases at the global level. Such a change of phases may emphasize the need for new development trajectories or innovations at the destination level. This is the case especially, but not only, in destinations which encounter themselves in non-innovative phases. New development trajectories must be induced if such destinations do not wish to become, not only self-destructed, but the 'victims of the creative destruction of destinations' as new tourism experiences belonging to the new phase of tourism are being developed in other destinations. To avoid such a creative destruction the tourism experiences, destinations must become part of the new phase by adapting themselves to the new tourist demands and possibilities. This may include incremental innovations of existing goods/services and/or local adaptations of new goods/services and/or total experiences. While there may currently be an incitement or need for innovations at the global level, such innovations are constantly important for particular destinations and even more so due to the change of phases of modern tourism.

Intermission

This chapter has approached the 'product' of tourism as an experience and conceptualised this experience as the complex combination and interaction of tourists, tourism goods/services and tourist destinations. Innovations of such experiences have, at the level of the tourism firms, been related to changes of the stages of interactions of tourism goods/services. Such innovations can be categorized as innovations of goods/services or of total experiences; as

incremental or as new goods/services; and finally as new at the global, the destination or the tourism firm level. Such different types of innovations have been argued to be highly important in a contemporary context at the general level due to the supposed presence of a slow and continuous change of phases of modern tourism. At the same time, such innovations have been considered crucial at the destination level for the development and survival of destinations and of their tourism firms. The tourism experience as conceptualised in this chapter will furthermore be considered as the context of the unit of analysis. This unit - the tourism experience innovation network - will be dealt with theoretically in the next chapters in the light of the character of the tourism experience, the particularities of this experience and the specific characteristics of tourism firms.

Chapter 3

Tourism Experience Innovation Networks

The purpose of this and of the following chapter is to establish a theoretical background for analyzing the existence and the importance of innovation networks of tourism firms implicated in the creation of tourism experiences. The network approach has, as indicated earlier, rarely been applied to analyze systematically relations between tourism firms, though tourism literature has often referred to the presence of alliances, cooperative ventures and partnerships (Tremblay 1998: 851) which may all be considered different expressions of network relations. A fewer studies have considered networks in relation to innovations of tourism firms. Such studies do, however, not seem to identify the mechanisms linking networks to innovations, such as e.g. information transfer in networks, but seem to establish such a link implicitly rather than theoretically. Furthermore, loose use of the network concept is evident when applied to tourism - as is often the case generally as well - and the concept has been used as ‘everyday speech’ rather than as an academic description of a particular phenomenon with precise usages of the term (Lynch 2000: 97).

The network approach applied here takes into consideration the characteristics of the tourism experience, and its complexities as a combination of tourists, destinations and tourism goods/services. The focus on tourism experience innovations as changes of the stages of interactions provided by tourism firms, or technical changes of such stages, suggests that innovation theories such as the innovation network theories should also be applicable to tourism experience innovations. As will become evident in the following discussions, the character of the tourism experience does, however, mean that the networks of tourism firms possess particular characteristics that must be taken into account. For the purpose of approaching a description and an understanding of tourism experience innovation networks, inspiration has been found in different innovation network theoretical approaches. Those theoretical approaches shall be considered critically and some of their central arguments

combined. The theories describe different structures of networks, which can hardly be separated in the real world. It is here believed that when they are considered in relation to each other, a more realistic view of innovation networks and a deeper insight in the innovation networks of the tourism experience may be gained. First, however, a brief introduction to general innovation network theory, its origins and its basic ontological assumptions will be outlined.

The innovation network theory

The origins of the innovation network theories can be traced in earlier innovation theories and in a criticism of those. At the same time, the innovation network theories are based on their own set of assumptions. The origins and assumptions of the network theory will shortly be dealt with in the following, which will also shortly deal with the definitional issues of innovation networks.

From entrepreneurs to innovation networks

As indicated in the former chapter, Schumpeter is often considered as the 'father of innovation theory'. Though this may not be accurate (Sundbo 1994: 53), his theories can nevertheless here serve as the starting point of a brief superficial journey through innovation theory. As pointed out in the former chapter, Schumpeter (1961) saw innovations as results of the activities of 'entrepreneurial heroes'. The Entrepreneurs were the persons in capitalist societies who discovered ideas and introduced them into economic life (Coombs et al. 1987: 94). The entrepreneur was motivated to run the risk inherent in introducing a new idea by the expectation of a monopoly position and by the possibility to enjoy profits (Schumpeter 1961 – first published in 1912). Later, Schumpeter (1947) shifted emphasis from the expectation of monopoly to existing monopolistic advantages as the factor allowing the introduction of new ideas into economic life. Innovation requires resources for R&D and design. A monopolist or an oligopolist can have easier access to these resources than an atomistic competitor (Schumpeter 1947; Coombs et al. 1987: 95; Christensen 1992: 34-35). Instead of persons of great visions, Schumpeter thus acknowledged the importance of the growing institutionalization of R&D conducted within large firms (Christensen 1992: 80-81). However, no matter whether it was an individual entrepreneur or a large firm that introduced new ideas in economic life, technology was argued to be the engine of growth (Coombs et al.

1987: 95). Coombs et al. (1987: 95) therefore argue that the *technology-push* hypothesis finds a natural place in Schumpeter's ideas (see Sundbo 1994 for a critique of this interpretation). This technology-push hypothesis coincided with the belief in the immediate post-war period that science was the generator of economic growth (Coombs et al. 1987: 94). An innovation was assumed to begin with basic and applied research activities, followed by a product development stage and then the production and commercialization (Fischer 1999:14), and the manufacturer was seen as the one responsible for the innovation controlling the entire process (Biemans 1995: 141; Håkansson 1987b: 85). In the 1960's and early 1970's, this point of view was challenged by a series of empirical studies suggesting instead that demand was the main initiator of innovations: the pull factor of innovations. Schmookler (1966) is often credited for the origin of this *demand-pull* hypothesis. Through empirical studies he argued that fluctuations in investments could be explained better by external events, and that upswings in inventive activity responded to upswings in demand (Coombs et al. 1987: 94). These models of first technology-push and later need-pull were to dominate innovation theory for a long period (Fishcer 1999: 14). However, on the basis of critical analysis of various studies, Mowery and Rosenberg (1979) concluded that both supply and demand were important determinants for innovation and that the coupling of technological development and market demands was essential for innovations to become successful.

A common assumption of all those approaches was that producers should use a rational, straightforward product development process. Innovation was seen as a sequence of stages starting either from R&D or from some perception of the market. Such 'linear models' implied that each stage would be triggered by the output of the previous stage and more complex interaction or feedback processes were not dealt with (Fischer 1999: 14; Biemans 1995: 141; Håkansson 1987b: 85; Coombs et al 1987: 100). However, these models came under increasing attack due to an apparent disorderliness of the innovation process in the post-Fordist era (Fischer 1999: 14). Common for the described approaches was additionally the focus on one actor, the manufacturer, and what happened within this actor, and that product development was seen as an internal problem. This was partly challenged by the studies of von Hippel (1978) on the role of manufacturers versus customers in the innovation process where both were seen as potentially responsible for the development of an innovation. This approach recognized some kind of interactiveness among manufacturers and customers in the

product development process but still left the initiative for product development to one actor only (Biemans 1992: 81). Nonetheless, related to the observations of von Hippel arose the alternative of considering the customers and manufacturers as both taking an active part in the product development process simultaneously (Håkansson 1987b: 86). The development of this observation is typically assigned to the first International Marketing and Purchasing Project Group Project (IMP1) that studied supplier-customer relationships in international industrial markets and argued that product development was linked to such relations and to an interaction process between suppliers and producers (Rosson 2003: 2; Håkansson and Snehota 2000: 70-72; Biemans 1992: 75). These last theoretical assumptions can be seen as the early origins of the innovation network theory, which nevertheless broadens the view so as to include not exclusively relations among suppliers and producers but among a whole network of actors.

Foundations of the innovation network theory

The innovation network theory is, on the one hand, based on a set of interrelated and interdependent basic assumptions, which can be seen as a further development of the earlier innovation theories described above as well as a critique of those. On the other hand, a range of other theoretical branches explaining inter-firm cooperation have influenced the development of the theory. Those assumptions and influences may be interpreted as forming the ontological foundations of the innovation network theory.

First, the innovation network theory has borrowed from, and been inspired by, an array of different theoretical approaches. At a general level, inter-firm cooperation, which is at the heart of the innovation network theory, may be seen to be a theoretical field dealt with by a large number of different disciplinary approaches within economics, sociology and a number of other sciences (figure 3.1) (Rumyantseva and Tretyak 2003: 4). Easton (1992b: 4-7) identifies at a more specific level a set of different theoretical approaches that share characteristics with the innovation network theory, but from which it is also distinguished. As already mentioned, the *IMP1 project* focused on dyadic relationships between buyers and sellers, a relationship view that the network theory broadens to involve various actors. Similarly, the *Resource Dependence Model* focuses on firms' individual relationships and sees those relations through the eyes of the individual firm instead of through the 'eyes' of the

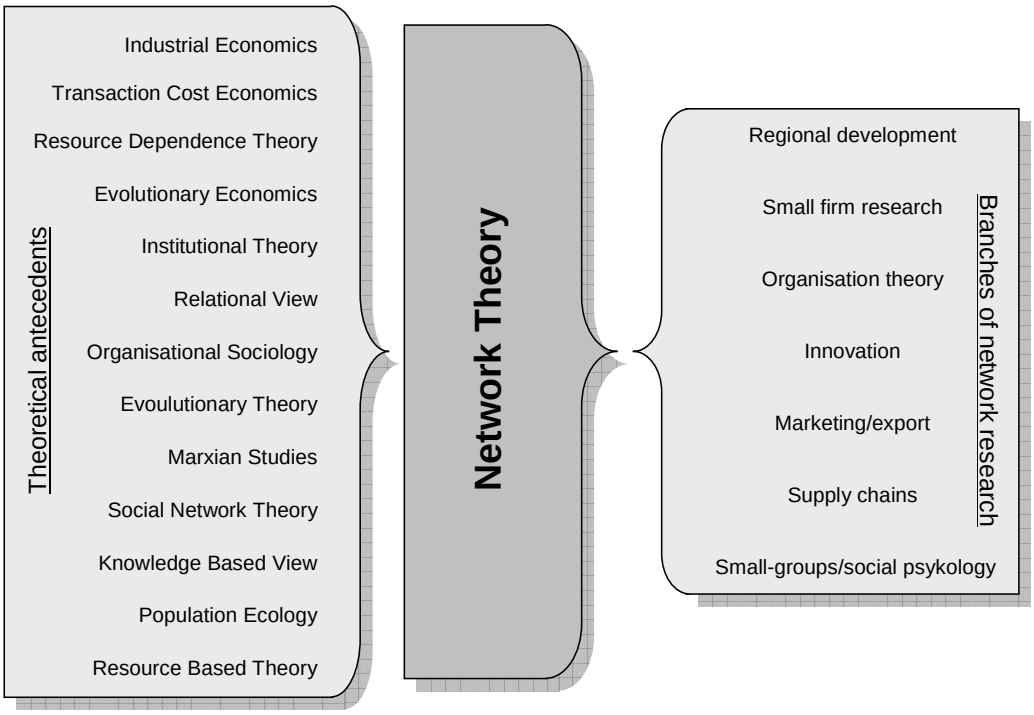


Figure 3.1: Antecedents and branches of network research.

network of relations. *Social Exchange Theory*, on the other hand, seeks to explain the emergence of various forms of social structures adopting a systemic focus, but its purpose has been to test simple analytical models of network behaviour using experimental methods, which is a different approach than the empirical and naturalistic approach of the network theory. Research in *social networks* shares the view of the innovation network theory that the network should be treated as a whole, but has (originally) focused on individuals' relations in a social context. *Industrial Organisation Theory* is, for its part, concerned with the structures of industries and the relationships among firms in those industries, but relations are here again seen as atomistic rather than as part of a network. Last, *Institutional Economics* assume that transactions are not without friction but again focus is on single relationships instead of on the network of relations. Those similarities with, and differences from, other theoretical approaches furthermore express themselves in the assumptions of the innovation network theory, of which some are comparable to other theories' assumptions while others are more particular.

A first general assumption of the innovation network theory is that contrary to the opinion of the earlier described innovation theories, *the innovation process is not seen as a straightforward linear process*. This is an assumption that the network theory shares with

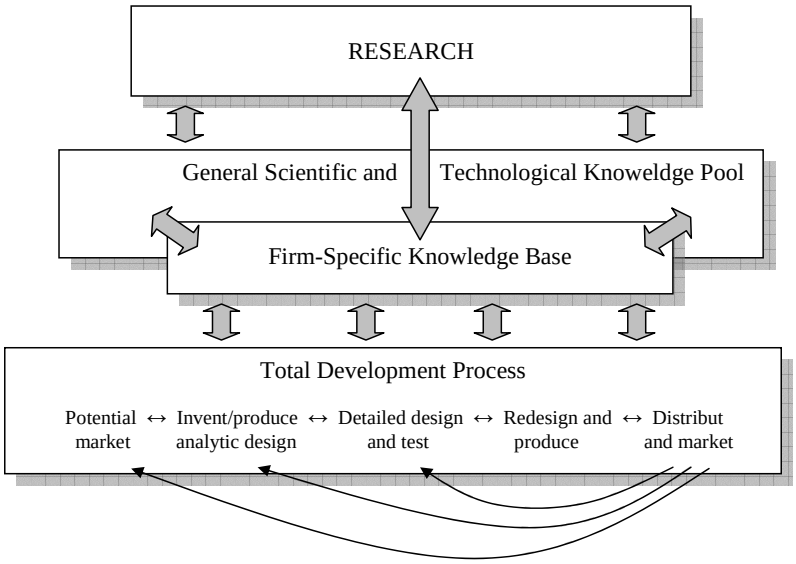


Figure 3.2: Interactive model of the innovation process
(adapted with changes from Kline and Rosenberg 1986; Fischer 1999).

modern innovation theories in general (Asheim and Cooke 1999: 147) in which interactive models of innovation have been introduced (e.g. figure 3.2). Such models stress the feedback mechanisms of the innovation process and the many interactions of innovation-related activities (Fischer 1999: 14). A second assumption is that *there is more than markets and hierarchies*. This more is the network of relationships among firms which may be considered as a third form of coordination alongside the market and the hierarchy (Küppers 2002: 32; Håkansson and Snehota 2000: 80-81). Networks are more stable than market relations but they are more flexible than the internal organization (Tödtling 1995: 175). A third assumption is that in this third organizational form, *individual firms enjoy important links with other firms*. Throughout its life, the firm is marked by not being an independent unit in an atomistic free market. Instead it is part of a network of relations among firms (Håkansson 1989: 15) and it must be analyzed considering its relationships to other firms as well as the relationships between the other firms in the network (Holmen et al 2004: 2). A fourth assumption is that these *networks are more effective forms of organization than markets and hierarchies*. Networks can overcome market imperfections as well as the rigidities of vertically integrated hierarchies (Fischer 1999: 17; Tödtling 1995: 174-175). The network represents the optimal positioning of the firm in the trade-off between reliance on the market and internal development when both alternatives present high costs, e.g. high use-cost of the market and high cost for building internal know how (Camagni 1993: 5). A fifth assumption is that

information and learning are important resources for innovation. Learning is today widely accepted as a central element in the process of innovation (Fischer 1999: 14), and innovation is considered an information intensive activity (e.g. Dyer & Singh, 1998: 665). Related to the other assumptions arises the central assumption that *innovations take place through interactions in relations among firms.* Inter-firm linkages are important channels of communication and as innovation is an information intensive activity such linkages become essential for innovations (Dyer & Singh, 1998: 665). Focus should as a consequence be as much on the interaction between actors as on what happens within the actors. An innovation is not seen as the result of one actor's activities but as the result of an interplay between two or more actors (Håkansson 1987a: 3) or, in other words, as the product of a network.

A last important assumption is that *these are times of networks*. Networks may be claimed to have always existed (Halinen and Törnroos 2004; Easton 1992a: XV) but societal and economic changes have increased their importance. Schumpeter's theory of the entrepreneur may have been valid in a time where markets were being created and the industrial society emerged. The technology based innovation theories may, on the other hand, have been explanatory in times of Fordism and technological progress under the existence of unexploited markets (Sundbo 1994: 200-201). However, today is assumed to be the time of networks as technological change has increased in speed and products' life cycles have become shortened making R&D more costly and reducing the time left for its amortization. Network relations are in such a context argued to allow firms to shorten the duration of the total product development process, share the costs and risks involved, obtain the necessary knowledge and to keep R&D costs reasonably low (Biemans 1989: 116; Biemans 1995: 138-141; Tödtling 1995: 175). At the same time, a higher competitive pressure in many industries, combined with an increasing complexity of products and production processes, forces firms to cut costs and to focus on their core competencies causing a need for the combination of different areas of knowledge, which can be achieved through network relations (Biemans 1995: 138-141; Tödtling 1995: 175; Dittrich and Duysters 2003). As such, growing specialization and uncertainty of economic activities have increased the comparative advantage of networks in economic organization (Hämäläinen and Schienstock 2001: 26). This assumption is sustained by empirical evidence, which suggests a growing quantitative importance of inter-firm network relations (Harbison and Pekar 1997; OECD 2002).

While the innovation network theory is based on such assumptions and may be seen to have a set of theoretical antecedents, the network theory is at the general level not a monolithic one itself. Instead, it consists of a puzzle of more or less interdependent theoretical contributions, each of which throws light on particular network issues. E.g. Mønsted (2003: 81-86) identifies different 'fractions' or levels of analysis of network theories. These fractions consist of the interrelated studies of regional development, supply chains, marketing/export, small group/social psychology, innovation, organization theory, small firm research as well as fractions within these fractions (figure 3.1). The fractions are not clearly distinguishable from each other and are, in fact, intertwined. As such, the fraction of network theory focusing on innovations - the innovation network theory branch - is for example intrinsically intertwined with the other branches and is itself composed of an array of sub-branches, some of which will be dealt with in detail in the following.

Definitional issues

As has been described above, a variety of approaches to the theoretical and empirical analysis of inter-firm networks exists. There are consequently also a wide variety of definitions of such networks and of their relations (Axelsson 1992: 242). They cover a wide spectrum of possibilities which is one of the problems of the theory (Easton 1992a: XV). This, it may be claimed, is partly due to the application of loose definitions of networks - when defined at all. The definition of the network is nonetheless important as it will heavily influence the evidence that may be found in the real world of such networks and the conclusions that can be drawn about their qualitative as well as quantitative importance. In its widest interpretations networks encompass a variety - if not all possible - types of contacts among firms. At the general level there is, however, a common agreement in all definitions that the network of interest is one that consists of *relations* among *firms*: "*A network consists of companies and relationships between them*" (Ford et al. 2002: 3). Distinguishing which relations among firms should be included as network relations and which should not is the underlying problem of a network definition. In the widest definitions both informal communication and more established formal cooperation among firms might be included (e.g. Rumyantseva and Tretyak 2003: 3). Some of the wide definitions may be interpreted to include all kinds of relations - including relations among both employers and employees - which involve some

kind of informal communication among persons from different firms. In the analysis of innovation networks as social networks such wide definitions including personal relations are often evident:

> A social network can be defined as a set of nodes (e.g., persons, organisations) linked by a set of social relationships (e.g., friendship, transfer of funds, overlapping membership) of a specified type (Laumann et al. 1978: 458 - cited in Gulati 1998: 295).

There seem to be fundamentally two ways in which the network concept can be narrowed down from such a wide approach: by referring to the existence of transfer of resources in network relations and/or to their longevity. In this way the network is limited to consist of relations between firms defined in terms of economic exchanges, which are conducted within the framework of an enduring relationship (Easton 1992a: XIV). It then becomes explicit that there must occur an economic transfer between firms and that such a transfer must happen within a long-living relation. Such an approach to defining the network is particularly evident in the Industrial Network approach where the network is build around the production of specific products:

> An industrial network consists of companies linked together by the fact that they either produce or use complementary or competitive products (Håkansson 1989: 16).

Such a definition may be claimed to narrow down the network concept and to exclude important types of relations among firms that are not based on the economic transfer of resources necessary for the production of specific products, such as e.g. different important alliances and informal relations. Here an intermediate definition shall be applied. Partly related to the above discussions, the ontological presumptions of the definition to be applied here are 1) that network relations are different from the theorized pure market relations; 2) that relations exist among firms and not among persons only, though personal contacts may be an important ingredient in such relations; and 3) that the relations should include some kind of transfer of resources – material or immaterial - which is planned or conscious and not

accidental, though not necessarily formal. Based on these presumptions the following definition shall be applied:

> An innovation network consists of relations among firms involved in the conscious and agreed formal or informal transfer of resources - material or immaterial - at the firm level. There must furthermore be an incitement for a repetitive or continuous transfer of resources, other than a pure market quality/price incitement.

By the conscious and agreed formal or informal transfer of resources are excluded forms of accidental and/or non-agreed transfer of resources such as information. The ‘agreed’ and possibly ‘informal’ character of this transfer of resources should not be seen as contrary characteristics. By agreed informal transfer is simply indicated that there are no contractual obligations of such a transfer whereas formal transfer will involve such a contractual agreement. By limiting the transfer of resources to the firm level are excluded pure personal relations among employers and employees from different firms. In other words, the transfer must occur ‘in the name of the firm’. As there must furthermore be an incitement for a repetitive (or continuous) contact other than a pure quality/price incitement, what may be interpreted as pure market relations are excluded. On the other hand, as both the exchange of material and immaterial resources can be the source of a relation, the network does not necessarily have to be built around the production of a specific product but can also include transfer of e.g. information only.

While such a definition does not eliminate problems of exact delimitations of innovation network relations from other types of contacts, it attempts to distinguish the relations from pure market relations as well as from pure personal relations and (at the firm level) non-agreed means of receiving or distributing information - such as different types of information leakages - while still acknowledging that network relations among companies may be of an informal character. These ontological conditions reflect the presumption (personal more than anything else perhaps) that not all kinds of information transferring mechanisms should be perceived as innovation network relations. These other mechanisms - such as e.g. important personal relations - may also be claimed to be of importance for innovative activities, as will

become clear in following chapters, but they will not here be regarded as innovation network relations among firms, but can be related to other information transferring mechanisms.

Production and information networks of tourism experiences

As indicated, these may be times of networking. This may also be argued to be the case in tourism due to a claimed globalization of travel and of tourism firms' activities; increased competition and the incorporation of principles of flexible production as new consumers demand new experiences (Ioannides and Debbage 1998: 119-120; Poon 1993: 16-18; Wahab and Cooper 2001b). Such 'needs' for networking may therefore be related to the supposed change of phases of modern tourism which may be argued to have induced a period of innovative activities in tourism firms. If innovation networks are important for innovations they may thus be hypothesized to play a certain role in, and for, the change of phases of modern tourism.

Innovation networks may be approached and analyzed in a variety of ways. Here a sub-distinction of approaches shall be made between knowledge networks - or, following the terminology that will be established here, *information networks* - and trade networks - which will here be termed *production networks*. While the first type of network is build mainly around information flows and knowledge sharing, the second is mainly build around producers and users of particular products and services (Gelsing 1992: 117). Information networks will, in the following, be approached applying considerations of the Social Network Theory, whereas the production network shall be approached applying considerations of the Industrial Network Theory developed in the second project of the IMP group (IMP2, see Håkansson and Snehota 2000) and later. The distinction between production and information networks is more analytical than factual as the two forms of networks will in reality coexist and overlap (Gelsing 1992: 117). The aim of the following is therefore also to attempt to reconcile the two approaches and to consider them as interrelated and complementary. In the case of the networks of the tourism experience - just as may be the case of other innovation networks - such a combined approach may be argued to be fruitful as tourism firms, on the one hand, can be argued to establish production networks with the purpose of securing the production of tourism goods/services as well as the production of the overall tourism experience. On the other hand, these production networks may, at the same time, possess

characteristics which may typify them as information networks. Additionally, tourism firms may simultaneously establish other network relations, which may first and foremost be associated with the distribution of information. The approach thus attempts to identify different types of innovation network relations of tourism firms and their differentiated benefits.

Production networks

The following introduction to the production innovation network will mainly consist of a relatively uncritical reference to the research of the IMP2 and to later research of the IMP community, and it provides a framework to subsequently gain an understanding of the possible production structures of the tourism experience network which will later be more critically considered. From such a production network point of view, focus is on the interdependence of different firms' resources and activities and on the need for coordination of these resources and activities in production processes. This coordination is not believed to take place through a central plan or an organizational hierarchy, nor through the price mechanism of the market model. Instead, coordination is believed to take place through interactions among firms in networks (Håkansson 1987a: 13).

A production network model

A production network may be described considering the three basic and interdependent elements: *actors*, *activities* and *resources* (e.g. Holmen et al 2004: 3; Araujo and Spring 2002; Håkansson and Johanson 1992: 28; Håkansson 1989: 16-17; Biemans 1992: 85). R*esources*, necessary for productive activities, can be accessed and controlled either directly through hierarchic control or indirectly through a relationship with the unit that possesses formal control over the resources (Håkansson 1989: 17-18; Håkansson and Johanson 1992: 32-33). Relations provide access to other firms' resources (Ford et al. 2002) and *resource ties* develop as firms interact and become aware of each other's recourses which are adapted towards each other (Holmen et al 2004; Håkansson and Snehota 1995). *Activities* combine, develop, exchange or create resources by the use of other resources. Two types of activities may be distinguished: exchange (or transaction) activities and production (or transformation) activities. Production activities are characterized by one resource being improved by the use of other resources, whereas exchange activities link production activities forming *activity*

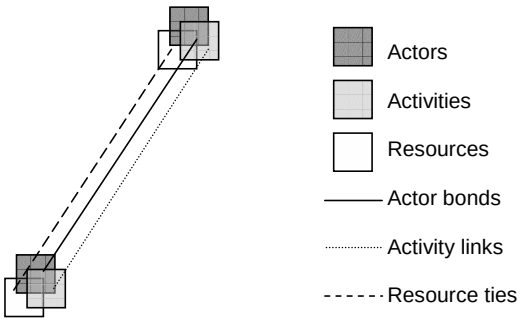


Figure 3.3: Production innovation network relation linking activities, resources and actors.

links (Holmen et al 2004: 4; Håkansson 1989: 19-20; Håkansson and Johanson 1992: 30-31). Finally, *actors* are considered as those who perform activities and/or control resources. They develop relationships with each other through exchange activities, creating *actor bonds,* and they have differential knowledge about activities, resources and other actors (Holmen et al. 2004; Håkansson 1989: 20-22; Håkansson and Johanson 1992: 28). Relations connect the three elements: activities, resources and actors. Resources can e.g. be accessed by entering a relationship with a unit, which has control over such resources, and relations represent a crucial way of coordinating production activities. Actors therefore establish relations for reasons attached to resources and activities. The result is a network of relations facilitating the production of a product, which is itself the result of a combination of different activities, resources and actors (Håkansson 1987b: 87-88). The production network may therefore be illustrated to consist of relations including the interdependent layers of activity links, actor bonds and resource ties (figure 3.3) (Holmen et al 2004: 3; Araujo and Spring 2002: 11; Håkansson and Snehota 1995).

If firms were unconnected, production systems would be unstructured and stochastic in nature. If, on the other hand, firms are connected through different types of relations then structured networks exist. The structures of the networks are in the production network related to the linking of activities, actors and resources. *Vertical structures* of *vertical relations* consist of cooperation between actors belonging to the same production chain including buyer-seller relationships, and exist as one activity's output is another activity's input. *Complementary structures* of *complementary relations* consist of cooperation between actors performing complementary activities, and exist as two (or more) activities are linked to a third activity in which the outputs of the activities are used together. Finally, *competitive structures*

of *competitive relations* consist of cooperation between actors producing the same product and may exist as activities result in the same output to be used as the input in another activity (Biemans 1992: 83-84; Håkansson 1989: 15-16, 20). Relations in the different structures may furthermore by characterized in terms of their *bonds*: *technological bonds* exist as different actors adapt to one another in some technical way; *time related bonds* help to tie up less capital, e.g. through just in time production; *knowledge bonds* exist as actors gradually acquire knowledge about one another; *social bonds* hint at the existence of confidence and trust which are gradually built up between actors and which imply responsibility and fulfilment of obligations; and *economic/legal bonds* insure that the co-operating actors fulfil their duties, or they may be used to make a relationship visible to other actors (Håkansson 1989: 20, 22, 25-26). Such bonds may be more or less strong in different relationships indicating the existence of a variety of types of relations as well as different strengths of relations as the bonds may attach firms more or less strongly to each other in different dimensions.

The production network and innovations

Production network relations are thus built around the production of a product, and the network may first of all provide *production* benefits. In relation hereto, the network affects productivity as firms' production activities are related to that of suppliers and customers. Productivity and efficiency are affected as relations include adaptations of different kinds, which reduce costs, e.g. because of the lowering of production, storing and handling costs, and relations help firms learn to perform activities in such a way that activity cycles and transaction chains become more efficient (Holmen et al. 2004: 5; Håkansson and Snehota 2000: 80; Håkansson 1989: 25; Håkansson 1987a: 10-12). Though such production benefits are important, there is more to the production network than such benefits, as the network, partly as a secondary effect, also provides certain dynamic benefits of importance for innovative activities. As a product relates resources, activities and actors to each other in a specific way, product development becomes a network issue because a new product will affect activities and resources and thereby the relationships between actors. While an invention can be seen in isolation, as soon as it materializes in the form of a product, it becomes dependent on other products and actors have to adapt to a larger or lesser degree in order to make use of the invention (Håkansson 1987a: 4). If, for example, a product

development occurs between two firms, this may place new requirements on the firms' suppliers as well as on producers of complementary products, which in turn affects their relationships with their suppliers. Finally, such a change might result in the possibility of offering the customers an improved product. One change in one activity may as such affect a number of other activities in the network. A relation between two actors is thus never completely isolated and independent from the rest of the network. The individual relation and changes occurring within it must therefore be seen as an integrated part of a larger network of relationships (Holmen et al. 2004; Ford et al 2002; Easton and Araujo 2002; Håkansson and Ford 2002: 134; Håkansson and Snehota 1995: 3; Lundgren 1992: 150). The value of a firm's actions and investments in innovation is therefore dependent on what other firms do and on the structures of the network. This also means that, in the network, firms may jointly develop new products, processes and technologies and that innovation must be seen as the result of an interplay between a number of firms (Holmen et al. 2004: 4-5). Relations can therefore be a crucial mean for a firm to take part in technological development (Håkansson and Snehota 2000: 82).

At the same time, relations serve as information channels. They provide communication channels, which are essential since the company needs information that can only be obtained from actors who have knowledge and share it with others (Håkansson 1987a: 11). Knowledge can here and in the following be understood as competences and capabilities to use information as well as to generate additional information. Information is as such an input to, as well as an output of, knowledge (e.g. Antonelli 1999). New product ideas tend to merge at the interface between different knowledge areas. In exchange situations, different kinds of knowledge come together and are combined creating *innovative situations* (Biemans 1992: 82; Håkansson 1987a: 4). In the production network, this distribution of information occurs in the production network structures and may have different results in the different structures. Through interaction in vertical structures the needs of the buyer are confronted with the possible technical solutions known by the seller. A seller can increase he's knowledge about customer needs and application know-how, develop products and reduce total development time, while the customer can acquire technology at an early stage and get products fitted to its requirements. Interactions in competitive structures may, on the other hand, take advantage of specialization and large-scale effects in development and production. Through interaction in

such structures, firms can gain access to specialized technological knowledge, reduce costs of development and production, speed up the development process, improve products' qualities and learn basic skills. Finally, interaction in complementary structures is generally similar to the two other types of interactions. That firms are complementary gives the same kind of basis for cooperation as the buyer-seller relationship, which can be based on the fact that the customer combines products from different suppliers (Biemans 1992: 83-84; Håkansson 1987a: 7-8). As a result, it is argued that innovations become closely related to the product network as its relations facilitate product development through the coordination of activities and the combining of different knowledge bodies in the different production structures.

The production network as a barrier against innovations

Whereas production network relations may be hypothesized to be beneficial for innovative activities, they may equally be argued to represent a constraint and inhibit innovations. In the network, the firm is bound to other firms and to network structures. In these structures, different dependencies exist between actors, resources and activities as a close consequence of the bonds that characterize the relations. *Technical dependencies*, first of all, exist as individual products are used together with other products. This integration of products may be extensive, and to introduce a new or a changed product within the network may require that producers of complementary products, suppliers and customers adapt to the new product. While such integration is important from an efficiency point of view, it is at the same time an obstacle to new products that do not usually fit well in the network and do not use existing capabilities in such extensive ways as the old products do. Furthermore, *knowledge dependencies* exist because the activities of a firm draw on, and are made possible by, some knowledge possessed by others which becomes available in relations. In relations, knowledge comes together and new knowledge is created which connects the knowledge of the firms. S*ocial dependencies* exist because the network is a social construction and as such is built upon social relations between actors which are difficult to break into for new actors. Finally, *logistic and administrative* dependencies include coordination such as standardization of components and the development of information systems (Håkansson and Snehota 1995; Håkansson 1987b: 92-93). Such dependencies can together create strong barriers for new products. They are argued to be the reason why incremental development steps are more common than dramatic changes. Whereas ideas that fit into the network may be accepted

others will be rejected. A completely new idea will usually not be accepted because it does not fit the existing network structures. In such a case, a network consisting of actors from previously different networks would have to be built around the new idea (Håkansson 1987b: 94-95). This may indicate that more radical innovations occur only as networks are destroyed and new networks created but not within existing networks. With the creative destruction of an innovation (Schumpeter 1961) may thus follow the 'creative destruction of networks'. However, networks take time and other resources to establish and develop which constrains the firms' possibilities to change counterparts (Johansson and Mattson 1987: 34). The actor is dependent on the investments it has made in plant, personnel and relations with other actors. If more or less strong relations exist among firms the facile switching among easily available alternatives no longer applies (Håkansson 1989: 21-22). Companies are thus not free to act according to opportunities as they arise. The independence of firms is limited and the outcomes of their actions are influenced by the attitudes and actions of those with whom they have relations which restrict their freedom (Ford et al. 2002). Due to investments made in the production network, the existing structure of the network acts as a break on innovation (Holmen et al. 2004: 5).

This raises important questions about the innovativeness of production networks. Do such networks help firms to innovative or do they inhibit innovations? Should innovations then be related to networks or are they mainly a consequence of the creative destruction of networks? Or is the creative destruction of networks a result of innovations and innovations thus not a result of networks at all? Even so, the networks may still be seen as a constraint for innovations as such a creative destruction process of networks is a costly affair as new networks are costly to establish. Do innovations then occur outside networks rather than inside networks and are other organizational forms actually better tools for innovative activities? Despite of the obvious relevance of such questions, they are hardly dealt with by the innovation network literature as it holds a strong belief in networks' central role for innovations. Though some non-innovative characters of the networks related to the dependencies in production networks are accepted, those dependencies are seen mainly as representing a possibility for the firm of influencing the network and thus of inducing change. As such, at the same time as dependencies characterize the networks and restrict movement they also represent a tool to induce change (Håkansson and Snehota 2000: 79). This is argued

to result in a tension, which drives the parties to continually develop the relationships and prevent them from becoming too strong. In this way, the network creates certain stability but, at the same time, facilitates change. The strength of relations is seen as a paradox: the stronger the relations are, the more important will they be in giving life to the firm, but the more will they also restrict the freedom of the firm (Håkansson and Ford 2003: 134). Additionally, whereas strong relations give life to the firms, looser relations may provide possibilities for the rapid and less expensive reconfiguration of the network (Easton and Araujo 2002) facilitating a creative destruction of networks and thus more radical change.

Production networks of tourism experiences

From the production network point of view, different network structures may be observed among tourism firms. Such structures may, following the above arguments, depending on their strength, be hypothesized to help firms to innovate or - on the other hand - to inhibit innovations. Tourism experience production network structures may, as in other production networks, be identified as vertical, competitive as well as complementary, but may also be seen to possess certain particularities due to the character of the tourism experience.

First, every tourism good/service may be perceived to be the result of different exchange and production activities linking different resources and actors to each other. Each producer of tourism goods/services needs access to input resources, such as in the case of a hotel, e.g. food and building materials. Such inputs may be more or less regular. Regular inputs are e.g. day-to-day inputs such as food and cleaning material, whereas less regular inputs may be furniture, building material etc. Particularly the last type of inputs seems directly related to the technical characteristics of the stages of interaction of the tourism goods/services and the relations could therefore be of importance for innovations of such stages. Those resources are controlled by and are the result of production and exchange activities performed by other actors, and exchange activities must be performed with such suppliers, and more or less strong network relations may be established with them. With the focus put on the tourism firm, such a production network structure can be termed the *vertical input structure* of tourism firms.

At the same time, the producers of tourism goods/services need access to the activities and

resources of distribution and marketing. Those are normally in the hands of the 'distributors' of tourism experiences such as incoming operators, tour operators, travel agencies and computer responsibles of reservation systems. Just as the producers need access to the resources controlled by the distributors, the distributors base their activities on access to the resources produced and controlled by the tourism firms. Both producers and distributors therefore need indirect control over each other's resources, which may be achieved by establishing more or less strong network relations. Again, different activities, resources and actors are related to each other forming a network structure. Such a structure may from the tourism firm be seen as a *vertical distribution structure*. The production benefits of this structure are, in addition to the distribution of the individual goods/services, their distribution in such a way that e.g. the tour-operators possibilities of buying tourism goods/services in bulk and of mass marketing result in scale benefits for the implied actors (e.g. Gee et al. 1984: 150-151). Partly in contrast to distribution channels of more traditional physical products, the purpose of this vertical structure may be defined as to get sufficient information to the right people at the right time and place to allow for a purchase decision to be made and to provide a mechanism whereby the consumer can make and pay for the purchase (Mill and Morrison 1985: 400). The distribution network is not facilitating the physical movement of products to consumers but instead the movement of information about products. Information is therefore what holds together the actors in the distribution structure (Poon 1993; Sheldon 1997). All the different types of distributors mentioned may form part of the vertical structure but more often only certain of them are implicated. Alternatively, the goods/services may be sold directly to consumers.

Individual tourism goods/services may additionally be argued to form a complementary network structure as the existence, performance and quality of each of the different goods/services influence the quality of the total tourism experience and thus also the competitive situation of other individual goods/services. Normally, different goods/services individually form only a fragment of the tourism experience and can only together provide a complete tourism experience. In this sense, each producer of tourism goods/services is somehow dependent on the resources and activities of other producers. However, the dependencies arising are of a strategic kind (Strunge 1997, 2001) as each firm's activities may provide benefits for, or trouble the existence of, other firms. It may, however, be argued that

by organizing the production of the single goods/services the tourists' experiences are enhanced, thereby also enhancing the possibility of profit (Framke 1996: 15). There may thus be arguments for establishing a complementary structure among tourism firms. It may be argued that such structures share the characteristics of competitive structures. That is e.g. the case of different attractions which, on the one hand, complement each other to offer a more complex or complete tourism experience but which, at the same time, compete for the tourists' attention and time. Additionally, certain accommodation establishments may not necessarily see attractions as complementary goods/services. E.g. all inclusive resorts may have a strategy to maintain tourists (and not least their money) inside the complex during the holiday period. Normally, however, also from the viewpoint of the distributors, the different tourism goods/services can be seen as complementary resources that combined - as well as combined with the destination and the tourist - result in a tourism experience. The distributors may thus need access to, not just the goods/services controlled by the actor producing e.g. stays at a hotel, but also to complementary goods/services such as guided tours. Through the tour operators' relations with producers of different tourism goods/services, it is by synchronization of activities in time and place intended to offer a consistent experience (Tremblay 1998: 852). This also means that different producers of tourism goods/services may have relations to the same distributors thereby having, at least, indirect relations with each other.

A last type of production network structure, which may be characteristic for tourism firms in particular, is that of *competitive chain structures*. The hotel chain network is the most common of such network structures, the most noticeable and the most controversial, though other tourism firms, such as attractions, are also seen to create chain network structures. Tourism firms operating in such production structures can appropriate the economic rents generated by scale and scope economies associated with central purchasing facilities and marketing, through central booking and computerised reservation systems (Morrison 1994: 25; Tremblay 1998: 851; Dunning and McQueen 1982: 88; Ascher 1985; Viceriat 1993: 375; Poon 1993: 55). In other words, by relating resources and activities and by corporately managing vertical input and distribution network relations, scale and scope benefits may be achieved (Gee et al. 1984; Framke 1996).

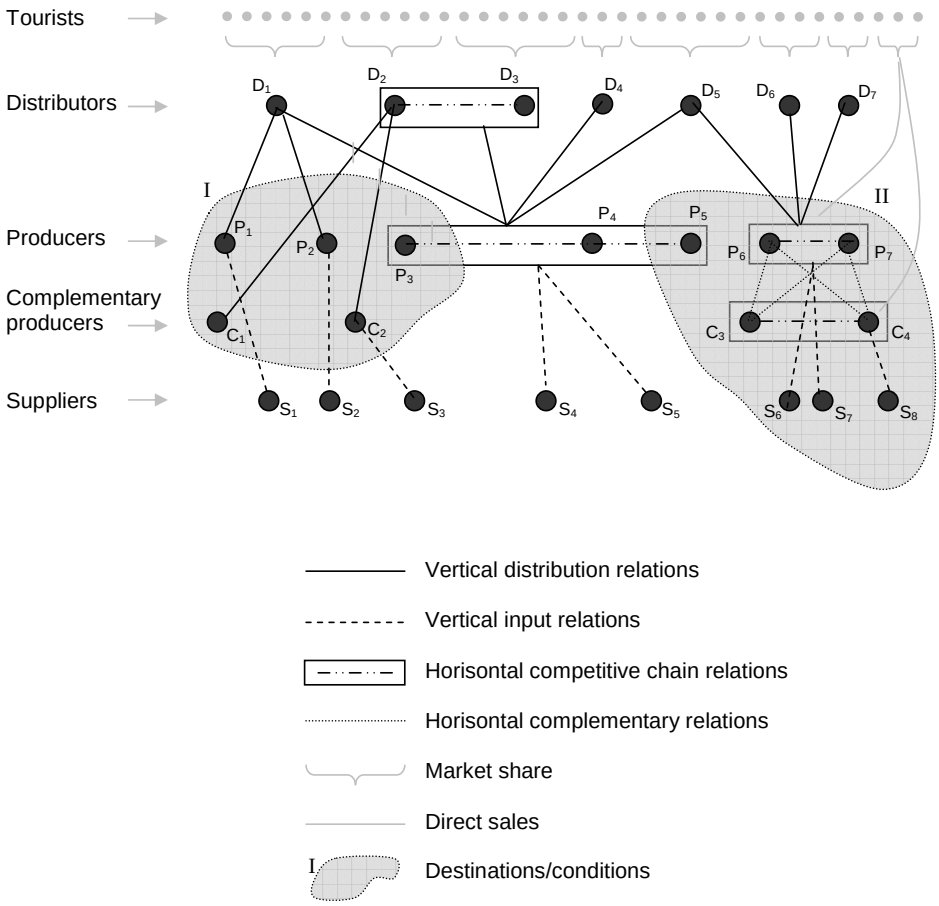


Figure 3.4: Tourism experience production innovation networks.

The mentioned types of network structures form in combination an overall tourism experience production network and can seemingly be analyzed using production network concepts despite of certain particularities of the production of the tourism experience. Despite its complexity, the illustration of networks in figure 3.4 is a highly simplified one. Producers of tourism goods/services will normally posses a more or less large number of relationships with suppliers (who again have a number of relationships with their suppliers and so on). At the same time, large distributors may posses a great number of relationships with often several thousands of tourism firms. Those network relations may, as indicated, in a production network view be seen to have a variety of production benefits such as the benefits arising from sharing inputs, lowering transaction costs and exploiting economies of scale and scope. Additionally, the production network approach described theoretically argues that such networks are important vehicles for innovations and that innovations therefore become a

'network issue'. In the case of the tourism network this may also be evident. If, in figure 3.4, producer P_1 changes the stage of interaction of the good/service this may put new demands on the supplier S_1, who will have to provide better or changed inputs. At the same time, the distributor D_1 may be offered a better product which may also enhance the competitive situation of the complementary producer C_1.

At the same time, the network may be an obstacle to innovation depending on the strength of relations, which may again depend on the bonds characterizing the relations. In the different network structures mentioned, different bonds may characterize the relations in different ways. Technological bonds can exist e.g. when a common computerized distribution system is used; time related bonds are important because 'just in time' production (and consumption) is the only possible way of producing the tourism experience; knowledge related bonds are important when co-operators, e.g. tour-operators and hotels, gain knowledge of each other and of each others demands and capabilities; social bonds may be important because confidence and trust of the different actors' intentions and of the quality of their goods/services may be prerequisites for the establishment and the maintenance of a relationship; finally, legal bonds can be seen as an insurance that co-operators behave as expected and perhaps most importantly as a signal to the tourist of the quality of the single goods/services, e.g. the belonging to a chain network or the cooperation with a tour-operator who, contrary to the producer of the tourism good/service, may be well known in the tourists' home countries. The strengths of such bonds and thus the dependencies among the firms of the network may vary considerably. A competitive network structure of hotels may for example take a variety of forms from relatively loose relations with the purpose of coordinating marketing resources, to joint venture, franchising or management contracts (Tremblay 1998: 847, 852; Madeley 1996: 11). Similarly, vertical distribution relations may be based on different types of contracts and obligations (Ioanides 1998: 144-145; Gómez and Sinclair 1991: 84) and contracts between tour operators and hotels may bind the firms in e.g. 5 years but are mostly short term, typically a year, and may in cases possess the characteristics of arms length contracts (UN 1982: 74). However, tour operators often engage in repeat business with a core of hotels of a consistent quality (Gomez and Sinclair 1991: 84-85) which indicates that e.g. social, trust and knowledge bonds are build up over time, creating dependencies among firms in the vertical structure which distinguishes their relations from pure market relations.

Such bonds and dependencies may mean that the firms have a possibility of influencing other firms and, on the other hand, that they are bound to other firms' activities and resources which restricts their possibilities of innovating as well as of easily changing their network partners. E.g. in the horizontal hotel network there may be a loss of autonomy of operation through agreements with the partner to adhere to certain standardised trading arrangements and leaving certain decision-taking procedures to the chain centrals (Morrison 1994: 27-28). Membership criteria may additionally include the harmonization of supply, and the guarantee of identical quality of service in all the hotels is often the basis of the idea of hotel chains (Dunning and McQueen 1982: 97). In a similar way, tour-operators demand a certain quality of hotels and of other goods/services (Ioannides 1998: 144). They impact on the tourism firms by demanding higher quality and variety of services (Go and Williams 1993: 235). Contracts between tour-operators and hotels may include specific standards of provision (Gómez and Sinclair 1991: 85) and the aim may be to control product quality and to standardize the 'service atmosphere' (Tremblay 1998: 852). As such, the relations may, depending on the strength of the bonds, induce the possibility to influence other firms but, at the same time, involve commitments which make the individual firms unable to innovate on their own. Drastic changes of one activity resulting in a new or changed good/service may not be accepted by the network. The individual firm may thus decide not to carry the change through or it may have to build up a new network. If e.g. a hotel is upgraded to a high quality 5 star hotel it may have to find new partners and form a new network or it may have to influence its suppliers and tour-operators to upgrade the quality of their products as well. Such changes may also be restricted by or influence complementary relations. A five star hotel guest may not enjoy the consumption of the same type and quality of complementary goods/services as a backpacker. Even in the absence of relations among different complementary firms, the functional dependencies among the firms may reduce the innovative possibilities of individual firms as they are bound together functionally. In the case of the tourism experience, in addition to the restrictions and possibilities created by the network and by the functional dependencies, the destination and it conditions may create further restrictions or possibilities for changes. As the destination comprises the conditions of the experience certain innovations may be out of the question while others may fit the conditions as already exemplified in chapter 2. The spatial fixity and the character of the tourism experience thus pose further

restrictions on the tourism firms as well as they provide opportunities for creating place specific goods/services and tourism experiences.

This presentation of possible production network relations and their contents has not taken into account certain critical aspects of the relations which arise because of the character of the tourism experience and which result in that some network structures are more bound to be established than others. A more critical approach, taking into consideration those aspects, will be introduced in the following chapter, which, in addition to the characteristics of the networks as production and information networks, will introduce yet another important aspect of the networks – the role of geography.

Information networks

While the production network approach focuses on network structures build around the production of specific products, structures of information distribution are the central focus of the Social Network Theory's innovation network branch. Generally, the Social Network Theory builds on the notion that actions are influenced by the social context in which they are embedded and that such actions are furthermore influenced by the position of actors in networks (Gulati 1998). While the original focus of social network research was on understanding how networks of individuals influence their behaviour, similar arguments have been extended to firms. A number of studies have further attempted to study the generation of innovations (Ahuja 2000: 426). For such generation of innovations, networks of contacts between actors are seen as important sources of information (Gulati 1998: 296). This particular branch of the social network theory is the one, which will be the starting point of the following discussion, and its networks shall from hereon be termed *information networks*. Access to information in such networks is argued not only to be determined by the identity of its members but also by the patterns of relations among them (Gulati 1998: 296). Related to such patterns or structures, a particular focus has been put on questions of network density and relation strength. Discussions of those characteristics have been divided in two but have recently been seen as interrelated (Rowley et al. 2000). As will become clear later, such structures of networks may also be important when focus is on tourism experience networks and they may provide tourism firms with different important types of information. However, whereas Social Network Theory generally focuses on the individual actor's possibilities

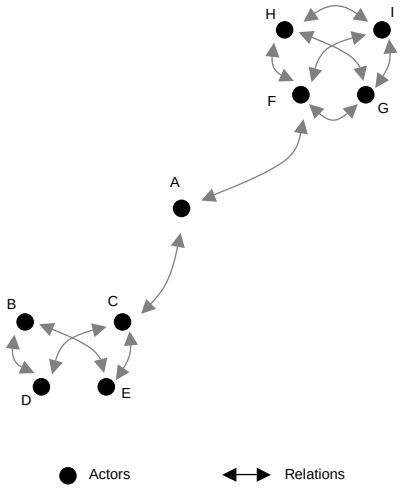


Figure 3.5: Illustration of cohesion (e.g. actor F-G), structural equivalence (e.g. actors B-C), structural hole (between B-C-D-E and F-G-H-I) and actor spanning structural hole (actor A).

within information networks, focus will, in the following, be put on the possibilities of the network which opens up for contrasting hypotheses about the roles of certain information network structures.

Information network densities

Managing relations requires resources of which firms have only limited amounts (Walker et el 1997). Firms have, as a consequence, access to establishing and maintaining only a limited number of relations. In order to optimize the benefits of these relations it is argued to be of central importance how a firm is positioned in the network. These benefits are, according to Burt (1992, 1997, 2000), determined by the ability of firms to position themselves in *structural holes* of the network. In this view, network diversity maximizes information benefits and such diversity is achieved by having relations to *non-redundant* contacts who are contacts that provide access to complementary information benefits in contrast to *redundant* contacts who provide the same information benefits (Burt 1992: 13-15, 45-47; Burt 1997: 340). There are theoretically two indicators of the redundancy of actors: *cohesion* and *structural equivalence*. First, actors are indicated to be redundant if they are connected to each other directly through a relationship (cohesion) as such actors are likely to possess the same kind of information. Second, actors with identical or similar relations to other actors in the network (structural equivalence) are argued to lead to the same sources of information and are

therefore also hypothesized to be redundant regardless of the absence of a direct relation between such actors (Misruchi 1993: 282, Burt 1992, 2000). *Structural holes* are defined as the gaps between non-redundant contacts which are actors connected neither through cohesion nor through structural equivalence (figure 3.5). The existence of a structural hole implies that actors on either side of the hole circulate in different flows of information. The actor spanning the structural hole by having contacts on both sides of the hole has access to both information flows and the contacts provide network benefits that are additive rather than overlapping (Burt 1992: 18-19, 47; Burt 1997: 341). Information benefits are thus optimized by establishing relationships with actors that are themselves connected, neither through cohesion nor as structural equivalents. The greater the amount of relations to non-redundant actors the higher the benefits, because each network cluster, no matter how numerous its members, is hypothesized to be only one source of information (Burt 1992: 20, 23, 47). Therefore, *sparse networks* - networks of relations with actors who are themselves not connected - optimize information benefits.

From the diametrically opposite point of view, it has been argued that network information benefits go first of all to actors connected to networks in which those with whom they have direct and indirect relations also have relations with one another (e.g. actors F, G, H, I in figure 3.5) (Galeskiewicz & Zaheer, 1999: 244). Coleman (1988) argues that such *closed, cohesive* or *dense networks* promote cooperation, trust and shared norms of behaviour without which knowledge sharing is likely to be difficult and unproductive in any context and they help to develop explicit inter-organizational knowledge sharing routines (Coleman 1988, Ahuja 2000: 432). Dense networks are thus argued to foster fine-grained information transfer and joint problem solving (Uzzi 1997). Consequently, *Cohesion theorists* have presented dense networks as the ideal while the *structural hole theory* emphasizes the benefits of sparse networks (Gulati 1998: 296; Ahuja, 2000: 451).

Those competing interpretations are not necessarily exclusive and contradictory though, but valid for different firms or purposes (Burt 1997; Rowley et al. 2000; Ahuja 2000). One interpretation that follows from this recognition is that which network organizational form is the best depends on the degree to which a firm's strategy should be designed to optimize *exploration* or *exploitation*. Whereas exploitation concerns the refinement and extension of

existing competencies, technologies and paradigms; exploration concerns the gathering of new information on many different alternatives rather than fully understanding how to develop any one innovation. Exploitation thus requires *deep* and specific information whereas exploration requires relatively *broad* and general information (March 1991: 85; Rowley et al. 2000: 373-374). Whether a firm should devote its resources to *exploration* or *exploitation* is argued to differ from one industrial environment to another. In unstable environments, firms must allocate more resources to exploration as environmental uncertainty increases the rate of innovation required to survive. In more stable environments emphasis should be on refining existing innovations by gathering specific information that will provide deeper knowledge in the particular area for which exploitation is needed (Rowley et al. 2000: 373-374). As different network structures are argued to give access to different types of information benefits, they may furthermore be argued to give access to either exploration or exploitation. For firms in environments demanding high investments in exploration, sparse networks may be the best solution as they help gathering information on many different alternatives. On the other hand, in environments demanding exploitation, dense networks may be advantageous as they create shared norms and trust sustaining the transfer of fine grained specific information that provides deeper knowledge in a particular area and a deeper understanding of a specific innovation (Ahuja 2000: 451; Rowley et al 2000: 373-374).

Such arguments are further sustained by critically considering the value of *indirect relations*, which are the relations of actors with whom a direct relation is established. The positive aspect of indirect relations is inherent in Burt's structural hole argument where indirect ties are hypothesized to bring the same information as direct relations. However, whereas direct relations may be argued to give access to *know-how*, understood as accumulated skills and expertise in some activity and which is likely to include a significant tacit or non-codifiable dimension (Szulanski 1996), indirect relations may first and foremost provide access to information of facts and discrete quanta of information that can be transmitted through simple communication in a relatively complete form and without loss of integrity (Ahuja 2000: 427-428). If this is so, the benefits of substituting direct for indirect ties are relative and it sustains the argument that dense networks are better suited for exploitation whereas low dense networks, relying on the benefits of indirect ties, mainly provide exploration benefits.

Strengths of information network relations

The possible benefits of sparse and dense networks may furthermore be closely related to the strengths of relations of these networks. As has been described earlier, relation strengths may be of importance for innovations in production networks. From the information network point of view, these arguments are further developed, detached from production network structures and associated with the flow of information. The structural hole hypothesis is in some senses equivalent to Granowetter's (1973) argument of *the strength of weak ties*. These weak ties were argued to be conduits across which an actor can access novel information and are likely to be local bridges to distant others possessing unique information. Weak ties can therefore be beneficial because they are more likely to embed an actor in divergent regions of a network rather than to one densely connected set of actors. However, both strong and weak relations may be argued to be beneficial as *bridges* to distinctive information sources in sparse networks as well as to connect actors within dense networks. The relative benefits of strong and weak relations may again be linked to whether exploration or exploitation is sought in the network. Strong relations, like dense networks, are argued to provide fine-grained information exchanges between partners and thus to bring access to exploitation. Strong relations develop relational trust and favour the transfer of tacit knowledge (Uzzi 1997; Rowley et al. 2000: 371, 384). For exploration, on the other hand, the time and other resource obligations of strong relations diminish the number of possible relations a firm can maintain and thus limit the research into divergent sectors of the environment and decrease the number of alternative innovations that can be identified in the environment (Rowley et al 2000: 375). Weak relations may therefore be argued to be superior for 'shopping the market' for available information as the number of relations can be raised and the variety of information collected maximized (Uzzi 1999; Rowley et al. 2000: 384). It may, as a consequence, combined with the earlier discussions, be argued that strong relations are superior for plugging actors into unique collective resources of dense network clusters, whereas weak relations are superior for maximizing access to diverse information in sparse networks (Uzzi 1999: 500). This means that weakness of relations and sparseness of networks combined reinforce exploration whereas strength of relations and density of networks combined reinforce exploitation.

On the other hand, the opposite relation between strength, density and outcome of the network may be argued to exist. As with dense networks, strong relations are associated with the

creation of trust (Uzzi 1997; Rowley et al 2000: 372). As such, dense networks, like strong relations, may serve as trust based governance mechanisms facilitating information transfer. Dense networks and strong relations can thus, to some degree, be substitutes for one another (Rowley et al. 2000: 372). As a firm may already benefit from the governance mechanisms supplied via a dense network it will gain much less from creating strong relations in such a dense network than in a sparse network. From this argument, it follows that the positive relationship between strong relations and firm performance is greater in sparse than in dense networks (Rowley et al. 2000: 372). This is furthermore supported by the argument of Burt (1992) that, when a relation serves as a bridge to distinctive sources of information, stronger relations may be more beneficial than weak relations since they allow a greater volume of resources to move between actors. In dense network clusters firms may thus be better off establishing other strong relations to non-redundant actors instead of investing the time and resources required to form and maintain strong relations within the network cluster. However, while trust may exist and sustain the transfer of information in dense networks of weak relations, turning the dense weak network into a strong network may still provide additional information benefits in terms of exploitation. There may thus still be reasons for establishing strong relations in dense networks depending on the needs for exploration and exploitation. What the above indicates is that there may, at times, be cost-benefit arguments in favour of loose dense networks and strong sparse networks.

The relative relevance of exploitation and exploration networks

While different network structures may theoretically be argued to give access to different information benefits in terms of exploration and exploitation, different environments may create different needs for such information benefits. However, in most cases, firms that engage in exploration to the exclusion of exploitation are likely to find that they suffer the costs of experimentation without gaining many of its benefits and they exhibit too many undeveloped new ideas and too little distinctive competence. Conversely, systems that engage in exploitation to the exclusion of exploration are likely to find themselves trapped in a narrow knowledge base. As a result, maintaining an appropriate balance between exploration and exploitation is a primary factor for firm survival and prosperity (March 1991: 71). Relying on only strong and/or dense relations the network may become ‘over-embedded’. When all firms are connected through strong relations this can reduce the flow of information

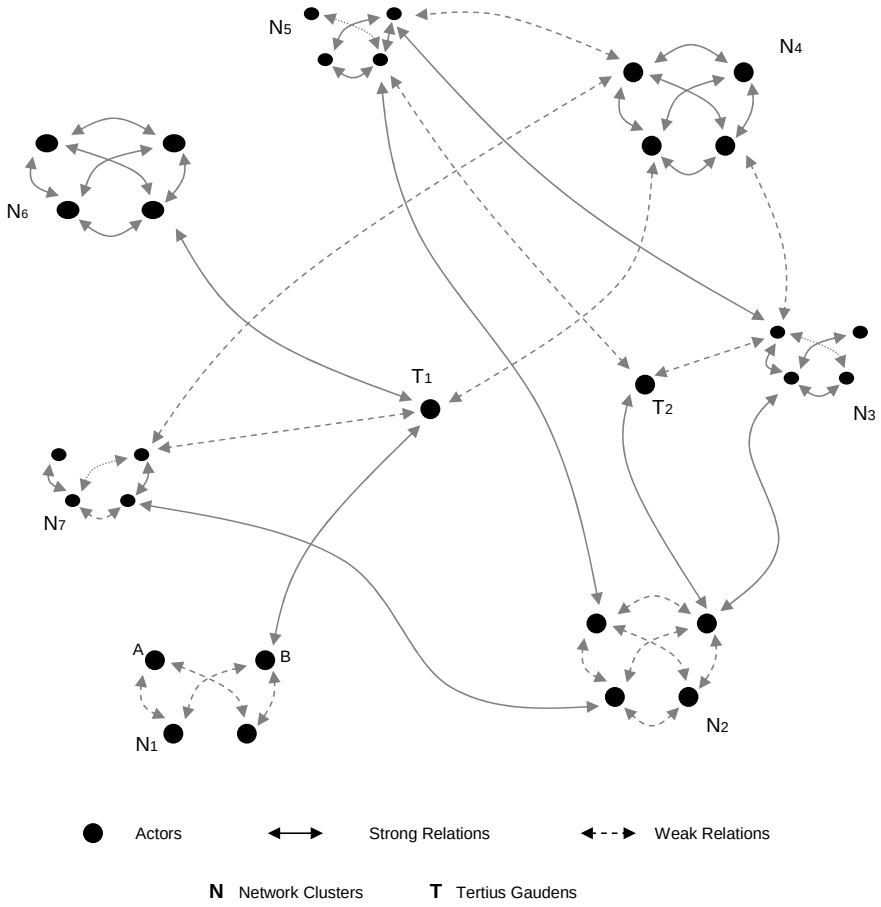


Figure 3.6: Information network structures.

into the network of innovative ideas (Uzzi 1997: 58; Uzzi 1999: 491). On the other hand, sparse networks of weak relations only give access to exploration and limit the possibilities of exploitation. Different types of networks are thus neither unconditionally preferred as they have different qualities that are advantageous for different purposes (Rowley et al. 2000: 371); they are complementary as one type overcomes the limitations of the other (Uzzi 1996: 694); and their combination can moderate the shortcomings of each type while preserving their benefits (Uzzi 1999: 491).

Some of the highlighted hypotheses are illustrated in figure 3.6. Here network cluster N_6 is over-embedded as the actors are densely connected to each other through dense relations using most of their resources on strong relations while only one relation connects the cluster with the rest of the network. The network structure facilitates exploitation but limits exploration. Network cluster N_4, on the other hand, fulfils the premises of 'optimized' network benefits as the combination of strong dense and weak sparse relations may be

claimed to ensure both exploration and exploitation. However, from the point of view that the benefits of sparse networks are enhanced if their relations are strong rather than those of dense networks, N_2 may represent the 'optimal' network cluster. In any case, it is here easy to conclude that the more relations the better, as more relations of different types optimize different functions of the network. However, relations involve costs and demand resources and the amount of relations is related to the resources available for establishing and maintaining these relations. A relevant network structure should thus take into account the industry and time specific needs for exploitation and exploration and be related to the resources available for establishing and maintaining relations. In resource, time and industry specific circumstances, the relevant combination and amount of different types of relations may as a consequence vary. The costs of relations for the actors in the 'optimized' network cluster N_4 (or alternatively N_2) can be expected to be higher than the costs of relations for the actors in network N_1. The hypothetically optimal network of cluster N_4 (or alternatively N_2) may thus be gained at a high price and perhaps higher than the returns. It may thus be hypothesized that the most relevant configuration could be found in between those networks, e.g. N_3, N_5, or N_7, which have access to different levels of exploration and exploitation through a limited number of relations. Depending on industry specific characteristics and available resources, different network structures may be considered more or less relevant. The impact of different network structures can thus only be understood in relation to a particular context.

Location of Network Benefits

Whereas an actor may benefit in terms of access to information from a position in a structural hole as described, other additional benefits may arise from such structural holes. These are argued to be *control benefits* which can be achieved by brokering a relation between otherwise disconnected contacts (Burt 1992: 30-32, 34-36; Burt 1997: 342). A person who derives benefits from brokering relationships between other actors can be termed a *tertius gaudens*. Control benefits occur as the tertius gaudens, positioned in a structural hole, exploits the competitive relation between two unconnected actors by playing them off against one another when they compete for the same relationship (Burt 1992: 47-48; Podolny & Baron 1997: 674-675; Gulati 1998: 297). Such structural holes between non-redundant unconnected contacts are termed *primary structural holes*. A second type of structural holes - *secondary*

structural holes - exists between structural equivalent actors who maintain no direct relation to one another (Burt 1992: 38). Such actors connected to the same network cluster offer the same information, are redundant, and can therefore be replaced with one another. Such actors can thus easily be played off against one another by the tertius gaudens because they are readily substitutable (Burt 1992: 42-44). Both primary and secondary structural holes can thus provide control benefits for the tertius gaudens. The information and control benefits that can be derived from structural holes are argued to be multiplicative, augmenting and dependent on one another. Having access to information means being able to identify where it will be advantageous to bring contacts together and it is the key to understanding the resources and preferences of actors being played against one another (Burt 1992: 33-34, 48; Burt 1997: 342).

As is the case in much of the social network literature, focus is, in the structural hole theory, mainly on the possibilities and advantages of the individual actor and in this case the tertius gaudens. However, any view of a network centred on a single firm is inevitably restricted and biased and gives an incomplete view of the world surrounding that firm (Ford et al. 2002). By changing the perspective to the network, our concerns are not any longer on the well being of a single actor positioned in a structural hole but on the well being and on the benefits of the network. It can from such a 'true network point of view' be argued that what is best for a tertius gaudens is not best for the network and thus eventually not for each individual actor either. First of all, the general economic benefits derived from an actor exploiting either primary or secondary structural holes will benefit that actor at the expense of the actors in the network clusters. In the assumptions of neo-classical economic theory, firms maintain opportunistic relations with all those with whom they have contacts. This is the case when two actors are transacting with one another but the utility of one actor is being served to a greater degree than that of the other. Additionally, neo-classical theory assumes that firms act in opportunistic ways towards those with whom they are structurally equivalent. If one can strike a profitable deal, one's structural equivalent suffers a real or potential loss. The tertius gaudens in the structural hole theory plays by such rules, realizing value by exploiting its control advantages by playing two or more actors off one another (Galaskiewicz and Zaheer 1999: 246-247). The result of a tertius gaudens' strategy is that he wins more than the actor with whom he makes a deal while the structural equivalent or the competing actors in other

network clusters not getting a deal win nothing at all. It can further be argued that when an actor suffers a loss so will the actors with whom relations exist and thus the entire network.

A situation of exploitation by an actor of a secondary structural hole may additionally have negative effects on the distribution of information into, within and, as a logic consequence, also out of a network cluster. As an illustration this could e.g. be the case for network cluster N_1 in figure 3.6. Actors A and B are structurally equivalent and they are separated by a secondary structural hole. Actor B is furthermore related to an important third actor, the tertius gaudens T_1. T_1 can, following the advice of the structural hole theory, use the secondary structural hole to play actors A and B off against each other. However, in that case, if e.g. actor A obtains or creates a piece of information which may have value for T_1 (as well as for the rest of the actors in the network cluster), possessing that piece of information may be a comparative advantage for the actor in the competition with B for the important relationship with T_1. This is only the case, however, as long as actor B does not possess the same information, which he may if the information is let free in the cluster. As a consequence, actor A may decide to keep the information for himself. In the same way, actor B may censure all information that is potentially important and valuable for actor A in the struggle for the relationship with T_1. The result is that the information in both cases does not reach the rest of the actors in the local network. It may therefore be indicated that secondary structural holes in the cluster and conflict imposed by a tertius gaudens on the actors may result in restrictions on the information circulation within the network cluster. Furthermore, not only will the information flow within the network cluster be affected negatively, but so might also the information benefits of the tertius gaudens because of the lower probability that everybody in the cluster will have access to the same information. The underlying assumption of the structural hole theory, that structural equivalent actors are redundant, may therefore not be valid when conflict is imposed by a tertius gaudens. As such, control benefits are disadvantaging information flows within and out of the network cluster. Information and control benefits of the tertius gaudens may thus be hypothesized to be contradictory and not, as argued, augmenting each other.

To overcome the restrictions on information distribution, a restructuring of the network cluster may be necessary. In contrast to an open structure, as the one described in which

opportunistic behaviour is likely to occur, dense ties between partners are likely to help restrain opportunism (e.g. N_6 in figure 3.6) (Walker et al 1997; Ahuja 2000: 432-433; Coleman 1988: 105-106). The bargaining power of the tertius gaudens is strongly impeded if the structural equivalent members of the network are strongly interconnected (Podolny and Baron 1997: 674-675) and opportunistic behaviour is less likely to occur (Walker et al. 1997; Ahuja 2000: 432). Such co-operators collude tacitly, refrain from competition and instead of bitter rivalry create cooperative relationships to both realize better benefits (Galaskiewicz and Zaheer 1999: 248). It follows that the barriers of information distribution described above will also be broken down when cooperation is the order of the day. Information distribution between the two co-operators and within the entire local network will become more fluid. Also, the tertius gaudens can be argued to eventually gain information benefits from this because the probability of everybody in the local network having access to the same information is enhanced when the actors of the network cooperate rather than compete for the same relationship. Another complementary way of avoiding control being imposed on structural equivalents, a strategy that counts also for overcoming primary structural holes prone to exploitation by a tertius gaudens, could be to establish several ties to the surrounding network (e.g. N_2 or N_4 in figure 3.6). Cooperation between the network clusters and the establishment of several relations across primary structural holes make the network clusters less prone to exploitation by a tertius gaudens and enhance information distribution between network clusters. Therefore, from the network point of view, the aim of the network is to become free of structural holes creating benefits for everybody. This is contrary to the single actor point of view of the structural hole theory where the aim is to exploit structural holes creating benefits for one single actor only at the expense of the network and all of its actors.

Information structures of production networks

The information networks described and exemplified in figure 3.6 can hardly be considered a representation of the real world. The main reason for this is the absence of products in the networks and the focus on information benefits as the main structuring mechanism of the networks. On the other hand, while production networks are build around the production of products the structures and the benefits of information networks are not necessarily absent in such networks. As a hypothetical example of how the production network incorporates the benefits of the information network, figure 3.7 presents 2 highly different production

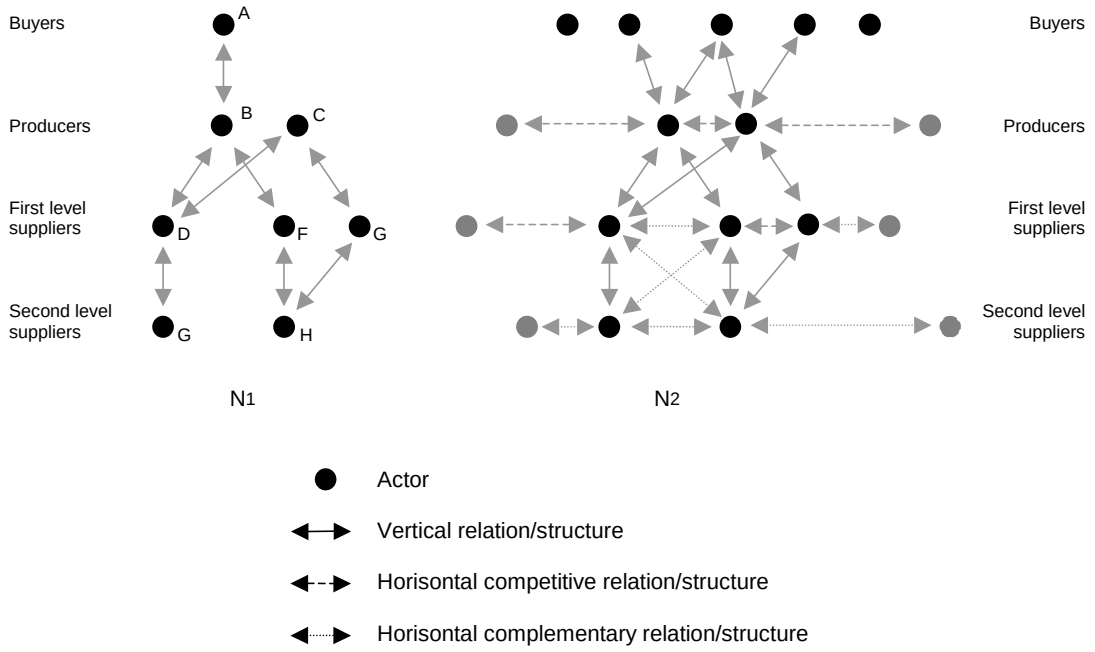


Figure 3.7: Information structures of production networks.

networks consisting of buyers, producers and two levels of suppliers. Whereas all the disadvantages of an information network structure are evident in N_1, N_2 incorporates all the claimed benefits overcoming the disadvantages. First, N_1 is decoupled from other network clusters with the existence of a primary structural hole and a lack of access to exploration as the consequence. In the absence of horizontal competitive relations there furthermore exists a secondary structural hole between the two producers B and C which can be used not only by the buyer A but additionally by the first level supplier D for their personal benefits. Information flow within the network may therefore be restricted as competition and conflict dominate the network. The benefits of exploitation may therefore not be present either, which may also be due to the sparse (but closed) character of the network. From the production network point of view the structural holes may be related to access to different resources other than information in vertical, competitive and complementary structures, while from the information network point of view they are mainly related to the access to information. In the real world it may be hypothesized that access to information as well as to other resources may create the claimed benefits and disadvantages of structural holes. Contrary to N_1, in N_2, neither primary nor secondary holes exist as the actors are densely connected in different types of production network structures, which additionally, and particularly if the relations are strong, can be argued to secure exploitation. The additional relations to other producers and

suppliers outside the network cluster hypothetically supply the network with access to other information flows securing exploration as well. However, whereas N_2 might be considered an optimal network the costs of maintaining such an optimal structure may not be justified when considering the resources available as well as other industry specific conditions.

Following one hypothesis, information network relations supporting exploitation should be strong and dense whereas relations serving exploration should be sparse and weak to optimize those features. Combined with the production network point of view, strong relations at the same time inhibit change of too violent a kind and allow for slow gradual changes only. Additionally, it can be hypothesized that the denser such a strong production network is, the more actors, activities and resources become dependent on each other, making change even more difficult. The production and the information benefits (or disadvantages) of strong and dense relations can thus be argued to sustain and enhance each other as the information benefits of strong dense relations concern exploitation and the production benefits are related to minor changes that fit in the network. On the other hand, weaker and sparser production network relations may leave more dynamism in the network and make it possible to apply explorative information which, from the information point of view, can be gained through such weak sparse relations. Again, weak sparse information and production structures sustain each other facilitating exploration and dynamism. Furthermore, a combination of strong dense relations and weak sparse relations may be argued, not only to facilitate both exploration and exploitation, but also to facilitate more radical innovations through the creative destruction of networks. Weak relations may be developed into strong relations and new strong production networks substituting the old ones when new possibilities are observed through the weak relations. More radical innovations may thus be facilitated by weak relations that not only explore the environment for innovations, but also assist in the process of creative destruction of networks. As a consequence, environmental instability does not just result in the need for weak networks to explore the instability, but also in instability of the networks themselves. It follows that whereas the death of N_1 in figure 3.7 and the disappearance of its actors can be foretold in a situation of instability; N_2 may disintegrate and re-emerge as new superior network structures that fit the new possibilities.

However, as the destruction and creation of networks may be a costly affair, this may be

relevant only when sufficiently promising new alternatives show up. This indicates that the combination of strong dense and weak sparse relations may not necessarily facilitate innovations. Though explorative information may be gained through weak sparse relations they cannot necessarily be absorbed by the network if parts of it consist of too strong and too dense relations that do not accept the incorporation of the explorative information and/or are to expensive to destroy and substitute. This means that if parts of the network consist of dense strong relations these may capture the actors, and the explorative information gained through weak sparse parts of the network may be of little use for such actors. In this way, if dense relations are at the same time strong this may result in 'too much of the good stuff' and the limitations may outweigh the benefits. This could support the contrary hypothesis that strong relations would be better fitted sparse production networks where such strong relations may not result in the same type of significant capture as they do in dense networks. Dense networks should, conversely, be of a weaker character to avoid the capture of its members. Such a configuration of the network would make it of a more flexible character allowing for reconfigurations when new alternatives show up. This could, on the other hand, be argued to limit both exploitation and exploration. Nonetheless, exploitation may still be facilitated by the strong relations whereas the weak dense part of the network secures the flow of explorative information as it re-distributes, among all the members of the dense part of the network, the information gained by all its members in their sparse strong relations. E.g. in figure 3.6, the members of the network cluster N_4 connected through weak relations to the surrounding network do not have access to more explorative information than the actors in the network cluster N_2 in which the combination of weak dense and strong sparse relations simultaneously leaves some dynamism in the network so as to facilitate change. Again, a beneficial configuration of the network may be argued to depend upon the industry specific conditions and on 'how much' exploitation and exploration is needed.

The above discussion illustrates how the two network approaches reach similar and complementary conclusions by applying different arguments and by taking into consideration different qualitative characteristics of the networks. They may therefore in combination help to explain and understand the benefits and disadvantages of different networks structures though the combination of the two approaches also induces a more complicated view of the world. The complexities of networks and the theoretical contradictions of different theoretical

arguments about the benefits of production and information networks are also made evident in the above. This more than anything else indicates that a particular network structure, its benefits and limitations may only be understood taking into consideration industry specific characteristics determining the structures and the benefits of information and production network structures. A first step towards such an understanding of the tourism experience network shall be taken in the following sub-chapter.

Information structures of the tourism experience network

Theoretically, the different earlier described production network structures of tourism firms may influence the access to different types of information due to different densities and strengths of relations and due to the existence of structural holes, and may therefore influence the innovativeness of tourism firms. Additionally, as indicated theoretically, the industry specific needs for information may render different information structures of networks more or less relevant. However, not much consideration has been given the importance of information for tourism firms, and the importance of the distribution of such information. Nonetheless, tourism is argued to be an information intensive 'industry'. In few other areas of activity are the generating, gathering, processing, application and communication of information as important as in tourism. Information is the cement that holds together the producers of the tourism experience (Poon 1993: 154; Sheldon 1997; Buhalis 1997, 1998). However, the information analyzed and argued to be of importance is mainly 'tourism information' and information related to bookings of tourism goods/services. In terms of such types of information, tourism firms are effectively information intensive. Such information, which is mainly important for day to day operations (Poon 1993: 154) is however partly different from the type of information of importance for innovative activities. The need for such information has, on the other hand, received very little interest from researchers. However, contrasting views on the needs of tourism firms for having access to such information can be identified. Whereas the dominating view seems to be that tourism firms are low technology firms and not information and knowledge intensive, the contrasting view sees information and knowledge as important - and increasingly important - also for tourism firms.

Generally, tourism firms have been considered to be in a low knowledge, low technology

sector. Related to this point of view, it may be claimed that tourism firms are not themselves producers of information. Research results are 'distilled' or codified before they flow into tourism firms and the tourism firms are not themselves involved in the production of such information. Other organizations are responsible for research and their activities facilitate the subsequent innovation process in the tourism firms. Research results of relevance are filtered through organizations and selected issues will be disseminated in the press, at meetings and conferences and used in advisory services etc. (Hjalager 2002: 471-472). It may further be claimed that innovations in tourism are predominantly the result of innovations made in other sectors supplying it with products and services (Hjalager 1997a: 40). This may find its explanation in that tourism firms are not focusing on the production of different components of the tourism goods/services. Such inputs are already finished products (Poon 1993: 217). High technology sectors, such as the computer industry supplies tourism firms with computers but the tourism firms are not themselves producers of such high technology products. Finally, because of the very nature of tourism, it is easy for tourism firms to observe what others are doing (Hjalager 2002: 469) while, at the same time, e.g. the hotel sector is not characterized by specific pieces of knowledge which may be protected by a patent (Dunning and McQueen 1982: 84). This, it may be argued, results in that tourism firms do not engage in costly product development because innovations can and will immediately be imitated. There are thus no prospects of a monopoly situation justifying costly processes of information gathering and processing facilitating innovations (Poon 1993). All this indicates that the information of importance for tourism firms may be of a highly explorative character. Exploitation, on the other hand, takes place in firms supplying the tourism firms with inputs or elsewhere. Additionally, it is indicated that explorative information is easily available as tourism firms can not hide to others and take patents on what they are doing. If such assumptions are true, there may be only a marginal informational profit gained from network relations as the only information of importance is explorative information which can be accessed simply by 'observing' what others are doing. The only information of importance is as such freely available.

From the opposite point of view, increased competition is argued to have stepped in to make e.g. the hotel business one of the most technology-dependent industries in the world (Lattin 1990). Furthermore, the ease of imitation may be argued not to render information gathering,

learning, knowledge development and innovation irrelevant but, on the contrary, to increase its importance. E.g. Poon (1993: 267, 271-273) argues that as it is easy for tourism firms to imitate one another, one innovation can not provide a competitive advantage forever and tourism firms therefore need to have a capacity for continuous innovation. Learning therefore provides firms with a critical source of competitive advantage. While a competitor may be able to copy an innovation it will not be able to copy the time and investment in learning because learning provides firms with a tool to be continuously innovative. If a firm continues to learn, by the time an innovation is imitated, the firm will already have 'jumped ahead of the game'. Although innovations by leading innovative companies in tourism have been copied by others, such innovations give sufficient lead time, experience and monopoly profit, to stay ahead of competition. In this game, the knowledge of the product the consumers want - *what* to produce – and the ability to supply it - *how* to produce it - is argued to comprise the main competitive weapons (Dunning and McQueen 1982: 84). The skills and experience that a firm has accumulated over time, such as the knowledge and experience of a firm on a particular destination, knowledge of consumers, tourism generating markets, products, technology and techniques, give it a competitive advantage (UN 1982: 57; Dunning and McQueen 1982: 85; Poon 1993: 274, 281-282). Market-specific management capabilities, destination specific know-how and specialist tacit knowledge provide access to exploit new opportunities and develop new products and services (Tremblay 1998: 847; Morrison 1994: 26; Dunning and McQueen 1982). Such experiences, knowledge and innovations are often embedded in human beings (Poon 1993: 274, 281-282). This indicates that 'deep', tacit knowledge and exploitation is also of importance for tourism firms and is what makes the difference between innovators and imitators. From the network point of view, such information may theoretically be argued to be accessible through network relations mainly. Having access to the right and essential information may then depend on the networks of the tourism firms and it could be argued that such networks should consist of dense and/or strong relations which secure access to the information necessary to become an innovator.

The dichotomy established in the above interpretations, between freely available information securing exploration and deep network information securing exploitation, may represent a simplification of reality. Not all explorative information may be freely available, and some information may be 'more or less' explorative. More important perhaps, it may be argued that

through network relations, explorative information may become accessible before it becomes freely available to everybody. The invention of a tourism good/service or the decision to put it into the market may not be freely available information. This explorative information becomes 'observable' only when the new product is launched. It can thus be argued that only through network relations may a tourism firm get access to valuable explorative information before it becomes freely available, and before everybody else gets access to the same information, which gives the firm in the network a time advantage over other firms to act on the formation.

Such information may be accessed through the different production structures of the tourism experience network. Despite the little interest having been paid to the information needs of tourism firms, hotel chains have nevertheless attracted a certain interest in this aspect. These chain networks are argued to provide hotels with a particular advantage in terms of information. Tourism firms operating within a chain tend to have better access, not only to the necessary capital, but also to the expertise and technology necessary to survive (Go and Williams 1993: 234). This may partly explain why international hotel chains have a competitive advantage in terms of knowledge over individual hotels. E.g. knowledge of what to produce may have been build up by experiences in the hotel chains' original home countries, a knowledge which can later be used to supply similar products to the same consumer segments in other countries. This knowledge enables chains to have superior expertise in the overall planning and design of hotel complexes (Dunning and McQueen 1982: 85). Hotel chains couple market specific management capabilities with destination specific know-how, and the hotels' management and training practices embody specialist, tacit knowledge (Tremblay 1998: 847; Dunning and McQueen 1982). Within the chains, the transfer of skills and knowledge of products, technology and techniques take place (UN 1982: 57). The chains build up intangible assets and logistical skills which it then makes available to newly associated hotels. Therefore, memberships of hotel chains give access to exploit new opportunities, achieving a competitive advantage through the innovation of tourism goods/services (Morrison 1994: 26). A chain network may thus be seen to provide information benefits and perhaps mainly in terms of exploitation. Such network information benefits may explain why innovative capacities are considered significantly higher in tourism firms connected to chains and other horizontal collaborations: "*These firms are role models*

for all those small entrepreneurs who are still – and will be for many years to come – the main providers of tourism services" (Hjalager 2002: 473). As such, chains are contrasted to small individual firms who suffer from the lack of experience, expertise and management skills, which are argued to be important factors limiting their innovativeness (Shaw and Williams 1997: 129-133). Networks among these smaller tourism firms are, on the other hand, argued to help them to increase their know-how (Buhalis and Cooper 1998: 338) and to achieve the information network benefits of chain networks.

While a certain interest has been paid to the information benefits of hotel chains, vertical distribution networks, on the other hand, have mainly received attention due to an apparent unequal relationship between distributors and producers of tourism goods/services (as will be discussed later). No attention seems to have been paid to these relations' significance for the distribution of information. However, one of the tour-operators' advantages may be argued to be their knowledge of the tourists' tastes and needs. Designing e.g. a mass tourism experience package requires expert knowledge of the preferences of the market (UN 1982: 37, 73). Such knowledge may be of importance for the producers of tourism goods/services and it may become available for those firms through their network relations with tour-operators. On the other hand, local producers of goods/services could be argued to have a special local knowledge of the destination area which may be of importance for the tour-operators for their putting together and marketing of tourism experiences. Even less importance and attention have been given to vertical input relations and the possible informational benefits of such. However, Latimer (1985) argues that for the development of relations between tourism firms and food providers, increased communication between the actors, along with the provision of practical assistance including contracts and back-up, is helpful. This indicates that information distribution may also be of certain relevance in vertical input relations. Such information distribution will give suppliers information on the special needs of tourism firms and, at the same time, enable tourism firms to gain knowledge of the inputs and of how to use them.

All this indicates that access to information through - at least certain - network relations may play an important role. Access to such information may then theoretically depend on the information structures of the networks. Hypothetically, dense, sparse, strong and weak

relations may provide access to different types of information and to exploration or exploitation. The hypothetical network of different tourism firms in figure 3.4 could thus be argued to provide the tourism firms with varied access to different types of information due to their belonging to more or less densely (and more or less strongly) connected information network structures. At the same time, the possibilities for acting on such information may vary with the strengths and densities when considered from the production network structure point of view. Belonging to different such network structures may thus be of importance for the innovativeness and survival of tourism firms. It may furthermore hypothetically be argued that access to information is of importance when considering the current development of tourism experiences. As indicated in chapter three, this development is not one of a drastic, sudden change but rather a slow continuous one. Whether, and to what degree, the development reinforces a need for information facilitating exploration and/or exploitation is thus less clear but it most probably sustains a need for a combination of the two. The exact character of the network and thus its potential benefits may, however, as will be discussed in the following chapter, vary with a variety of conditions related to the geographical characteristics of the network. Such geographical characteristics may also influence the role of structural holes which in the above have been ignored. These may exist in different ways in the tourism experience network (e.g. between producers P_1 and P_2 in figure 3.4) and influence information distribution in the network. These will also be dealt with in the following chapter which will further develop the considerations on - and more critically discuss - the information benefits (or lack of such) in different network structures.

Intermission

This chapter has discussed the information and production structures of innovation networks and in particular the densities and strengths of information networks and the horizontal and vertical structures and strengths of production networks. The two types of networks, which can hardly be distinguished in real life, have theoretically been combined and their benefits and disadvantages have been discussed. The information network has been argued to provide benefits in terms of innovations due to its capacity to distribute information supporting exploration and/or exploitation depending on the information structures of the network. At the same time, the production structures of networks have been argued to favour or to limit the innovation benefits of the networks and to favour or inhibit the incorporation of information

in innovative activities. Beneficial network structures have furthermore been argued to depend on industry specific needs for exploration, exploitation and overcoming structural holes. Such considerations have been related to the characteristics of the tourism experience and the particularities of tourism firms by applying ‘network interpretations’ of general economic tourism literature. Tourism firms have been argued to be in need of both exploration and exploitation for which the information structures of the tourism experience networks may be of importance. Additionally, different production network structures and their benefits and limitations have been identified in the tourism innovation network. Certain particularities of the tourism experience and of tourism firms which influence the information and production structures of the tourism experience innovation network and its benefits have been identified. However, other more crucial, critical and important particularities have been left out in this chapter. These shall be dealt with in the following chapter which will introduce the aspect of geography in the information and production network structures of the tourism experience innovation network. This introduction of geography will lead to a critical reassessment of the existence and the benefits of different information and production structures of the tourism experience innovation network.

Chapter 4

The Geographies of Tourism Experience Innovation Networks

From a geographical point of view the networks described so far are non-spatial as they do not consider how spatial distances between firms affect the existence, structures and benefits of networks. This spatial dimension of networks becomes interesting as networks present varying geographical characteristics, such as varying degrees of concentration in geographical space, which has been argued to have consequences for the networks' characteristics and for their outcomes. Recently, this geography of networks has attracted the interest of researchers in tourism for the simple reason that most tourism experiences are the result of the activities of spatially concentrated producers of tourism goods/services. This spatial concentration has theoretically been argued to induce the establishment of local networks that benefit from the proximity of their members. This chapter will be dedicated to a discussion of the importance of such local networks. Coupled with the earlier discussions, the result is a critical reassessment of existing hypotheses about the geographies of innovation networks and a discussion of the pros and cons of local tourism destination networks.

Agglomerations as the settings for local networks

Innovation networks are, in the agglomeration literature, argued to exist within spatially localized production systems or *agglomerations*, and the information distributing performance of local networks in such agglomerations is claimed to be related to the spatial proximity between their participants. Agglomerations are here understood as firms in the same or similar economic branches that are localized in certain geographical areas (Malmberg 2000: 233-234). The literature dealing with that sort of agglomerations is by no means homogenous though. Different interpretations of the same concepts - as well as similar interpretations of

different concepts - can be found. Identified concepts are e.g. *industrial districts* (e.g. Pyke et al. 1992; Milford and McNaughton 2000), *innovative milieus* (e.g. Camagni 1995; Breshci and Lissoni 2001a), *clusters* (e.g. Porter 1990, 1998), *new industrial spaces* (e.g. Scott 1988), *learning regions* (e.g. Boekema et al. 2000), *local productive systems* (e.g. OECD 1997) and *regional innovation systems* (e.g. Braczyk et al. 1998; Asheim and Cooke 1999). Because different and similar concepts describing and explaining similar and different characteristics of local production areas have been applied, the result is a high degree of conceptual confusion. In the following, the concept of the agglomeration will broadly encompass all the different concepts mentioned above and will be applied as a tool for describing the (supposed) characteristics and benefits of agglomerations' networks at a general level. In addition to the conceptual confusion, the spatial scale at which agglomerations are identified and analyzed varies widely within the literature. While some approaches focus on particular localities, such as Hollywood or Toulouse, others focus on areas of a more regional level, such as North-east-central Italy or Baden-Württemberg or even regions spread over several countries (Coe and Townsend, 1998: 386-387; Martin and Sunley 2003: 11). In this chapter, the focus will be on particular localities, such as many tourist destinations areas could be described as, though the spatial scale of these may of course vary.

Marshall (1919) early noted that manufacturing industries could be organised either under the roof of a big enterprise or as agglomerations of small enterprises in *industrial districts*. Similar considerations followed those of Marshall, e.g. Isard's (1960) study of intraregional industrial linkages and Perroux's (1955 - cited in Oman and Wignaraja 1991) study of growth poles. While the *Marshallian industrial districts* have been argued to be the dominant form of organisation in the first decades of the 20th century, the growth of the large vertically integrated enterprise seemed to take over the role of the industrial districts after the Second World War along the development of mass production technologies (Amin 2000: 149). Nonetheless, in the 1980's the possible significance of agglomerations was rediscovered, which may partly be attributed to the work of Piore and Sabel, 'The Second Industrial Divide' (1984), and their thesis on flexible specialisation, and the works of Porter (e.g. 1990, 1998) on *clusters* and their significance as places of competitive advantage. These and varied works that have followed, have asserted that agglomerations have again become a fundamental basis of economic life after the mass production era (Storper 1995: 191) and agglomerations of both

high and low tech production systems have attracted researchers' interest (Malmberg 2000: 233-234; Storper 1995: 192). This rediscovery of agglomerations occurred at the same time as the supposed processes of globalisation, and the presumed expansion of global intra- and inter-firm networks was argued to render the significance of location for economic activity increasingly irrelevant (Martin and Sunley 2003: 5) and for some signalled 'the end of geography' (O'Brian 1992), 'the death of distance' (Cairncross 1997) and the triumph of global capital over autonomy and local identity (Maillat and Grosjean 1999: 50). The rediscovery of the agglomeration led to the contrasting view that globalisation *increases* rather than reduces the significance of place (e.g. Porter 1998; Castells 1996; Swyngedouw 1992, 1997) and that presumed processes of globalisation and localisation follow each other resulting in a unified process of *glocalisation* (Swyngedouv 1992, 1997). From the network perspective, the result is argued to be the development of global networks that do not render local networks irrelevant but rather cause a further development of these. The world has experienced a 'rise of the network society' (Castells 1996) consisting of reinforced local networks connected to the developing global networks (e.g. Castells 1996: 380-381; Maillat and Grosjean 1999; Amin and Thrift 1992).

A central feature of the rediscovered agglomerations is therefore argued to be local networks (Camagni and Capello 2000: 118). E.g. Porter (1998: 197, 226) has defined the *cluster* as a form of network that occurs within a geographical location. Equally, in the contemporary *Marshallian Industrial Districts*, substantial intra-district trade among buyers and suppliers is supposed to exist (Markusen 1996: 298) and a variant of this, the *Innovative Milieu*, is characterised by dense local networks induced by proximity (Camagni 1995: 197): "*The novel conceptual aspect of the thesis is the (re)discovery of the locational importance of patterns of linkages and the formation of inter-firm relationships*" (Amin and Thrift 1992: 573). However, the networks of these agglomerations seem theoretically to have lived a life separated from general innovation network theory (Rosson 2003; Håkansson et al. 2003). In the following, the claimed reasons for the existence of local networks and the benefits associated with them will be discussed and reconsidered by associating the networks of agglomerations with those of innovation network theory as described in the former chapter.

Production and information benefits of local networks

Agglomeration studies have rediscovered some of the classical questions of economic geography related to the search for explanations of the location and concentration of firms in places and the competitiveness of these places and firms (Malmberg 2000). A simple distinction of different theoretical approaches to the answering of such questions can be made between *static* and *dynamic approaches* (Harrison et al. 1996: 234). From the network point of view, a similar distinction can be made. Following the terminology established in the former chapter, that distinction can be translated into approaches focusing on the production and on the information benefits of local networks.

Traditional answers to the mentioned questions of economic geography are related to arguments of cost minimisation or to the production benefits of agglomerations: the optimal localisation of a firm is where production costs are lowest. Such production benefits of agglomerations exist as production costs may be reduced when shared between firms located in the same place, e.g. specialised infrastructures and other collective resources; because of the existence of a specialised local labour market; and because lower transportation costs as well as easier communication minimise transaction costs (Malmberg 2000: 236). Such production benefits were also originally identified by Marshall (1919) who emphasised the role of external economies of scale deriving from the division of tasks among producers concentrated in particular localities. Marshall furthermore referred to the benefits deriving from the embeddedness of networks of specialised producers within localities containing a specific *industrial atmosphere*. Similar concepts as that of the industrial atmosphere have later been applied to explain the benefits of agglomerations and of their networks such as the *institutional embeddedness* (Camagni and Capello 2000: 119), the *institutional endowment* (Maskell and Malmberg 1999), *conventions* (Storper 1997) or the *institutional thickness* (Amin and Thrift 1994). These concepts all hint at the existence of rules, practices, routines, habits, traditions, customs, conventions, entrepreneurial spirit, moral beliefs, political traditions, decision making practices and trust (Maskell and Malmberg 1999: 173). Those rules, practices etc. are argued to facilitate, in a cost effective manner, the establishment and the strengthening of local networks. The local networks provide production benefits as they generate external economies at the level of the agglomeration (Camagni and Capello 2000: 119) and as they minimise costs, especially transaction costs (Storper 1995: 197-198; Lawson

and Lorenz 1999: 306) because repeat contracts and the development of trust reduces the need for costly search for partners and suppliers and the need for the formal specification of the terms of each economic transaction (Camagni and Capello 2000: 119).

The fundamental production benefits of local networks are thus to bring down the costs of networks themselves and of transaction costs. While such production benefits may be important, equally or more important may be the information benefits of local networks (Coe and Townsend 1998: 388). The long-term competitive position and survival of agglomerations and their firms may be determined by their capacities to learn and innovate (Malmberg 2000). Local networks and the transfer of knowledge through them enhances learning and innovative capacities of firms and of the agglomeration as a whole (Camagni and Capello 2000: 120). Spatial proximity in networks becomes, in this way, related to learning, knowledge, knowledge creation and finally innovation. In this line of thought, differences between *codified* and *tacit* knowledge, as well as between the possibilities of distributing such knowledge, are argued to be of central importance for the information benefits of agglomerations. While codified knowledge in the form of scientific and other forms of scripted or formal knowledge has a ubiquitous nature, once access to its sources is mastered, tacit knowledge is argued to be specific to geographical locations, to be *sticky* and embedded in such locations. The effects of the supposed globalisation processes have been that many previously localised capabilities and production factors, including codified knowledge, have become ubiquitous, reducing the significance of place and spatial distance. What are not ubiquified are the tacit, non-tradable and non-codified results of knowledge creation (Maskell and Malmberg 1999: 172). As such, tacit knowledge becomes the most important contributor to the localisation of economic activities:

> ... the more easily codifiable (tradable) knowledge can be accessed, the more crucial does the tacit knowledge become for sustaining or enhancing the competitive position of the firm (Maskell and Malmberg 1999: 172).

While spatial proximity between actors is argued to increase the circulation of tacit knowledge locally, its external accessibility is impeded (Amin and Williamson 1999: 121) because it is difficult to transfer at a distance as it cannot be removed from its human and

social context (Boekema et al. 2000: 7). Thus, spatial proximity becomes important mainly because of the time-geography of individuals as the transfer of tacit knowledge continues to require regular, direct and intensive face-to-face communication (Boekema et al. 2000: 10) and such close contacts are, despite processes of globalisation, still constrained by the friction of space (Malecki et al. 1999: 262). Considering no other factors, interactive collaboration and information distribution will simply be cheaper, smoother, more reliable and easier, the shorter the distance between the participants (Maskell and Malmberg 1999: 168-180). As network arrangements, formal as well as informal, between locally agglomerated actors possess the possibility of regular face-to-face contacts, information distribution of especially tacit knowledge in such networks is more cost-time efficient and cheaper than in non-local networks. Information distribution in networks is, as a consequence, locally more concentrated and 'thick' than across geographical space (Maskell and Malmberg 1999) and innovations become more dependent on local than on non-local linkages (Echeverri-Carrol and Brennan 1999: 31). It is additionally argued that the communication of tacit knowledge requires a high degree of mutual trust and understanding which is related to language, shared values and culture and thus finally to space (Maskell and Malmberg 1999: 180). The quality of network relations improves with trust and social interactions and these set in motion informal and tacit transfers of information (e.g. Capello 1999: 357).

Networks are thus seen as a central feature of agglomerations and as central for the existence of both production and information benefits of such and they become of central importance for the learning and innovative capacities of agglomerations. Information transfer in the local networks may, following the above arguments, support both exploration and exploitation. However, as it is argued that it is particularly the local networks' capacity of transferring tacit, embodied knowledge and know-how that makes the crucial difference between local and non-local networks, the particular benefits of local networks seem, at this point, mainly to be their capacity to provide firms with information supporting exploitation.

Reconsidering the benefits of local networks

The arguments put forward by the agglomeration literature seem intuitively logic and appealing, which may be the reason why they have been accepted widely. From a critical point of view it is, however, argued that the empirical part of the work lacks a determination of the

forces behind, as well as of the substance of the advantages of agglomerations (Malmberg 2000: 241, 243). Interpretations of agglomerations can be criticized for not being rooted in reality as theoretical propositions are based on success-stories but not valid at a general level. E.g. Amin (2000: 150) claims that the interest in industrial districts far exceeds their empirical significance, and Oinas (2000) indicates that most areas of the world come nothing close to the idealisations described theoretically. From the network point of view, it has furthermore become a received truth that when firms are located in agglomerations 'they have got to be networking'. In general, however, the empirical evidence for intense localised linkages has proved to be disappointingly weak (Coe and Townsend 1998: 388). On the contrary, a growing number of studies seem to indicate that local relations are missing where theoretically grounded hypotheses would suggest that they should exist and that they are not as clearly related to the performance of agglomerations as expected (Oinas 2000: 61). The importance given to networks in the agglomeration literature could thus be overstated. However, these observations have hardly been reflected in theoretical development, which has been based on the ontological presumption that local networks are a naturally inherent and beneficial element of agglomerations.

One factor that may have lead to this - perhaps mistaken - belief in local networks is that the network concept in the agglomeration literature is dealt with in a hardly satisfying way ignoring the costs and the less positive sides of networks. The network term is typically used in a hazardous, often non-specified way. It is implicitly taken for granted as something heavenly and as the optimal organisational solution for any firm and agglomeration. By focusing on the possibilities and the excellences of local networks, neglecting their negative aspects, the picture of a utopian world consisting of idyllic agglomerations of firms happily cooperating and mutually benefiting from each others' existence has been drawn. However, further critical examination of the mechanisms of information distribution and of production benefits in agglomerations and in diverse forms of networks may question some of the arguments behind the agglomeration hypotheses.

The constrained information benefits of local networks

In addition to the lack of empirical evidence of local networks, it can be questioned whether such are capable of furnishing agglomerations with the necessary innovative capacities. It is,

as such, generally acknowledged that there are certain limits to the innovative capacities of local networks, and there is evidence that agglomerations can lose their dynamism as they become institutionally locked into an existing mode of production. The continuity of cumulative knowledge may in the long run drive the agglomeration towards an increasingly narrow specificity and lock local agents into obsolete, non-competitive technological trajectories (Capello 1999: 359). Similarly, according to Grabher (1993: 24), strongly embedded local networks can cause lock-in, exclude competing interpretations of information, result in limited perception of innovation opportunities and turn from 'ties that bind into ties that blind'. Asheim and Cooke (1999: 153) equally argue that while the importance of agglomerations in promoting innovations concerns largely incremental innovations, in an increasingly globalised world it is doubtful that such innovations will be sufficient to secure their competitiveness. The benefits of networks of agglomerations may thus be compared to those of strong dense information networks giving access mainly to exploitation but lacking access to exploration.

An additional input that may contribute to the creation of learning - or exploration - is therefore needed. The solution may be found in *external learning* (Capello 1999: 359). Such an external information input can be obtained from non-local networks which help actors within the agglomeration to 'stay tuned' with what happens in the market, among other producers, among consumers, scientists, support agencies and other sources of technological knowledge (Oinas and Malecki 1999: 10). Equally, Camagni (1991, 1995) points out that in a dynamic and uncertain world the agglomeration must open up to external energy in order to avoid *entropic death* and a decline in its innovative capacity by establishing links to non-local networks. On the other hand, it is maintained that agglomerations remain important as sites for interaction and innovation. It is only through such geographical centres that the positive advantages of certain global production chains can be maintained (Coe and Townsend 1998: 387) but without being connected to global networks and through such connections having access to external knowledge, the long term survival of the agglomeration can be questioned. The result is thus the coexistence of local and non-local networks which secures the agglomeration with a constant and appropriate flow of knowledge and learning (Camagni 1995: 197). From that point of view, local networks give access to exploitation mainly, while non-local networks give access to exploration. The argument is thus one of combining local

and non-local relations to obtain all the information benefits of the information networks. Nonetheless, such a combination should be considered in relation to available resources as well as to the time and industry specific environmental conditions and thus in relation to the need for exploration and exploitation. However, the relevance, character and benefits of the combination of local and non-local networks may, as it will be in the following, be questioned also at a more general level.

Collective learning versus information networks

Networks do not only provide benefits but also include limitations, costs and, as will be described later in this chapter, involve risks. While the costs of networks may be limited at the local level they do not entirely disappear. As there is a limit to the number of network relations that any firm may be engaged in, the benefits of relationships should be counterbalanced with their costs and so should the cost-benefits of local network relations be counterbalanced with the cost-benefits of other network forms. As mentioned, establishing and maintaining relations at the agglomeration level may be argued to be less resource demanding than at the non-local level. This can be explained by that relations may be interpreted as consisting of bonds, the development of which takes time and other resources (Biemans 1992: 87). At the level of the agglomeration this may involve less cost, as e.g. confidence and trust as well as social and knowledge bonds may pre-exist to a certain degree at the local level because of the existence of an *industrial atmosphere*. At the same time, technological bonds may pre-exist as firms located in the same agglomeration may share a common technological trajectory.

Though non-local relations may be more costly than local network relations, the benefits of such may outweigh the extra costs as the information benefits of local networks can be questioned. In a first instance, other information distributing mechanisms may take over the role of local networks. Such other information distributing mechanisms are part of what is argued to result in *collective learning* within agglomerations. Collective learning may be perceived loosely as arising from social processes of cumulative knowledge, based on a set of shared values and procedures that allow individuals to co-ordinate their actions in search of problem solutions. Collective learning is related to the presence of a common knowledge beyond the boundaries of the firm but remaining within the spatial boundaries of the local

production system and it gives rise to a process of cumulative local know-how (Capello 1999). The information transferring mechanisms behind collective learning can be both conscious and unconscious. Conscious mechanisms consist of networks between local firms, while unconscious mechanisms may include the movement of embodied expertise as a result of high local labour mobility and firm spin-offs (Keeble and Williamson 1999: 296; Capello 1999: 354-357), 'exhibition' and imitation of successful activities, informal 'cafeteria effects' (Camagni 1991: 130-132) and personal social networks among both employers and employees (Schrader 1991: 153).

It may be argued that local networking represents a key mechanism whereby agglomerations may over time develop a collective learning capacity (Keeble and Williamson 2000: 9). Collective learning may, at the same time, induce networking as it sustains the co-ordination of actions and develops rules and conventions. Collective learning and networking may, as a consequence, be reinforcing each other. However, other mechanisms are additionally involved and collective learning may originate from other sources as well, and knowledge created within firms or institutions may be transmitted to other firms through different mechanisms than networking. Such *knowledge spillovers* may cause knowledge to be transferred to other agents, whatever the will of the original inventor, to be accumulated outside the firm and to become a public good as it becomes freely available to firms within the agglomeration (Breschi and Lissoni 2001a: 980; Breschi and Lissoni 2001b: 258; Capello 1999: 356-357). Knowledge may thus flow between firms within the agglomeration in the absence of network relations. Once the appropriate conditions are met, learning becomes independent of conscious cooperation between single actors and is not attributable to the explicit strategy of individual local firms (Capello 1999: 356-357). As information in the agglomeration through such mechanisms becomes a (more or less) public good, firms in the same agglomeration become (more or less) *redundant* as they possess and provide access to the same information. This means that collective learning may be present when networks are absent and that collective learning mechanisms and local networks, to a certain degree, may substitute each other as information distributing mechanisms. If this is so, local networks may not give access to other information than is already available through other *free* mechanisms. The informational benefits of local networks may, in such a case, be small and may not compensate for the costs of the relations. It can thus be argued, that the more efficient

collective learning mechanisms are in the agglomeration, the more redundant are the firms and the fewer are the benefits of local networks. In the extreme case, when all members of the agglomeration possess the same knowledge, local networks become a complete waste of resources from the information point of view, as their network relations will only give access to already available information. This means that, though non-local relations may be more costly to establish and maintain, the extra resources used on these give access to more non-redundant contacts and thus to complementary information flows rather than overlapping flows. While the existence of collective, more or less unconscious information distributing mechanisms and knowledge spillovers may explain the advantages of agglomerations, they could also explain and give a reason for the limited empirical support of the existence of local networks within these agglomerations.

Though the significance of collective learning mechanisms can be questioned (Breschi and Lissoni 2001a, 2001b), such mechanisms may be argued to play a relatively more or less significant role within different agglomerations and thus to render local networks more or less irrelevant. However, as weak, strong, dense and sparse network relations may provide different types of information, supporting exploration or exploitation, it can be hypothesized that freely available information arising from collective learning mechanisms may have characteristics similar to, or different from, information gained through the different types of network relations depending on how well the collective learning mechanisms are functioning. Collective learning mechanisms may therefore, when related to local network, have three stylized outcomes depending on their effectiveness and on the characteristics of the local networks: one, collective learning mechanisms may provide similar information as local networks making such relations irrelevant; two, collective learning mechanisms may provide additional and complementary information to that supplied by local networks; and three, local networks and collective learning mechanisms may mutually reinforce each other facilitating each others development. However, it may be argued that conditions under which local networks are not substituted by collective learning mechanisms are not those conditions that provide actors with the highest information benefits. Optimal cases would be of such a kind where collective learning takes over the role of local networks so that resources are better spent on establishing non-local relations to non-local non-redundant contacts. This way,

information distribution both within and into the agglomeration is optimised. From that point of view, local networks can be considered ‘sub-optimal network configurations’.

The role of glocal holes

Local networking may find a supportive argument in the structural hole theory. A local network may be compared to a network cluster which may or may not - or may to varying degrees - be connected to the global network. If the local network is not connected to the global network it may be argued that there exists a structural hole between the local and the global network or a *glocal hole* (referring to the *glocalisation* term of Swyngedouw 1997). Such glocal holes may have varying ‘depths’. If no or relatively few relations exist between the local and the global network, a *deep* glocal hole exists. If a large amount of relations exist, the hole may be said to approach closure. Such glocal holes may be utilised by a tertius gaudens to play local networks off against each other. A deep glocal hole may, in this sense, be the ideal setting for a tertius gaudens as he can control the local network’s connection to the global network. Additionally, in the local network a number of structural equivalent competitors, and thus potentially a number of secondary structural holes, or *secondary glocal holes*, may exist. Such secondary glocal holes may again be the ideal setting for a tertius gaudens. The degree of possible control by the tertius gaudens is again related to the relative amount of relations to the global network and additionally to the amount of structural equivalents in the local network: more equivalents and fewer connections to the global network (a deep secondary glocal hole) may result in a favourable position for the tertius gaudens whereas less equivalents and more connections (a secondary glocal hole reaching closure) make the situation favourable for the local network. This also means that arguments in favour of local networking may find support in the structural hole theory. In the lack of cooperation between structural equivalents within the agglomeration, control may be left in the hands of a tertius gaudens which, following the arguments of the earlier chapter, will limit information distribution not only into but also within the local network as competition and distrust become the order of the day. On the other hand, when relations exist between structural equivalents, the control benefits of the tertius gaudens may be limited, benefiting the local network and the information flow within it. As a consequence, by closing primary and secondary glocal holes the local network does not only avoid being controlled and exploited but also optimises information flows into and within the local network enhancing

theoretically its innovative capabilities.

This glocal hole argument is therefore one of raising the number of non-local relations as well as maximising local networking. However, as has been suggested earlier, collective learning mechanisms may reduce the benefits of local networking. Closely related to such mechanisms the agglomeration is, as indicated earlier, also argued to provide mechanisms of common behavioural practices, norms and values, confidence and trust (Maskell and Malmberg 1999). The agglomeration may therefore be argued theoretically to provide mechanisms that help overcoming the existence of structural holes. Local network relations, which are argued to provide the same type of control mechanisms, may thus become obsolete for the purpose of overcoming glocal holes, as such mechanisms of the networks may already be provided by the agglomeration. Just as was the case with the relation between local networks and collective learning mechanisms, depending on the degree to which the agglomeration provides such mechanisms, the glocal hole argument does not necessarily imply the need for local networking. Rather, the need for local networks to close secondary glocal holes varies with the existence of norms, confidence and trust already provided by the agglomeration. In the case of the existence of such 'freely available' norms, confidence and trust, resources may again be better spent on establishing non-local relations which in complementary ways help to close the glocal holes. Again, in relation to glocal holes, the optimal network is not one of local networks but one in which local networks become needless and resources can instead be used on establishing non-local relations.

Information and production networks and the role of distances

In addition to the issues raised in the above, the importance of spatial proximity for networks may be questioned and other types of proximities could be argued to be just as - or even more - important as they may supplement or prevail over spatial proximity. E.g. Lundvall (1992b) draws attention towards *economic, organisational* and *cultural* distances. *Economic distance* refers to how economic activities are localised relatively to each other in production systems and *organisational distance* refers to the degree of horizontal and vertical integration. Finally, *cultural distance* becomes important especially when studying learning and communication processes. When cultural differences are present, certain types of messages will be difficult to transmit and decode. By incorporating such distances into the analysis, proximity is no longer

simply a question of spatial distance but also of other types of distances and proximities (Lundvall 1992b: 52, 55-56). However, in the agglomeration literature such distances are more or less implicitly incorporated in the analysis and supposed to be related directly to spatial distance: related to the spatial proximity is a common socio-cultural background (cultural proximity) and an assumption of the existence of similar or related firms (economic proximity). These aspects enhance the possibilities of cooperation and thus of minimising the organisational distance. Nonetheless, benefits of economic, organizational and cultural proximity may be decoupled from spatial proximity.

First of all, it is the common assumption that firms in agglomerations are 'similar' and thus separated only by a short economic distance. It is, on the other hand, not made clear *how* similar firms in the agglomeration are supposed to be, *how* similar they need to be to cooperate, and thus whether they can be considered potential and/or optimal partners (Martin and Sunley 2003: 10). At the same time, it is in most cases doubtful that it should not be possible for a firm to locate more appropriate network partners outside the agglomeration than inside it: the competence, knowledge, and interest of the partner may outweigh the importance of spatial proximity so as to render it of marginal interest only (Håkansson 1989: 109; Lundwall 1992b: 56). Gordon and McCann (2000) furthermore argue that the incentives for investing heavily in purely local networks may be rather limited in a world where competitiveness in international markets is thought to require the cultivation of partners with very specialised capabilities. It is thus a question of relativity whether the economic proximity of firms in the agglomeration is sufficient to make them suitable partners as closer economic proximity with firms outside the agglomeration may outweigh the importance of spatial proximity. Production networks of economically close firms may as a consequence be decoupled from spatial proximity.

Furthermore, because firms are made of people, so may they, when situated in different socio-cultural settings, be separated by socio-cultural distance. Such socio-cultural settings do, however, not at the inter-firm level, have to be related to spatial distances. People working in the same agglomerations but in different firms may be distanced by socio-cultural distances by education, economic situation, cultural roots, etc. and not least by their occupation. On the other hand, others separated by spatial distance may find themselves close in socio-cultural

distance because of similar education, work, etc. This multidimensionality of cultural distance means that e.g. the socio-cultural distance between two IT firms may be relatively low irrespective of their spatial location, while the socio-cultural distance between two nearby non-similar firms may be large. Even firms belonging to the same type of industry, located in the same agglomeration may not share similar cultural characteristics. Instead firm-cultures may be built into non-local production networks. E.g. the McDonalds chain 'restaurants' have developed their own firm socio-culture that is different from other local restaurants' but relatively similar all over the world within the network. Therefore, large spatial distance does not always result in large socio-cultural distance at the firm level (and vice versa). Instead, short economic and/or organisational distance in production networks may involve and induce cultural proximity that may outweigh the importance of spatial proximity and spatially dimensioned cultural proximity.

Additionally, the importance of tacit knowledge and its communication as well as its relation to spatial proximity can be questioned. First, it may be claimed that it remains an unproven and vague proposition that tacit knowledge is the key to business success (Martin and Sunley 2003: 17). However, even if it is, its relation to spatial proximity may be questioned. While the dichotomy between local and non-local and between tacit and codified knowledge has been made clear in the earlier discussions, such a clear-cut distinction can be argued to constitute a simplified and questionable view of information distribution, spatial distance and competitive advantage. First of all, a piece of knowledge may be located somewhere in a range between the tacit and the codified, but knowledge is neither entirely tacit nor completely codified. Every bit of knowledge always has some degree of tacitness (Fischer 1999: 12-13; Noteboom 1999: 15). This could mean that if tacit knowledge is 'sticky', then any type of knowledge is sticky and thus related to place. It may, however, be wrong to believe that the stickiness of tacit knowledge is spatial. Tacit forms of knowledge may be effectively distributed in large amounts over spatial distances (Breschi and Lissoni 2001a: 980). Interaction through communication technologies coupled with a limited number of meetings may well serve the purpose (Breschi and Lissoni 2001b: 261-262). It is therefore not convincing to argue that a given form of knowledge is inevitably linked to one form of geographical organisation (Martin and Sunley 2003:17) and local networks may not prove to be more efficient in transferring tacit knowledge than non-local networks. E.g. multinational

companies develop their own internal channels and codes of information (Lundwall 1992b: 56) and thus create possibilities of effective knowledge transfer over large spatial distances. Networks can in this way be means of overcoming the constraints of distance (DeBresson and Amesse 1991: 371) as they create effective information highways over which information can be moved effectively in great amounts. Organizational, cultural and economic proximity within production networks therefore facilitate the non-local flow of tacit knowledge that 'sticks' to non-local networks rather than to places.

All this indicates that the network benefits of economic, cultural and organisational proximity are related to production networks to a high degree and that such proximities may well outweigh the importance of spatial proximity. Network benefits are decoupled from spatial proximity and attached to production networks, or to *non-local proximity networks*. It may further be claimed that the costs of establishing non-local proximity relations may be equal to, or less than, those of establishing local relations as e.g. technological, knowledge and social bonds may pre-exist at the non-local level because of the existence of non-local economic and cultural proximity. Additionally, such non-local production networks may be hypothesised to be typically stronger than local networks as a certain strength of different bonds, or a certain organisational proximity, is needed to produce an effective non-local 'information highway', to facilitate the transfer of other resources and as they may be characterised by economic and cultural proximity. It could thus - contrary to the indications of the agglomeration theory - be argued that non-local networks are stronger than local networks and possibly provide firms in the agglomeration with information supporting exploitation. The agglomeration, on the other hand, becomes the setting for the cheap or free distribution of explorative information which can be transferred easily through weak relations or via collective learning mechanisms. In such a view, weak relations and/or collective learning mechanisms benefit from spatial proximity whereas strong relations are induced by spatial distance.

This can further be argued to be the case as it may be questioned whether strong local production networks, when they exist, can survive turbulent conditions. As indicated earlier, local networks can cause lock in and maintain agglomerations in narrow technological trajectories and they must be supplemented with non-local relations which give access to staying tuned with what is happening in the surrounding world. If, however, more radical

innovations cause - or are caused by - the creative destruction of production networks, a strong local network may not survive such environmental turbulence. If the strong local network is not connected to the outside world through weak relations, the local network and its actors will not survive. If, on the other hand, the strong local network is connected to the outside world through weak relations, the local network may not only detect the turbulence but may also be destroyed and replaced by new production networks which may be build around the non-local earlier weak relations. In this way, it may be suspected that strong local networks are rare and transitory occurrences and inevitable victims of the creative destruction of networks. Additionally, in the former chapter it was indicated how too strong and too dense parts of a network may capture firms and eliminate the possibility of reconfiguring the network when new possibilities show up in sparse networks. In that sense, strong dense local networks become not only rare occurrences but also dangerous ones as they may eliminate the possibilities of taking advantage of explorative information. It may therefore again be argued that local networks ought to be of a weak character and connected to the outside world through strong relations, as such a network configuration does not capture the firms and the local networks in the same way as do strong local networks but instead allows for a certain dynamism in the network. Again the agglomeration becomes a place of exploration mainly.

Having turned the proximity thesis upside-down, it should of course be acknowledged that the degree to which the different network benefits are decoupled from spatial proximity might naturally depend on the economic and cultural proximity of firms within the agglomeration. In the case of the existence of sufficient economic and cultural proximity within the agglomeration, local strong and dense networks may very well be beneficial and the benefits of proximities may add up. However, it should also be acknowledged that this is not necessarily the case so that in industry and place specific cases the non-local economic, organisational and cultural proximity may render spatial proximity irrelevant.

Local networks: theory or reality?

The above discussions result in arguments both in favour of and against the existence and the benefits of local networks. If, as empirical evidence suggests, cases exist where networks are absent from agglomerations, the question would be: why do agglomerations exist at all? Two arguments have already been put forward. One is the possible existence of collective learning

mechanisms; the other is the production benefits arising from sharing e.g. common infrastructure. Coe and Townsend (1998) furthermore emphasise that *cumulative causation* may constitute an alternative explanation. The birth of an agglomeration may typically be related either to some more or less *traditional* location factor such as a natural condition or to a more or less accidental occurrence. When one firm is in place, different cumulative causation mechanisms may be observed to cause the development of an agglomeration: one successful firm may attract other firms; spin-offs create new firms; and persons from the same location are inspired by the success of the existing firms to try their luck in the same branch. Such agglomeration forces do not necessarily and automatically create a mutually beneficial, innovatory and networking environment though (Malmberg 2000: 234-235; Coe and Townsend 1998: 389).

That no clear answer can be given about the existence, the character and the benefits of local networks is the consequence of a complex world. Agglomerations represent a variety of different organisational forms making single interpretations inadequate. Depending on the labour process in an industry, the organisational cultures of the players involved, the nature of the areas in which activities are located and the market of macroeconomic circumstances surrounding individual sectors, a diversity of industrial geographies can be produced (Amin and Thrift 1992: 574). Industry specific differences in what kind of learning is needed, how much learning is needed, how learning is conceived, how learning is organised, how learning is achieved, who participates in the learning etc. may result in a range of different typologies of agglomerations (Oinas 2000: 65). As such, the existence and characteristics of local and non-local information and production networks may vary with industry specific and environmental characteristics, the needs for exploration and exploitation, overcoming structural holes etc. Finally, it should of course be acknowledged that networks are not simply local or global but may exist at a variety of intermediate levels. In order to maintain a relative theoretical simplicity those other geographical levels have not here been dealt with. Instead, the usual local-global dichotomy has been applied, and that should of course be acknowledged to result in an abbreviation of reality.

The geographies of tourism experience networks

As indicated in the above, industry specific characteristics may influence the configuration

and the benefits of local and non-local networks of particular production systems. In the following, the tourism experience network will be examined theoretically in such a light. The general conclusions of the agglomeration literature have often been taken for granted as valid also for tourism firms and tourist destinations. As a consequence, proximity is for the tourism experience seen as an important force linking the different producers of the experience and enabling destination networks to form (Milne 1998) and there is a growing belief that local networks are essential ingredients in providing successful tourism development (Milne and Ateljevic 2001: 374, 383). One particular field that has generally taken local networks as a prerequisite for such a development is that of sustainable tourism (e.g. Roberts and Hall 2001; Hall 1999; Tremblay 2000; Halme 2000; Drumm 1998; Sproule and Subandi 1998). Such a positive view on the existence and the benefits of local destination networks may be seen as one which, instead of emphasising the differences from, sees parallels with, other sectors (Gordon and Goodall 2000: 290). However, this 'optimistic view' has recently been opposed by a much more 'sceptical view' which emphasizes instead the particularities of the tourism experience, rediscovering the differences from traditional industries of agglomerations. This approach indicates that the particularities of tourism firms and of the tourism experience make tourism firms unfit for the establishing of local networks (e.g. Hjalager 2000; Bærenholdt et al. 2004). Despite the youth of the application of the agglomeration logic to tourism, the two views seem to have already caused a controversy of opinions. This controversy, it may be argued, is a result of sporadic research on different types of tourism experiences - research which conclusions have mistakenly been generalized as valid for *all* tourism experiences. Perhaps the different conclusions should instead be understood as valid for different tourism experiences only. The following discussions attempt to pave the road for such a differentiated approach which accepts that tourism experiences and the networks behind them are not all the same.

The claimed benefits of local tourism experience networks

Certain commonalities between traditional agglomerations and the tourist destination may seem apparent such as the specialization within one 'sector' of the economy within one geographical location and the interdependencies among a variety of firms (Hjalager 2000: 209). Such observed characteristics of the destination can - following the agglomeration logic - directly be argued to induce local networks. These local networks will benefit from the

spatial concentration of tourism firms, common infrastructure etc. The networks will provide information benefits arising from face to face contacts and the easy transfer of tacit knowledge, and will provide production benefits through the coordination of activities, repeat contracts and so on. Network relations, in such an environment, are less resource demanding and more effective in terms of information distribution because of the existence of an 'industrial atmosphere' implying the existence of trust, common beliefs etc. In such a view the destination would - like other agglomerations - be characterized by dense networks providing both production and information benefits, and the long term competitive position of a tourism experience would be related to the amount of such destination networking.

In addition to such a straightforward application of the agglomeration logic, certain particularities of the tourism experience, and in particular the role of the destination for that experience, may be argued to favour even more the existence of local networks. Tourism firms, in a given destination, share public infrastructures and other conditions of the experience. They need to cooperatively manage those resources and innovate while minimizing negative externalities (Tremblay 1998: 853):

> … emphasis on local interactions between various activities and processes shaping the future character and economic potential of places is particularly apposite for an economic sector which is so crucially dependent on a wide range of place characteristics (Gordon and Goodall 2000: 306).

As such, the destination, or the conditions of the tourism experience, are of importance for a variety of tourism firms and they are of importance for the competitive situation of the total experience, of the individual as well as of all the tourism goods/services. In this view, the ultimate aim should be the building of destination networks including the entire range of tourism firms in order to maximise the benefits for tourism firms, to maximise sustainability of local resources and to optimise benefits for the users of the destination area. Smaller firms in particular may achieve system gains and benefits from integrating know-how and available resources in such destination networks (Buhalis and Cooper 1998: 338-339). Local destination networks are thus argued to play a crucial role in the balancing of interests of the various firms and in the boosting of a destination's competitive advantage by linking

fragmented capabilities (Tremblay 1998: 853).

The development of new forms of tourism experiences has furthermore been argued to further impulse the need for local destination networks. The heavier demands of new consumers impose on producers of tourism goods/services a need for a more holistic view of their production. This may be claimed to be in contrast to the phase of mass tourism where e.g. hotels could focus on the production of their own product because of undemanding consumers and because tour-operators did all the packaging (Poon 1993: 230-234). With the emergence of new and perhaps more individual tourists, tourism firms must take a more active approach to influence what is happening at the destination (Poon 1993: 251, 292, 294). Additionally, the possible development of destination computer information systems distributing tourism goods/services and experiences has been argued to incite cooperation among tourism firms at the destination level (Buhalis 1997). Such destination based systems affect the nature and the form of local collaboration when they become networking tools (Sheldon 1993). It can thus be hypothesised that the two trends - the development of new tourism experiences and of new locally applied information technologies - together and mutually should cause a further development of local networks (Sørensen 2001).

While such arguments in favour of the existence of local networks may apply to the total pool of tourism firms, certain of the aforementioned production network structures find their natural place within, and seem particular apt at, the destination level. These are, in a first instance, complementary relations. Such relations are, as described earlier, argued to ensure the coordination of the complementary goods/services of the tourism experience. In order to offer tourists satisfying experiences, the various suppliers require on-going and excellent communication and shared values (Go and Williams 1993: 233). By such complementary co-operation the single producers furthermore gain access to values and capabilities that would otherwise not be accessible (Strunge 1997: 32). Such cooperation may be argued to facilitate the tourists' interaction in the production of the tourism experience at the functional level. Vertical input relations between the producers of goods/services and their suppliers of inputs may also be embedded within the destination. These can, in the agglomeration logic, be argued to lower transaction costs and again to benefit from the ease of communication and information transfer. Finally, local groups of e.g. independent hotels can form competitive

network structures in which mutual trust and confidence lead to group marketing and purchasing, securing significant economies of scale for its participants (Burkart and Medlik 1990: 160) and which, as already indicated, supply the firms with information benefits. The marketing and distribution aspects of such competitive relations have particularly received an interest in tourist destination studies. Such destination marketing may additionally include not just competitors but the entire range of tourism firms located in the destination (March 1994). All in all it can, from this point of view, be argued that local networks provide tourism firms with important information and production benefits just as may be the case with other local networks.

Reconsidering the benefits of local tourism experience networks

While the 'optimistic approach' to destination networks identifies the benefits of local networks it ignores certain particular aspects of the tourism experience and of tourism firms that may act as barriers to the establishment of such networks. Following the earlier theoretical discussions of this chapter and by combining those considerations with the specific characteristics of tourism firms and of the tourism experience, the role of local destination networks can be reconsidered.

Tourism experience networks and the role of distances

As argued earlier, different distances other than spatial distance may devalue the importance of spatial proximity. This may also, and perhaps in particular, be the case when focus is on tourism firms. First, it may be questioned whether distances other than spatial distance make non-local networks more profitable in terms of information gains. Though the single producers of tourism goods/services serve the same tourists, they are not necessarily similar in terms of firm culture, production practices and information needs. A hotel and an attraction may have very different types of information needs, different firm cultures as well as production practices. Tremblay (1998: 845) argues, for example, that the competences required to run a small hotel are generally different from those needed to run an airline company or a travel agency. This argument may be extended so as to question the similarity of e.g. the competences needed to run a hotel and an attraction. The hotel and the attraction will need and use different technological inputs, different types of information and knowledge as there is no apparent commonality between providing the tourist with a bed to sleep in and

providing him/her with a bungy jump. Despite the theoretically important spatial proximity between these firms, they may have little relevant information to share. The argument may even be extended to e.g. a small traditional family run hotel and a large luxury hotel which may need different information and knowledge in different quantities. The economic and cultural distance between firms located on the tourist destination belonging to the same tourism experience may thus perhaps be greater than would be expected for firms belonging to the same agglomeration. Diversity, and thus certain economic distance, rather than similarity of firms, comprises the condition for successful competition of tourism firms located within the same destination (Smeral 1998). It may therefore be questioned to what degree information benefits will arise from the cooperation between firms located within the destination and to which degree network relations may at all be established among them. The heterogeneity of firms as regards size, type and affiliation makes it difficult or impossible to hold common beliefs, values and goals (Hjalager 2000: 206; Hjalager 2002: 472) and the problem is based on the significantly different interests of tourism firms (Smeral 1998: 375). Additionally, those firms that may be claimed to be characterised by both spatial and economic proximity, such as similar hotels in the same destination, and who may have similar information needs are normally competitors. Such competing tourism firms in the same destination are argued hardly to form network relations (Bærenholdt et al. 2004: 24) as there is little mutual trust among them because they often see each other as competitors and not as colleagues (Hjalager 2002: 470). This indicates that in the case of the tourist destination, firms are either economically and culturally distant from each other or, on the other hand, that the combination of spatial and economic proximity is an ill-fated one in tourism inducing conflict rather than network relations.

As also indicated theoretically, local networks are not necessarily substantial enough to secure the innovativeness of an agglomeration but must be supplemented with non-local relations. At the same time, in the case of the tourism experience, other non-local relations may be argued to be more beneficial as other types of distances than pure spatial distance become of importance. Several types of non-local networks may be identified in the tourism experience network. Such are first and foremost the vertical relations of the distribution network structure and the competitive chain relations of hotel chains or other types of networks across destinations. Such non-local networks may, as has been described, provide production

benefits in the form of economy of scale and scope benefits as well as important information benefits. As these relations are international so are the communication systems used in such to secure information flows. Such communication systems reduce communication and transaction costs and enhance knowledge management at a global level (Milne and Ateljevic 2001: 383-84). The limitation of information transfer imposed by spatial distance is thus overcome through such network arrangements which are the global information highways of the tourism experience networks. Into such networks may additionally be built cultural and economic proximities. Compared to individual local firms, hotels belonging to a hotel chain may have similar information needs, similar firm cultures as well as similar production practices. They may therefore be economically and culturally closer to each other than tourism firms on the destination despite spatial distance and their relations can be characterised as non-local proximity relations providing both production and information benefits.

It may further be argued that such non-local proximity networks give access to information at a very different level than local destination networks do. As indicated earlier, large international groups have managerial and skilled staff with diversified experiences of international tourism, and technical and human resources to design, produce and manage accommodation facilities (Ascher 1985: 16). In hotel chains substantial resources are invested in training facilities, literature and manuals and in the constant dissemination of information on new designs, procedures, techniques, equipment, etc. (Dunning and McQueen 1982: 85), and close relations between hotels of chains allow for the transfer of know-how in locations where it is lacking (Tremblay 1998: 847; Dunning and McQueen 1982). The information benefits of becoming part of such a non-lcoal network may thus clearly compensate for the potential extra costs of establishing the non-local relations. Additionally, some chain networks are indicated to ‘lock in’ key employees. This may be interpreted as a means of discouraging defection to rival hotel groups and thereby protecting the unpatentable knowledge of the network. It can thus be expected that a significant proportion of the knowledge and information transferred reside within the organization as a whole. The knowledge is a public good but only within the chain (Dunning and McQueen 1982: 100) and it can only be accessed by the members of the network. The key to successful competition for the hotel chain is to internalise its knowledge (Hall and Page 1999: 113). This indicates that

important tacit knowledge and information 'stick' to these non-local production networks rather than to destination places. The tourism firms' information distribution is not place-bound and innovative networking is a practice beyond the destination (Bærenholdt et al. 2004: 25). Finally, such networks often imply the harmonization of supply and identical quality in the hotels (Dunning and McQueen 1982: 97). It can be questioned whether such or similar networks are beneficial at the destination within which diversity of tourism goods/services may be more important than homogeneity, harmonization and development along narrow trajectories. Strong destination network may be argued to act as a barrier for flexible development of new tourism goods/services (Jensen 2001: 158) and of diversity. As homogenization of supply may be more beneficial at the non-local level than within destinations, certain strong networks facilitating such a homogenization may also become beneficial as a non-local phenomenon primarily. Exploitation thus becomes a non-local phenomenon in strong non-local networks and local networks may, at their best, be of a weak character providing explorative information mainly. Strong local networks would, on the other hand, capture the local firms, limiting diversity and possibilities for change.

Yet other benefits of such chain networks are the scale benefits achieved, e.g. through central purchasing of inputs (Telfer and Wall 2000: 441). From the destination point of view, this means that chain hotels often import large proportions of their food supply as well as of other inputs and therefore have only a minimal contact with local economies (Britton 1982, 1991). On the other hand, locally owned hotels are typically argued to cause less of such 'leakages' and these hotels may be more attached to the destination in that sense (Madeley 1996: 18; Telfer and Wall 2000: 421). This also indicates that vertical input networks may or may not be localized, which is typically argued to be a question of hotel ownership and size.

Non-local networks are, of course, also of importance as they secure the flow of tourists to the tourism firms by providing access to the vital resources of distribution and marketing. Those non-local relations favour the mobility of tourists to the destination which is, in a sense, a core purpose of tourism and a condition for the production of the tourism experience:

> It is a paradox that tourism industries, business networks and policies with their fundamentally mobile character have been researched through the

> prism of territorial categories such as ‘destination’ (Bærenholdt et al. 2004: 25).

As non-local networks may be of vital importance for the survival of tourism firms, the small size of a majority of locally based tourism firms may be argued to potentially limit local networking. While it may be argued that a favourable network configuration is one which combines local and non-local networks, such a combination may be absent in a real life destination due to the limited resources of many small tourism firms which are concerned with their day to day tasks rather than with looking ahead (Bull 1999: 160). The limited resources available may thus be better spent on establishing a few but vital non-local relations which secure the flow of tourists to the firm and thus its survival, rather than to spend limited resources on local relations that may result in limited instant economic benefits. Non-local horizontal and vertical network relations compete with local networks for attention and resources (Tremblay 1998). The ‘losers’ in this game when resources are limited may often be the local networks.

Additionally, non-local vertical distribution relations often serve to facilitate the functional putting together of complementary tourism goods/services. Tour-operators, instead of local relations among complementary firms, often co-ordinate the otherwise fragmented tourism goods/services into a coherent experience. Non-local relations may thus substitute local complementary relations and this might disrupt local alliances (Hjalager 2000: 202-203; Hjalager 2001a: 15-16). Compared to the tour-operators, local tourism firms are furthermore argued to often have misconceptions of the tourism experience not realising that the individual good/service is part of a larger experience and that e.g. the single hotel is mostly not the reason to visit a particular destination (Gunn 1988: 207). Such a lack of understanding of being part of a larger experience may also influence local networks in other ways. The conditions of the tourism experience - the destination - consist of mainly public goods which are vulnerable to free-riding. Opportunistic firms can take advantage of common conditions such as natural resources, cultural attractions, townscapes, infrastructure etc. but do not contribute to their provision as it is not clear to the individual firm that their use and maintenance depend on a collective effort (Hjalager 2000: 206; Hjalager 2002: 472) and as tourism firms are partially ignorant of the impacts of their actions (Tremblay 2000). This may

mean that the benefits of local networks for the coordination of the use and the protection of the collective conditions of the tourism experience are not obvious to individual firms. These firms may attempt to free-ride and leave it up to other actors to take the actions necessary to protect those resources.

In such a sceptical view, the spatial proximity of tourism firms does not automatically lead to local destination networks. Instead, networks may be seen as a way of overcoming the spatial distances enabling communication and information transfers among firms at a global scale. It can further be hypothesised that such non-local relations may be of a relatively strong character due to their importance and due to their non-local proximity characteristics. This could indicate that non-local relations may be stronger than local relations - if at all existing - especially when resources are scarce and need to be used on a few selected relations securing the survival of the tourism firms. This could further suggest that the destination provides firms mainly with exploration through either weak relations or - as will be described in the following - collective learning mechanisms, whereas exploitation is a non-local phenomenon taking place in strong non-local proximity relations.

The role of collective and other learning mechanisms

If destinations are characterized by a lack of local networks this does not, of course, leave us without an explanation of the destination as an agglomeration. The agglomerated character of destinations stems from the simple fact that tourism firms, more than firms in many traditional productive sectors, rely heavily on place specific resources, whether physical or cultural (Gordon and Goodall 2000: 296; Hjalager 2001b: 156; Milne and Ateljevic 2001: 373). Tourism firms are, just as tourists, attracted to places because of the conditions of the tourism experience attached to these places. Furthermore, the need for agglomerations is simply related to the fact that different tourism goods/services must be located within a short distance from each other so as to minimize the time and other resources used by the tourist to functionally combine different goods/services and conditions into a total experience. Such benefits arising from the lowering of ‘transaction costs’ may be more important in the destination than in any other type of agglomeration as it is people and not goods that must be transferred between the firms. The spatial vicinity of related and supporting producers is an important condition for successful competition (Smeral 1998: 375).

Additionally, as proposed theoretically, a lack of local destination networks does not necessarily result in a sub-optimal network configuration from the information point of view. On the contrary, if non-local networks are combined with well functioning local collective learning mechanisms this may result to be the optimal network configuration. As has been argued earlier, certain types of information supporting exploration may be freely available for tourism firms. Such explorative information can hardly be hidden and 'industrial espionage' is inevitable (Hjalager 2002: 469). This may mean that, in the destination, producers can recognize new products, trends and innovations easily and quickly (Smeral 1998: 375). This indicates that a kind of collective learning supplies tourism firms with freely available explorative information, which may be argued to substitute the informational benefits of certain types of weak network relations. Additionally, a high labour mobility within the destination might additionally influence the effectiveness of information distribution of also more specific and tacit knowledge. However, often observed short employment periods and low motivation from employees looking for careers in other sectors may limit such an effect. The transfer of knowledge between firms is less likely to take place in tourist destinations because of labour force instability (Hjalager 2000: 204-205) as well as of an instability of the tourism firms themselves (Hjalager 2001a: 18; Hjalager 2001b: 160). Additionally, the possible employment of non-locals in central positions in chain hotels (Ascher 1985: 46; UN 1982: 56) and the strategy of such chains to protect their knowledge may erode such a local information distribution.

Considering such mechanisms of collective learning, it is indicated that the destination may give access to freely available information providing certain types of exploration while the flow of freely available deeper information facilitating exploitation may be more limited. Collective learning mechanisms could then, to a certain degree, substitute the information transferring mechanisms of weak relations mainly, whereas strong relations may provide additional information. Again the dichotomy between weak and strong relations and between exploration and exploitation may be a false one as more or less explorative types of information may be gained only or faster through network relations. In addition to such collective learning mechanisms, yet other learning mechanisms may prove efficient and perhaps limit the role of local networks, e.g. the learning from tourists. Such learning

mechanisms are shortly dealt with in the end of this chapter.

The role of glocal holes

One important aspect of local networking of tourism firms is, as shortly indicated earlier, the possibility of joint marketing. In fact, this type of networks has attracted more interest than any other local destination networks and so much that it may be argued that destination based cooperation has focused excessively on promoting destinations and overlooked the objectives of jointly shaping innovative products (Tremblay 1998: 853). There may be argued to be good reasons for such a focus from a glocal hole point of view. While there may theoretically exist different structural holes in the tourism experience network, the one which may be particularly interesting here is the glocal hole arising from the position in the network of the distributors and of the tour-operators in particular. Those are in a central position, strategically placed as the 'gatekeepers' of the mobility of tourists (Ioannides 1998: 139); they are in a powerful bargaining position relative to the producers of tourism goods/services (UN 1982: 74); and they are more often than not in the 'driver's seat' when negotiating prices with tourism firms (Ioannides 1998: 140). The tour-operators' favourable network position has - at least in periods and in destinations - been supported by a surplus of similar mass tourism goods/services and experiences (e.g. Ascher 1985: 61). Tour-operators can easily substitute such goods/services and experiences as they are not functionally and spatially fixed, as are the providers of tourism goods/services, and as they show a lack of loyalty to specific destinations (Ioannides 1998: 147). The distributors of the tourism experiences determine which services should be offered to whom, where, when and at what price (Mill and Morrison 1985) without having themselves long-term responsibilities for the destinations (Ryan 1991: 107).

This indicates the possible existence of more or less deep glocal holes working in favour of the tour-operators. Furthermore, integration of tour-operators through mergers, acquisitions and takeovers, or network arrangements such as strategic alliances and franchising agreements have limited the number of significant players (Agarwall et al. 2000: 244) and the fortune of destinations' tourism firms may depend heavily on the decisions and actions of a few tour operators (Ioannides 1998: 140). The tour-operators can thus be seen to be positioned in glocal holes which may be both primary, between destinations, and secondary,

between competing tourism firms within the same destinations. They can use such a position to act as tertius gaudens. Being sure that they can always find alternative experiences and goods/services, distributors have used this knowledge to play tourism firms off against each other (Go and Williams 1993: 235). Though there may be information benefits in cooperating with tour-operators, it is, in the case of this type of glocal hole, mostly a question of access to the resources of distribution and marketing which play the fundamental role. It is the production network structure and not so much the information structure that determines the importance of the glocal holes. However, it may be hypothesized that information distribution into and within local networks becomes related to the depth of such glocal holes as conflict imposed by tour-operators on tourism firms within the destination may result in a lack of destination networks and of information transfer within the destination as conflict rather than cooperation is the order of the day. While focus in most 'tourism distribution channel research' has been put firmly on the role of the tour-operators other distributors, such as large groups of travel agencies and computer reservation systems, may play similar roles. Such have e.g. been argued to exclude smaller tourism firms who can not afford to participate in such networks and to favour larger providers of standardized mass tourism goods/services (Buhalis 1997, 1998; Poon 1993; Knowles and Garland 1994; McGuffie 1994; Sheldon 1997).

As there may at the general theoretical level be different strategies to apply for overcoming such glocal holes, so may there from the tourist destination point of view be different network strategies available. First, destination networks are powerful ways to compete with large global acting tourism enterprises (Smeral 1998: 375). Marketing alliances (Palmer and Bejau 1995) and the role of local computerized destination reservations systems (Buhalis 1997, 1998) seem to have attracted a special interest on how tourism firms can achieve a lessening of the power of the traditional distributors. E.g. strong local hotel associations in which structural equivalent hotels negotiate collectively with tour-operators may counterbalance their power (UN 1982: 78; Morrison 1994: 28). Such networks would additionally improve local information distribution directly through the cooperation among hotels and indirectly because of the closing of secondary glocal holes and the lessening of conflict among the local firms. There may however be obstacles that make such networks difficult to establish. As indicated earlier, fierce competition among similar tourism firms may be such an obstacle.

Additionally, destination based marketing has often been seen to intent to include all firms at the destination. However, in such cases free-riding may turn out to be the most profitable way of marketing for the individual tourism firms (Jakobsen 1996: 267-279). Furthermore, in such marketing the differences between tourism goods/services are ignored and the fallacious assumption is that attractions can be marketed the same way as hotels (March 1994: 413). Moreover, though destination based computer reservations systems may at the local level empower the local firms' competitive situation (Buhalis 1997; Milne and Ateljevic 2001: 384) the classical structure of tourism experience distribution has generally been copied onto computer distribution systems (Werthner 1998: 9). As such, information technologies have primarily favoured the traditional non-local distribution structures. Other ways of overcoming glocal holes are to participate in non-local networks, e.g. large chain networks which have commercial access to the important markets (Ascher 1985: 16) or to cooperate with several distributors at the same time. All this means that while local networking may be a mean for closing glocal holes, non-local networks may again substitute the local networks.

Diverse networks of varying tourism experiences

The above discussions have provided arguments both in favour of and against local tourism experience networks. It is not here believed that one will always find the same type of network constellation in relation to all tourism experiences. Neither is it believed that there will be one type of network constellation that can theoretically be argued to be always the most beneficial. Instead, an array of differences between destinations, tourists and of tourism goods/services may lead to widely varying network constellations. A variety of factors influencing destination networks' importance, existence and characteristics may be identified. Some of these, of which some have also been indicated in the earlier discussions, may e.g. be the importance of market failures (e.g. natural, social, cultural); the degree of homogeneity of tourism goods/services, their production processes and technology needs; public sector involvement; degree of spatial or industrial concentration within a destination; the settings of the production such as urban, rural or coastal environments, and large and small economies; localities' degree of dependence on tourism; and the degree to which non-local alternative networks dominate (Tremblay 2000: 328).

Related to those factors, different firms of different sizes and their belonging to chain

networks have been indicated not necessarily to favour the same types of network relations. Whereas, generally, tourism firms consist of a relatively small number of large firms and a relatively large number of small firms (Go and Williams 1993: 235), this may vary from one destination to the other and so may the destinations' networks vary. Additionally, the type of offer of tourism goods/services at any destination may heavily influence the networks. All-inclusive tours and integrated resorts are for example designed to satisfy all the needs of the tourists but limit the potential for local networks (Hjalager 2000: 203). The exact pattern of entrepreneurial activity will vary from place to place (Mathieson and Wall 1982: 82) and so will networks. The type of distribution channel, the role of the tour-operator and the existence of glocal holes may also vary with the tourism experiences (Casarin 2001; Ioannides 1998: 142). E.g. non-diversified standard mass, sun, sand and sea tourism experiences are easily substitutable and dependent on tour-operators (Ioannides 1998: 142) whereas more diversified tourist destinations and experiences may be less easily substitutable and thus less prone to exploitation. Additionally, in popular destinations with limited hotel capacity, hotels are in a stronger bargaining position (UN 1982: 78) as glocal holes are less 'deep'.

At the same time, the hypothesized change of phases of modern tourism may be one of changing networks at both the global and the local level (Poon 1993; Ioannides and Debbage 1998; Buhalis 1997). In this sense interest has first of all been paid to the possibly changing distribution channels (e.g. King and Slavik 2001; Cooper and Lewis 2001; O'Conner et al 2001). However, such a predicted change has, in chapter 2, been argued not to be a clear and sudden one and it is therefore unclear how deep and sudden its impact on tourism experience networks may be. Nonetheless, though the change of phases is not a clear and sudden one, it may be indicated that different forms of coexisting tourism experiences may be characterised by different types of networks, both global and local. The bulk of literature on sustainable tourism and its focus on the importance of community development involving inhabitants, tourism firms and authorities may indicate that local relations are relatively important for the production of such experiences compared to e.g. the production of traditional (unsustainable) mass tourism experiences where local networking has been argued to be more random occurrences (Poon 1993; Sørensen 2001). Furthermore, within the same destination, varying network constellations may of course coexist due to differentiations in types of tourism firms and tourists and as a result the possible production of multiple types of tourism experiences

within the same destination.

While tourism experiences and their networks may partly change with the theorised change of phases of modern tourism they may also change with changes of tourism experiences produced on individual destinations. In the Tourism Area Life Cycle Model (Butler 1980) the type of firm, the amount of firms, tourists and the organisation of the tourism experience is indicated to change over time within destinations. It can, therefore, be expected that destinations' local as well as non-local networks also change over time. Prideaux (2000) further develops the model and argues that while, initially, small local tourism firms, which attract mainly tourists from the surrounding area, are in charge of the development, international luxury hotels of hotel chains and hotel resorts focusing on the global market later take over the development. At the same time a development of the complementary offer takes place, from inexistent or extremely limited to a well-developed diversified offer. Such a development of firms, of tourists and of the destination will, without any doubt, cause changes of the networks and thus probably also of the information distribution in them and eventually of the innovations of tourism firms. Lundgrens' (1973) theory of seaside development also indicates that certain types of network relations change over time. In the early stage of destination development most inputs to e.g. the hotel industry are imported and relations to local producers are inexistent as local supply cannot meet the increasing demand or because the hotels are foreignly owned, whereas complex local food-purchasing networks may later be developed (Telfer and Wall 2000). Those models are in some ways contradictory as Butlers' model indirectly indicates the existence of local networks in the beginning of the life cycle whereas Lundgren's model observes the opposite. Rather than being contradictory they could, however, be seen as exemplifications of different developments of tourism experiences indicating that not only are tourism experiences different but so are, of course, their developments. The complex picture of different networks may thus also be one where the character and importance of networks are not just related to the character of tourism experiences but also to the historical development of the production of these experiences and the speed of this development (Shaw and Williams 1998: 244). The networks are related, not only to the tourism experiences but also to the history of the production of such experiences.

All this indicates that variations of the characteristics of destinations, of tourism firms and of

tourists and thus of tourism experiences influence in complex ways the characteristics of the networks of such experiences. It would therefore be ignorant to believe in the existence of one type of network constellation always to be found and - more importantly - always to be the most beneficial. Rather, (favourable) network configurations may vary with the production of different tourism experiences.

Non-network factors of innovations

As indicated in the discussions of this and the former chapter, different types of networks not only favour but also restrict the innovativeness of firms. In addition to these limits of innovation networks, may be added other possible critical aspects of networks such as asymmetric power relations, diverging strategies, opportunistic behaviour and exclusion by partners (DeBresson and Amesse 1991: 369; Hämäläinen and Schienstock 2001: 36). However, whereas e.g. ‘market failures’ and ‘bureaucratic failures’ are well established terms (Hämäläinen and Schienstock 2001: 36), ‘network failures’ is an issue hardly dealt with in studies of networks that tend to focus only on stable beneficial forms of networks (DeBresson and Amesse 1991: 369). Nonetheless, such network failures may, under different conditions, be argued to make other organisational forms more appropriate. However, the network theory puts emphasis discriminately on the interactions among firms and innovations are mostly explicitly and directly argued to occur in networks between firms rather than within firms (e.g. Easton 1992b: 24). Nevertheless, e.g. the chain link model (figure 3.2) indicates that the innovation process may be occurring at several levels of interactions of which an important one is actually within the firm (Fischer 1999: 15). In this model, the network forms only one of several elements in the overall process of innovation. The model thus indicates that while the network is perhaps important, it can hardly be perceived as telling us the whole truth about the innovation process which will also be occurring at other levels. The existence of networks does not eliminate the firm nor does it eliminate its importance in the innovation process. Information flows and the organisation of processes of learning within the firm thus remain important for innovations (Lundvall 1992a: 14). This firm level of the innovation process may be seen as a sub-network or a sub-system of the inter-firm innovation network. The innovation network may, on the other hand, be considered itself to be just a sub-system of a larger system of innovations (Gelsing 1992). Such systems of innovations are argued to include a larger set of elements which are of importance for innovations such as the

institutional setup, culture, language, particular products, inputs, demand, a knowledge base, technologies, processes of competition and selection, agents, internal organisation of firms, the role of the public sector and in general the wider socio-economic system (Lundvall 1992c; Malerba 2002; Breschi and Malerba 1997; Edquist 1997; Nelson 1993). This again emphasises the recognition that innovation networks are only partially explanatory for innovations as a range of other factors influence the innovation process. Finally, it can be added that earlier innovation theories may still be partly explanatory. Though they may be claimed to have fitted the economic and societal conditions of earlier times in particular, entrepreneurs and push and pull factors can today all be argued partly to explain innovations (Sundbo 1994: 189-196).

In the case of the tourism experience, innovations may also occur at other levels than the network level. They may be attributed to the internal processes of the firm as well as they may be induced by the wider 'tourism system of innovation', e.g. due to public authorities' actions in establishing regulations and standards, financial support, R&D and education of personnel. Furthermore, the network organizational form is not the only way to organize the production of the tourism experience. As a possibility of avoiding networks, distributors can seek to get direct control over different resources or products through ownership. Competitive integration exists e.g. in the case of common ownerships of hotels; vertical integration exists as tour-operators own hotels and travel agencies (Holloway 1995: 64); and the integration of complementary goods/services is the strategy of the all-inclusive resort. Such large enterprises are often argued to be more innovative than smaller firms (e.g. Jensen et al. 2001; Hjalager 2002) which indicate that internal processes of the firm are perhaps of central importance for understanding the innovativeness of tourism firms as well. Additionally, and in addition to the already emphasised collective learning mechanisms, other information distributing mechanisms may be of importance. One potentially important aspect is e.g. the relation with the tourists. Such a relation has been understated in tourism research (Bærenholdt 2004: 20) but may be considered to be the most important source of learning (Poon 1993: 272). Tourists know the world of travel and their collective experience is an important source of information which additionally makes learning from employees important because they are the ones who are in touch with the tourists (Poon 1993: 273). The participation of the tourists in the production of the tourism experience may make them even more important than consumers

are in most other production systems. Finally, earlier innovation theories, and in particular the demand pull and technology push hypotheses, may also be partly explanatory for innovations of tourism experiences. The change of phases of modern tourism is e.g. argued to be closely related to the development of new transportation and information technologies as well as of new consumer demands (Buhalis 2001; Poon 1993; Wahab and Cooper 2001a; Buhalis 2001).

It is as such indicated that the most realistic view on innovation networks is that they form and are responsible for only a more or less limited part or level of the innovation process, though they may not be completely isolated from this at any time. This study is however not a study of all the potential factors of importance for the innovation process but of the influence of innovation networks on the process. The considerations introduced above are, however, essential for avoiding the pitfall of overstating the importance of innovation networks which may be claimed to be a general mistake of theoretical and empirical innovation network research as it ignores other potentially important factors of the innovation process. If the relative importance of innovation networks is to be understood, it must be acknowledged that other factors may also be important and that the importance of the network should be seen in relation to those. However banal it may sound, it is crucial to recognize that by focusing on innovation networks, focus is on only one of many sources of innovations and not on the one and only determinant.

Intermission

This chapter has considered the geographical organization of innovation networks. At the general level, arguments in favour of and against the existence of local networks have been put forward. Local networks have, following the general arguments of the agglomeration literature, been argued to provide firms with production as well as information benefits arising from the spatial proximity of firms. Such networks may, however, need links to non-local networks which could provide the local networks with external information. It has been questioned whether other local collective learning mechanisms provide similar benefits as local networks making these irrelevant or less beneficial than non-local networks. It has further been questioned whether proximities other than spatial, such as economic, cultural and organizational, make non-local proximity networks more beneficial than local networks. Finally, it has been questioned whether the existence of glocal holes can be overcome by the

existence of local networks. Relating the considerations to the particular characteristics of the tourism experience and of tourism firms, arguments for and against local destination networks have been put forward. On the one hand, the particularities of the tourism experience and the concentration of tourism firms on the tourist destination may be argued to naturally induce local networks. On the other hand, it has been argued that tourism firms located on tourist destinations are either competitors who have a lacking interests in cooperating or are to different to gain benefits from local networks. Non-local proximity networks among tourism firms are, from that last point of view, more bound to be established and to provide the production and information benefits of networks.

It has furthermore been argued that different tourism experiences and their developmental history may result in different networks at different times. It is as such not believed that one specific type of geographical network organization should always be found. It has finally been indicated how innovation networks may be just one element of many influencing the innovation processes which may also be occurring at other ‘levels’ and through other learning mechanisms. Providing both arguments in favour of and against local networks and arguing that networks may possess different geographical characteristics, this chapter, together with the former one, forms the basis for the analysis of the case study providing explanations for the empirically observed characteristics of the networks and their benefits. The analysis of the case study will be dealt with in the following chapter.

Chapter 5

Tourism Experience Innovations in the Province of Malaga: the Role of Innovation Networks

This chapter will present and discuss the empirical findings of the study. Tourism experiences, tourism experience innovations and tourism experience innovation networks as well as other learning mechanisms will be identified, described and related. First, the tourism experiences as well as their innovations will be identified and categorised. Second, the innovation networks will be traced and their different typologies categorised; other learning mechanisms will be identified; and the relation between innovation networks and the identified tourism experiences and innovations will be discussed. Following up on the conclusions of that part of the analysis, a set of other factors partly explaining the identified innovations will in an explorative fashion be introduced, discussed and related to the importance of innovation networks.

Tourism experiences and tourism experience innovations

The first part of the presentation of the empirical study will describe and categorise the tourism experiences identified as well as their identified innovations. The tourism experiences are, as they were theoretically in chapter 2, interpreted as combinations and interactions of destinations, tourists and tourism goods/services. There are theoretically as many of these experiences as there are tourists which means that some kind of rough categorisation necessarily has to be made. Specific central characteristics of the experiences and in particular those that are seen to be of importance for and related to innovations and thus hypothetically to innovation networks are emphasized. At a first level, from the destinations' point of view, the experiences can be divided in two: *the rural tourism experiences* of the province of Malaga and *the mass tourism experiences* of the Costa del Sol. A further categorisation is established taking into consideration the characteristics of the other elements of the

Figure 5.1: Impressions of the mass tourism experience of the Costa del Sol (Ayto. De Torremolinos 2004) and the rural tourism experience of the province of Malaga (Cerro de Hijar 2004)

experience. The existence of the experiences may be considered as directly related to the innovations. Such innovations may be related to changes of all the elements of the experience. However, with focus put firmly on the changes of the stages of interaction provided by tourism firms, the tourism experience innovations can be roughly categorised in a few fundamental groups.

The mass tourism experiences of the Costa del Sol

Whereas leisure tourism has a history of centuries in Spain (Barke and Towner 1996), including that of the Costa del Sol (Barke and France 1996), it is the development of a mass, 'sun, sand and sea' tourism experience in the second half of the twentieth century that has shaped the tourism experience of the Costa del Sol as it is known today. There has, however, in later years been identified changes of supply and demand of tourism goods/services and of the characteristics of the tourists which have resulted in a diversification of the experience. Today there is thus more to the experience than simply sun, sand and sea.

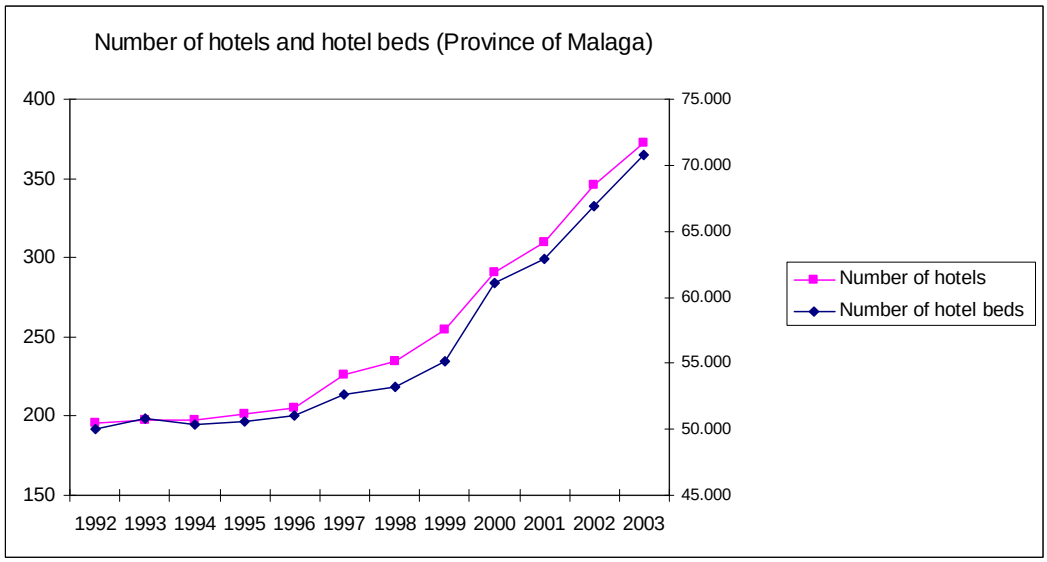
The destination

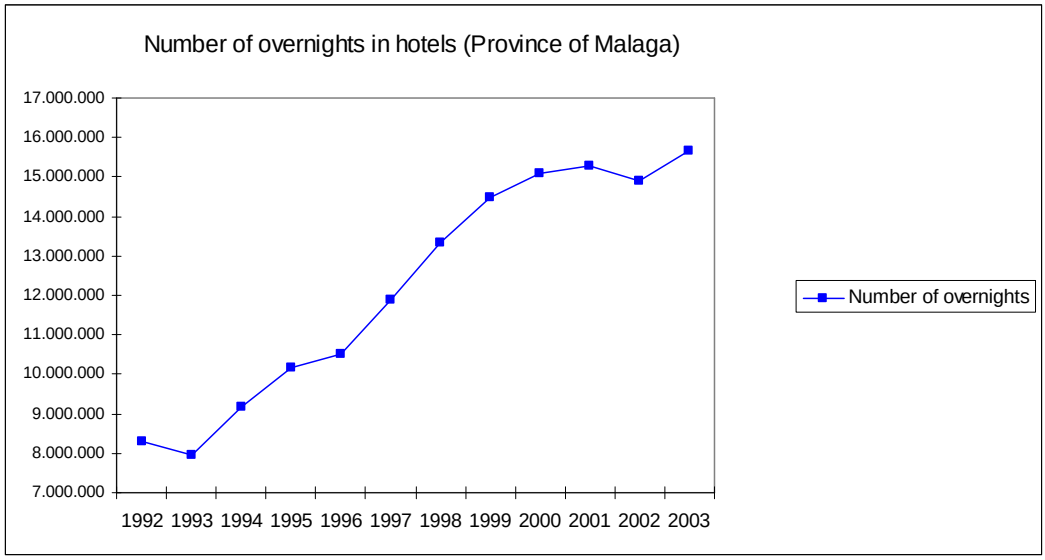
As indicated, the destination of the Costa del Sol has been most known for its beaches, its sunny weather and additionally - in a European context - cheap prices. While those conditions may still be the most important of the tourism experience, other conditions such as openness and friendliness of the populations and of the tourism employees are other favourable conditions of the destination (C1; C2). However, the central conditions of importance were by all interviewees argued to be the climate and the beaches more than anything else and other

conditions (as well as complementary tourism goods/services) complement these conditions which are the ones that attract the tourists (C1; C2; C4).

The destination is, however, also a prime example of how uncontrolled tourism over-development can affect negatively the conditions of a destination. This became evident particularly in the late 1980's and early 1990's where visitor numbers dropped, particularly those of foreign tourists (Pollard and Rodriquez 1993: 247-248). This has been argued to be a result of chaotic urbanism and infrastructure, environmental degradation and contamination, over-massification as well as limited diversification and an inadequate supply of tourism goods/services (McDowell et al. 1993; Pollard and Rodriquez 1993; Gómez and Rebollo 1995: 122; Barke and Towner 2004; Barke and France 1993). The rising of such problems had already been noticed more than a decade earlier (Bernier and Roura 1978) but were not noticed politically, they increased in importance and resulted in a deteriorated image of the Costa del Sol (Barke and France 1996: 301). The destination seemed to have reached the stage of decline of Butler's (1980) Life Cycle Model as hotels were closed down and converted into apartments and residences (Pollard and Rodriquez 1993: 248), a development the destination has shared with a number of other Spanish tourism destinations characterised by lack of planning (Priestly 1995; Mir and Baidal 2001; García et al. 2004). Certain of the mentioned problems seemed to be overcome during the 1990's with the implementation of coastal management plans (*Plan de Costas* and *Ley de Costas*) (García et al. 2004), sustainable development plans (Barke and Towner 2004), beach improvement, urban renewal and traffic control programs (Barke and France 1996: 304; Gómez and Rebollo 1995: 122). The attitude was argued to have changed into one of conservation and renovation instead of growth (Morena 1999: 265).

However, during this new period of development there has again been a continuous and steady rise in the number of accommodation establishments and of beds in such establishments and of tourist numbers (figure 5.2) (SOPDE 1997, 2000, 2004). It seems that during this development, the mistakes of over-development of earlier periods have been made again. Focus is now again on quantity rather than on quality (A1), and the construction of new hotels and centres of secondary residences result in an uncontrolled growth (C1; C4): "*They*





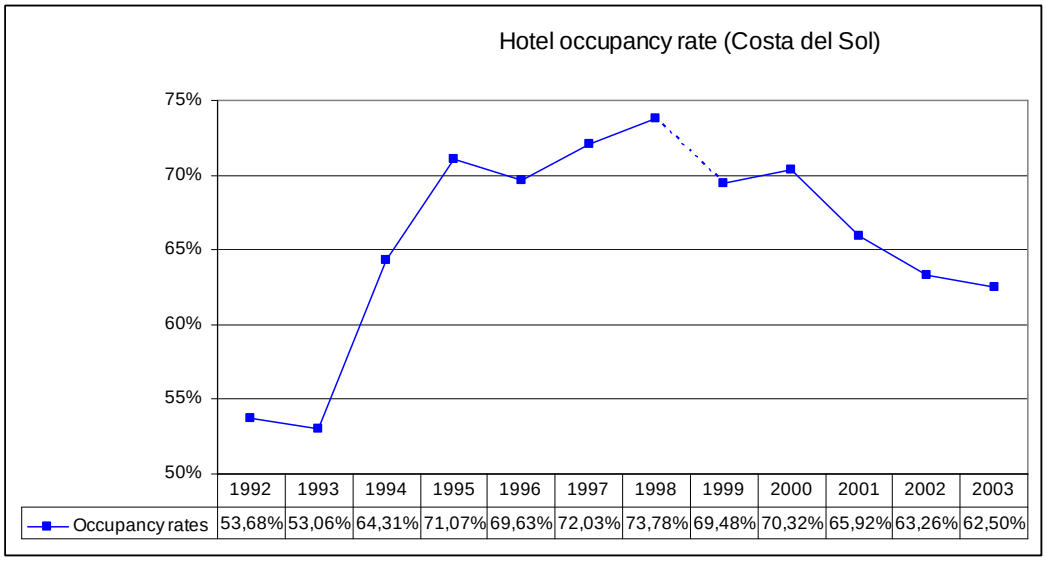


Figure 5.2: Tourism statistics (based on SOPDE 1996, 2000, 2003). The 1998-1999 rupture in hotel occupancy rates is due to a change of measuring method (SOPDE 1999).

are constructing hotels and building urbanizations without using their heads. Destroying" (C2). Negative aspects of uncontrolled development of earlier periods seem therefore to occur again and to aggravate the chaotic infrastructure and urbanism (C1; C2; C5; C9; A2; CA2). This development reflects itself in that the chaotic urbanism and infrastructure, the massification and traffic are again today the most unsatisfactory conditions of the Costa del Sol for the tourists (SOPDE 2004) affecting negatively the tourism experience. This may also start to express itself once again in visitor numbers which have in recent years - after a general rise since 1993 - once more been less pronounced indicating that a new period of stagnation may be on its way (figure 5.2). It was by the interviewees considered necessary that this quantitative development will be substituted for one that will focus on quality and sustainability (C1, A1): "*The uncontrolled growth will in the long term lead us to a lowering of the prices and consequently a lower quality*" (C1).

The mass tourists

The package-tour tourists represent a large segment of the tourists on the Costa del Sol and especially of the foreign tourists (SOPDE 2004). These, as well as more individually travelling tourists, may be divided into a variety of sub-segments. Here, however, a sub-division in two main categories serves the purpose: *the traditional mass tourist* and *the active mass tourist*. Those two segments constitute around 98% of the tourists on the Costa del Sol whereas the rest consist of business tourism, health tourism and other segments (SOPDE 2003). The first category, the traditional mass tourists, may still be the dominant one. Such tourists are characterised as tourists who come to relax, stay on the beach and escape their everyday life of work (C10). The extreme of the segment was described as tourists who come solely to stay on the beach, sunbathing all day (C3; C7), after which they spend the evening in a British pub (C5; C3) and/or the night in the discotheques (C4): "*They come to drink beers and to sunbath*" (C3). For those tourists the only conditions of importance are the sunny weather, the beaches and the cheap prices, and the only complementary offer of interest consists of the pubs (C3) whereas other conditions and other complementary goods/services are of less or of no importance (C5, C7): "*They look for cheap prices, cheap flights, and sun and security. And we offer that!*" (C5).

While such a traditional mass tourist is the one that participates in the production of the sun,

sand and sea experience for which the Costa del Sol is still famously known, there have been identified changes in the demands and the attitudes of a segment of the tourists and it was argued that every day less people come simply to lie in the sun (C1; C4; C12). The other category - the active mass tourists - is thus perhaps slowly substituting the traditional mass tourists. The active mass tourists are in fact not one segment but a variety of segments producing a variety of tourism experiences. They may generally be considered as tourists who "*(…) use the opportunities of the area*" (C3), "*they are very interested in the offer of the zone*" (C12), such as the local culture (C10) and they also typically visit other parts of Andalusia (C2; C8). The extreme of this segment consists of those who are constantly active, either by performing sport activities or by constantly 'being on the move': "*They never stop. It's a client who is impossible to stop*" (C9). One such sub-segment is the golf tourist which - economically more than in numbers perhaps - is so important that it has now been provided its own destination brand: the 'Costa del Golf' (e.g. andalucia.com 2004; malagaweb.com 2004). Those active tourists create experiences that involve more conditions of the destination as well as a varied complementary offer. The identified development of an active tourist segment can be argued to be related to the change of phases of modern tourism. Such a change of phases also expresses itself in the development of a complementary offer in the Costa del Sol, as described in the following, and the development of an active mass tourism experience may thus be interpreted to be the result of both changing tourists and the development of the tourism goods/services element.

The tourism goods/services and mass tourism experience innovations

The importance of the active mass tourist is closely related to the development of the complementary tourism goods/services. The development has in later years been characterised by a rise in the number of complementary goods/services diversifying the offer of the destination (APECO and SOPDE 2003). Though the complementary offer can be further developed because "*there is always something missing*" (C4; CA2); "*a tourist destination is never finished*" (C8); and "*people always want more*" (C5), the diversified offer available today was argued by all the interviewed to make the tourism experience of the Costa del Sol a complete and exceptional one. It was claimed to significantly enhance the competitive position of the tourism experience when compared to other mass tourism experiences (C4; C3): "*We think that in Europe it is perhaps one of the most complete destinations … the*

possibilities are infinite … the options are enormous which makes it a unique destination" (C1).

As indicated, the new period of development has also induced the construction of a number of new accommodation establishments. When focus is on such tourism goods/services a distinction of the tourism experience may be made. One type of such establishments consists of those that offer a *traditional* tourism good/service in the sense that they provide un-diversified non-luxurious stages of interaction including only the most essential and basic services. They supply the tourist with what he needs in simple surroundings. On the other hand, a number of establishments offer a variety of often luxurious goods/services within the establishments. Such *diversified* goods/services provide diversified stages of interaction and another type of experience including diversified types of interactions. Related to the typologies of the tourists, in most cases the accommodation establishments claimed to serve both types of tourist segments. The result is therefore a total of four rough categories of tourism experiences produced within the Costa del Sol (figure 5.3).

The characteristics of the tourism goods/services are closely related to the innovations carried through in the tourism firms. These innovations may be grouped in two broad categories. The first group can be characterized as *traditional innovations*. They do not differentiate the establishments from others. They consist mainly of renovating, changing decorations, or in other ways improving the existing offer (for examples see figure 5.5). They may be interpreted as incremental innovations of the individual goods/services and they are new only at the firm level. However trivial such innovations may seem from a Schumpeterian point of view, they were by the interviewees considered to be innovations of extreme importance: "*It's a condition to avoid us from dying. Renew yourself or die*" (C1); "*If you don't invert in maintenance, after 5 years the hotel is an old establishment*" (C15); "*You have to do things*" (C5); "*You can't stay behind*" (C6); "*Every two or three years you have to reform something to maintain a high standard*" (C7); "*the hotel has to be modern to be able to compete*" (C2); "*If you think everything is perfect you are wrong … You always have to think about what you can improve*" (C10). Such innovations are today, contrary to earlier, relatively present in most firms of the Costa del Sol. Whereas the earlier period of decline was partly the result of an absence of innovation (Gómez and Rebollo 1995:122) this absence of innovation has today

been substituted with constant renovations (C3, C9): "*Permanent and partial hotel renovation is common practice among hotel owners*" (Morena 1999: 265):

> The problem that we had here in Torremolinos was that the hotels in the last years hadn't invested. They hadn't invested in renovating their rooms, their installations. And here in the Costa del Sol, first of all during the last 5 years or so, there have been invested impressing amounts of capital in this aspect (C9).

Such traditional innovations are identified in all the interviewed firms, but while the traditional firms only carry through innovations of this category, the diversified firms additionally carry through innovations of another typology that may be termed *internally diversifying innovations*. These innovations consist of the introduction of new goods/services within the establishments. They introduce a complementary offer within the firm so as to improve and diversify the stages of interaction. Major innovations of this type are in cases carried through:

> Now we have planned for the next two years … to invest more than 10 million euros … we want to make a new beach club to improve the things surrounding the beach with aquatic activities and more … And also a high quality talasotherapy centre … And we are furthermore making another hall with capacity for 450 persons" (C1).

Such innovations may be interpreted as incremental innovations of the individual goods/services but, contrary to the traditional innovations, they may to a higher degree - at least in cases - be characterised as new at the destination level and may in cases be interpreted to result also in incremental innovations of the tourism experiences at the functional level (for examples see figure 5.5).

All in all, the tourism experience of the Costa del Sol may be considered a well developed and diversified one, though the destination seems doomed to suffer the struggles of over development typical of mass tourism destinations. The experiences may be divided roughly

Destination		Mass tourism destination of the Costa del Sol				Rural destinations of the province of Malaga			
Tourism goods/ services	Complementary offer	Varied and well developed				Limited			
	Accommodation	Traditional		Diversified		Traditional		Differentiated	
Tourists		Traditional	Active	Traditional	Active	Inactive	Active	Inactive	Active

Figure 5.3: Tourism experiences of the province of Malaga

according to the tourists and according to the tourism accommodation firms. Innovations are identified as traditional and as internally diversifying and such innovations, traditional or both, are being carried through in all the firms of the study. No firm seems to have 'stopped innovating'.

The rural tourism experiences

The rural tourism experiences are in most aspects contrary to those of the Costa del Sol. The development of these experiences can be seen as related to the change of phases of modern tourism and as part of a larger nationwide focus on the diversification of the Spanish tourism experiences and their development in rural areas lacking other developmental opportunities (Mir and Baidal 2001: 30-31; Gómez and Sinclair 1996: 83-84; Robinson 1996: 413-415). These experiences have a shorter lifetime than those of the Costa del Sol but are, at the moment, in a period of fast development as will be described in the following.

The destination(s)

The geographical extensions of the rural destinations are related to the European Union development programs LEADER and PRODER. The areas in which those programs are applied are demarcated according to common economic interests among the municipalities (Diputación de Malaga 2004). The result is seven politically established rural tourist destinations within the province of Malaga. They shall, however, be dealt with here as one destination element of the tourism experiences, as they are comparable to each other, when only a rough categorisation of experiences is made, and as the politically demarcated destinations seem little related to the characteristics of the tourism experiences. The most important conditions of these rural destinations are their natural and human characteristics: mountains, lakes, natural parks, forests and 'white villages' as well as clean air, quietness, the

local population and not least a good climate (e.g. R1; R2). Contrary to the destination of the Costa del Sol, these destinations do not only live of tourism but also, and mainly, of traditional economic sectors such as agriculture. Only in one of the politically demarcated destinations, Axarquía, may there at the moment be occurring an over-development. This over development is however more related to the development of secondary residences than to the development of accommodation firms and of complementary tourism goods/services. The development of residential tourism is, nonetheless, in this area threatening the 'traditional tourism': "*It's bad for everything. The environment. Visually. And it is a big mistake*" (R12). In general, however, the development of tourism in the rural destinations has not yet had an impact in terms of an over-development of these.

The tourists

The tourists and the resulting experiences may roughly be split in two categories: an *inactive* and an *active* rural tourism experience. The tourists may as such roughly be divided in those who - as one might intuitively expect for the rural tourists - seek activities in the nature as well as cultural activities, and in those who are seeking relaxation in a quiet environment and a pleasant climate (R1; R2; R5; R7; R10). One might presume that rural tourism experiences are first and foremost created by active tourists. Such active tourists could be seen as contrary to the image of the inactive, sunbathing, beach tourists. However, contrary to what one might expect, the inactive tourists represent a large - and perhaps the dominant segment - of the rural tourists: "*You think that rural tourism is a tourism of activities and that's not how it is … That's science fiction. That's only the case of about 15 or 20 percent of the people*" (R1). Such inactive tourists were e.g. said to search quietness, relaxation (R7; R10) and tranquillity in a pleasant climate (R12) and to spend most of the time in the hotel (R1; R10): "*What we sell is peace and tranquillity*" (R5). However, the faith in the rural tourist as one who is mainly an active tourist was kept alive in most establishments. Those active tourists are seeking activities in the nature, or a combination of relaxation and activities, as well as they are interested in the culture and the traditions of the destinations (R2; R4; R5; R6; R7; R8).

Another keyword often used - perhaps surprisingly - by the interviewed when referring to the rural tourists was 'escapism'. The destination's natural environment's role is the same as the environment of the mass, 'sun, sand and sea' tourist destination. It provides a setting in which

the tourist can escape his everyday life. Contrary to the escapism of the mass tourist, which has typically been assigned a negative value, escapism was given a positive value by the interviewed and is even marketed as an attraction:

> Surrounded by a silence that can be heard and by an air so fresh your lungs widen … the visitor enjoys here … an ideal place to practise a sport that every day captures more and more followers: escaping (Cerro de Hijar 2004).

The rural tourists do, however, escape other elements of life, such as the noise and pollution of the cities (R2; R3; R5; R9), than the mass tourists who are typically said to escape trivial working life and rainy weather mainly. Yet another keyword that may automatically be attached to the rural tourists is 'individuality'. This individuality of the rural tourists was also questioned: "*The foreign tourist likes that you give him the entire package; he likes to know that when he comes here he can do this and that and he doesn't have to look for it himself. We will have it all prepared for him*" (R1). At the general level the tourists may, nonetheless, be considered to be individual to a high degree when compared to the tourists of the Costa del Sol in the sense that only a limited part of them experience through the consumption of a tour-operator package.

The tourism goods/services and rural tourism experience innovations

The spatial concentration of the rural tourism firms is much less pronounced and the goods/services element of the experience is clearly less developed than is the case in the Costa del Sol. Nevertheless, the development of the goods/services element has been very pronounced in the last decade. From 1990 to 2000 the growth in the accommodation offer is estimated to 433% or from a number of beds of less than 2.000 to more than 10.000 (García et al. 2001). The offer of hotel beds rose in that period from 851 to 2637 or 209% (figure 5.4). The rest of the rise has occurred in campsites, 'casas rurales' (rural houses), apartments and pensions (Garcia et al. 2001). Less precise data, incompatible with the mentioned above, indicates that the development has continued after the year 2000 (IEA 2001, 2002, 2003). The production of the rural experience may thus be argued to be one that is in a period of fast development.

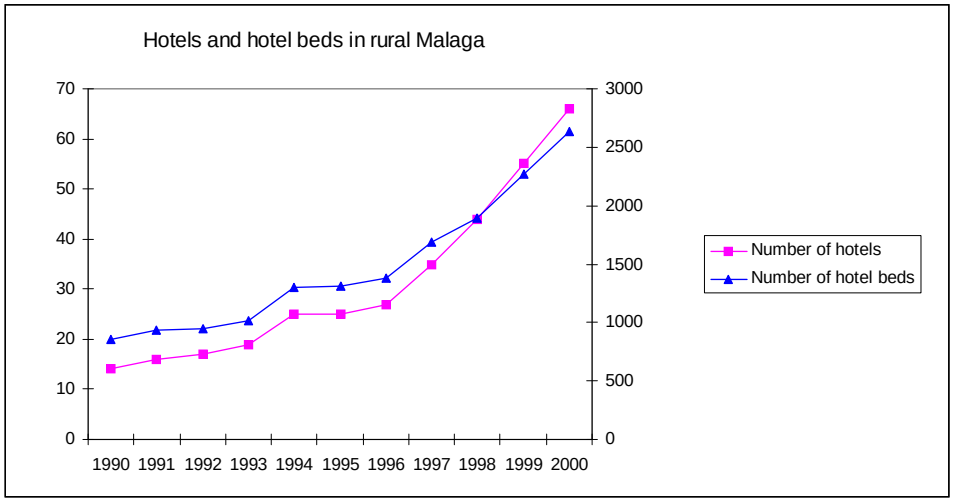


Figure 5.4: Number of hotels and hotel beds in rural Malaga (García et al. 2001).

The pronounced development of hotels expresses itself in the occurrence of two different types of experiences being developed. One may be termed a *traditional rural tourism experience*, which is related to the production of *traditional rural tourism goods/services* that stick to the traditions of rural tourism. The firms can be characterised as "*family-enterprises, with quiet and personal atmosphere and the menu full of traditional local dishes*" (AHRA 2004) providing traditional rural stages of interaction. While this type of tourism good/service is an established one, another type - *the differentiated rural tourism goods/services* - is seen to be in development creating a *differentiated rural tourism experience*. This experience is produced by tourism firms that do not necessarily follow the traditions of rural tourism but differentiate themselves therefrom in different ways. The characteristics of these firms are, as will be described below, closely related to the innovations carried through in them.

On the one hand, the same kind of traditional innovations as were observed in the Costa del Sol are also evident in all firms of the rural destinations. Also here, one type of tourism firm - the traditional rural tourism firm - is observed to innovate only within this category of innovations. On the other hand, two new types of innovations are identified. The first may be termed *atypical innovations* and include innovations which differentiate the tourism goods/services from others. They are, as the traditional innovations, related to renovations and improvements and may be considered incremental innovations of the individual goods/services but may be interpreted to be new at the destination level as they include

	Type of innovation	Relation to experiences	Relation to tourism firms
Traditional innovations	Incremental innovations of goods/services new at the firm level	Traditional rural and traditional mass tourism experiences	Traditional rural and traditional mass tourism firms
Atypical rural innovations	Incremental innovations of goods/services new at the destination level	Differentiated rural experience	Differentiated rural firms
Diversifying rural innovations	Incremental/new innovations of total experience at the destination/global level	Diversified rural experience	Differentiated rural firms
Internally diversifying mass tourism innovations	Incremental innovations of goods/services or total experiences new at the firm/destination level	Diversified mass tourism experience	Diversified mass tourism firms

Examples of innovations:

Traditional innovations: swimming pool; swimming pool number two (R12), acclimatizing the swimming pool (R1; R10); air conditioning (C2, C6; R4; R6, R10); jacuzzis (C6); changing decoration (C6; C13; R7); equipping apartments (R7; R12); reforming rooms (C1; C2; C3; C4; C7; C11; C12; R6; R7); actualizing equipment (C4; R7); changing furniture (C2; C8); amplifications (C12); general renovations (C2; C3; C8; C13; R7; R6).

Internally diversifying mass tourism innovations: beach club (C1); aquatic activities (C1); broad band internet connection in rooms; newest technology (C15); talasotherapy centre (C1; C9); dance halls (C1); pool-bar (C10); hairdresser (C12); souvenir shop (C12); gymnasium (C10); sauna (C10).

Atypical rural innovations: atypical constructions using atypical building materials (R9); atypical decoration and interior (R1; R9); eco-artisan (R5) or ecologic production (R1; R5) and food (R1; R2; R5; R10), rooms adapted for the disabled (R1); 'interactive garden' (R5); observatory (R3); internet café (R3); exhibitions by local artists (R2).

Diversifying rural innovations: activities in nature such as 4*4 wheel driving, mule riding (R2), horse riding (R1; R2; R3); bicycling and hiking (R1; R2); cultural activities (R1; R2; R11); packages such as a 'gastronomy package', a 'health and beauty package', a 'trekking package', a 'horse riding package', a 'mountain bike package', an 'almond package', and a Spanish course package (R1); interpretation centre of the local flora and fauna (R2).

Figure 5.5: Tourism experience innovations identified

atypical changes out of the ordinary or expected. They differentiate the establishments from other establishments in significant ways and break with the traditional rural tourism trajectory:

> The decoration in all the rural hotels in Spain is the typical Rondeño

> furniture … it seems like you're sleeping in the bed of the inquisition! … You have to break the line a bit there and start to change the decoration with something that's a bit more innovative. … It can be a more modern decoration. Though we're in the countryside it doesn't have to be always the classic decoration from Ronda … Almost all the hotels go that way. Always! They don't differentiate themselves from the rest. In the end it is the same hotels in different places (R1).

Some of these innovations (for examples see figure 5.5) may be small from a Schumpeterian point of view. They do, however, create a different experience as they change the stages of interactions and the tourists' experiences significantly. They are related to the development and the production of the differentiated rural tourism experience and are carried through in the firms offering differentiated rural tourism goods/services. A last type of innovations carried through in some of the same firms focus on enhancing and diversifying the offer and they can be termed *diversifying rural innovations*. Whereas the development of accommodation establishments, as described, has been pronounced during the later years, this development has not been followed satisfactorily by a creation of a complementary offer (R1; R2; R3; R6; R8). As the limited offer is furthermore distributed over a relatively large geographical area, the concentration of complementary goods/services is very low contrary to the tourism experience of the Costa del Sol. This, it may be interpreted, has lead certain tourism firms to develop such an offer themselves. These diversifying rural innovations consist in the introduction of what can more clearly be distinguished as new tourism goods/services as well as incremental innovations of - or even new - total tourism experiences which are new at the destination level or even at the global level (see again figure 5.5 for examples). They are mainly developed outside the accommodation firms (but by the firms) by using the conditions of the destinations (such as for example signalling of hiking routes and mule riding). At other times they involve the introduction of new complementary goods/services offered within the establishments (such as language or food/cooking courses) or a combination of the two, 'bringing the destination into the establishment' (such as an 'almond package' including 'almond tours' and the making of 'almond food', or in the shape of an observatory or an interpretation centre). These goods/services being developed can all be seen as part of the larger development of the rural tourism experience in the area, a rural experience that is

adapted to the local conditions of the destination and further developed. All these innovations may be seen as related to the period of fast development of the rural tourism experience, a period of development that seems to have induced a period of innovative behaviour: "*Earlier you saw things much more immobile. But today you see people with much more ... more living, more conscious about that you have to work to attract people. If you sit with your arms crossed nobody comes today*" (R10).

All in all, the rural tourism experiences can be split in two according to the characteristics of the tourists: an active and an inactive tourism experience produced in the rural surroundings of the destination. At the level of the tourism goods/services the experience may, on the other hand, be split in a traditional and in a differentiated rural tourism experience. Again both types of tourism firms providing these goods/services accommodate both types of tourists and the rural experience may thus be categorised in four rough groups (figure 5.3). As was also the case in the Costa del Sol, no tourism firms seem to have 'stopped innovating'.

Tourism experience innovation networks

The frequency and presence of innovations in all the firms of the case study illustrate that the tourism firms may be considered innovative as they constantly make adjustments and improvements to their stages of interaction, some more than others. From the innovation network point of view, the innovations would be argued to be highly dependent on such networks, local and/or non-local. Such networks have theoretically been argued to provide firms with important information. Information was also argued to be highly important for the tourism firms interviewed. This was the case at a general level: "*Of course it's important*" (C12); "*If you think you know everything you are ignorant*" (C15); "*Everybody should always learn. Everybody should have their eyes and ears open*" (C10). In the case of innovations, information was also argued to be highly important: "*Time passes and innovations of all kinds keep coming and there are things that you have to learn*" (R8); "*It* [information] *is absolutely important to innovate*" (R10); "*You have to always have the newest information*" (C2); "*Of course it is important. Very important … Have knowledge about what new innovative things exist*" (R6). As such, if innovation networks may be argued to be important for retrieving such information, they should also become important for the tourism firms' innovative activities. Such a link is traced in the following which will analyse the existence of networks and their

importance as information bringers or as information networks. At the same time, the importance of the networks' production structures for innovations will be traced. The starting point of the presentation will be the geographical characteristics of the networks and their production structures, but the presentation will also discuss how such geographically organised production networks provide tourism firms with information as well as how they are related to the tourism experiences. The categorisation of the networks is not based on the innovations identified in the above. Instead the networks will be categorised according to the networks' own characteristics. In the following, focus will therefore be, not on the direct relation between different characteristics of the networks and the identified innovations, but on those information and production benefits of innovation networks that have theoretically been argued to be of importance for innovations. Subsequently, taking into consideration these identified innovation benefits of the different networks, the relation between the networks and the identified innovations will be discussed.

Information and production structures of local networks

Identified local networks consist of competitive, complementary and vertical input relations. The existence and functions of these networks vary between the mass and the rural tourism experiences and are seen to bring varying degrees of information with them.

Local competitive networks

Competitive relations exist mainly in the shape of associations among the tourism firms as well as at a more informal level. On the Costa del Sol, all firms interviewed are members of the hotel association AEHCOS (Associación de Empresarios Hoteleros de la Costa del Sol). This is, on the one hand, a centralised association with one head office but is, at the same time, decentralised in units at the municipality level. The network can thus be considered a dense network at the municipality level and all hotels are in contact with each other in the network through regular meetings and other means of communication. The network may, on the other hand, be interpreted as a loose one as there is no significant transfer of resources other than information and no formal binding obligations seem to exist. The bonds existing seem to consist mainly of loose contractual, social and knowledge bonds.

Most rural hotels also participate in such competitive networks of hotel associations. These

networks are attached to the destinations as defined in the PRODER and LEADER development programs. However, these competitive networks of the rural destinations are less developed. E.g. in one of the destinations an association was in the making when the interviews were made (R1) and in another the organisation was said to function mainly as a reservation central (R2; R10). Certain rural hotels did not have relations to local competitive networks which may first of all be due to a lack of interest in participating in such (R9; R10; R11; R12). These rural networks are furthermore smaller, with less members than their counterpart on the Costa del Sol, but they are still of a relative dense character. They may, as in the case of the Costa del Sol, be interpreted to be of a loose character. Due to the potential importance of such networks, as will be described in the following, it makes at this point sense to differentiate not only the rural networks from those of the Costa del Sol but also the rural networks in those that integrate competitive networks and those that do not.

It seems clear from the interviews that, of all types of network relations, those among accommodation firms were the ones the informants felt there was the most beneficial information to be gained from, and particularly in the case of the Costa del Sol: "*It is the relation which brings most information*" (C4); you learn "*… first of all from other hotels*" (C3); "*Without any doubt! … you always learn from the professionals*" (C1). This type of information seems to be of an explorative character mainly and consists of for example learning "*… from their experiences, the way they do things, from their way of having their rooms, the type of employees that they have, and from their mistakes*" (C6); "*You know what all the hotels are doing, how they are doing it, what markets they work on, which tour-operators they work with. Everybody knows*" (C3). Such information is gained through the association (as well as through collective learning mechanisms as will be described later) as "*there are a lot of meetings and all the directors know each other well*" (C3). That the type of information may be interpreted as mainly explorative follows the theoretical arguments well, as the relations are of a weak type, though they are at the same time dense. AEHCOS additionally functions as a decoder and distributor of information obtained elsewhere as the collection and transfer of information has been organised in the association's head office:

> AEHCOS has a department of technological innovations, innovations of all kinds … and the firms communicate directly to AEHCOS with special

> offers for the hotels, where they tell everything about technological innovations … today you have a very big source of information about everything. A very good source of information (C5)

Such kind of information transfer is furthermore sustained as AEHCOS arranges different types of courses for employees and directors/managers (C4; C13; O1). In this way, AEHCOS can be interpreted as a unit that collects and decodes information and transmits it as explorative information to the members of the network. This, at this point, sustains the idea that exploitation takes place 'outside tourism' and that information is 'distilled' or transferred into explorative information before it flows into the tourism experience network.

The positive view on the information distributing mechanisms of this local competitive network of the Costa del Sol was contrasted by firms belonging to hotel chain networks. In some of these cases the information gained from the local competitive network was not considered to have any importance (C14; C15). Such hotel chains internalize many of the informational functions of the local competitive network and have a smaller necessity to receive its information (C4). This indicates that chain hotels are not only differentiated from other firms due to their belonging to a chain network but also due to the characteristics of other of their relations. The chain hotels where, however, members of these networks but for other reasons than information reasons: "*It's more than anything, I'm sure, a diplomatic relation. More than practical. But I think it is necessary*" (C15). This, however, indicates that there is more to the local competitive relations than simply information benefits. The diplomatic character of the relation may be interpreted as related to a wish of having good relations with the other local firms (C14, C15): "*You have to be open. We have something in common and we have to have good relations with our fellows*" (C15). Good relations are the obvious and the network is characterised by such good relations rather than by conflict. This also indicates that the network helps to create a local atmosphere of trust and of a common understanding. Additionally, the local competitive structure may be interpreted as a weak production network structure as it serves as a unified marketing channel and is used e.g. to promote the members on the Internet and in tourism fairs around the world (AEHCOS 2004). Such a production structure does, however, not seem to be related to the production of goods/services and is not of importance for tourism experience innovations due to its sole

focus on marketing and due to the very loose character of the network relations. Finally, as shall be described later, this network structure may furthermore have a role to play in the question of glocal holes.

While, to a certain degree, the mentioned benefits also seem to arise from the rural competitive networks, these do not seem to function optimally in that sense. Though meetings are held often, certain firms did not feel they gained much information from other hotels in those networks (R2; R10). The cause may be that the associations are still young and immature and still under development, as well as of a much smaller size than AEHCOS. The importance of these relations, in the case of the Costa del Sol, could indicate that firms belonging to the rural networks suffer from a lack of the explorative information benefits that a local competitive network structure can provide. Initiatives were, however, being taken to improve the rural networks and e.g. training courses for employees and directors/managers where being planned (R2) as well as there were, from the production network point of view, intentions of creating synergy among the hotels through joint marketing, joint purchasing and the creation of an internet page (R1). Just as in the case of the Costa del Sol, despite of its limits, the network structure seemed to be characterised by an understanding of a common goal and was characterised by ‘good relations’ rather than by conflict.

When compared to the local complementary networks that will be described in the following, the information benefits of the competitive network structure may be interpreted to clearly benefit from spatial proximity. The existence and benefits of the relations are, however, not decoupled from the economic and cultural proximity of the participants. It may instead be interpreted to be the combination of the different proximities - spatial, economic and cultural - that causes these networks and their benefits. This may particularly be the case in the Costa del Sol where not only the spatial proximity is more pronounced but so are the economic and cultural proximities as the large concentration of firms results in that there are a higher number of more similar firms than in the rural destinations. The information gained in the local competitive networks can, however, hardly be distinguished clearly from other information distributing mechanisms such as collective learning mechanisms which will be described later. It is thus difficult to detect the exact importance of these networks.

In addition to these formal local competitive network structures, informal competitive networks exist which serve to distribute tourists among the establishments. As all the firms seem to participate in such networks, both in the Costa del Sol and in the rural destinations, they may be interpreted as dense. They are, however, used simply to direct tourists to other local establishments when no rooms are available or an establishment is overbooked. It may thus be questioned whether they can be termed network relations at all as they are first and foremost a service that provides the tourists with information. They do, however, often include some kind of contact and were mentioned to be relations by the interviewed. Contrary to the more formal competitive relations these relations bring neither information nor production benefits (in the innovative sense) as they are limited to favour the distribution of tourists only.

Complementary networks

Concerning complementary network structures of relations between accommodation establishments and complementary goods/services two types of such exist. The first is the type of relations that serve to provide the tourists a functionally put together ‘package’ of complementary goods/services and the second can be compared to the informal competitive tourist distributing relations as they facilitate the distribution of tourists between accommodation establishments and the complementary offer in an informal way. Concerning the first type, these local complementary relations are less dense than one could expect from agglomerated firms in the same ‘sector’ and only isolated cases were identified. In the case of the Costa del Sol, when such cooperation existed, it offered e.g. diving packages (C1) and golf packages (C1; C10; C12). Such relations were, however, almost absent, or at least relatively absent when considering the size of the complementary offer of the Costa del Sol. It may be argued that the absence of these relations, from the production network point of view, is due to the fact that it is the tour operators that are in charge of ‘packaging’ the experience for the tourists (C2; C3). The tour-operators see to that the tourists get the offer of complementary products they need (C11; C12) and the tourism firms do not have to be concerned with that (C3). The non-individuality of the tourists and the packaged character of the mass tourism experience may thus be claimed to be partly responsible for the lack of relations. However, in the rural destinations such local complementary relations are also almost absent. This is - according to the interviewed - due to the fact that a complementary

offer is almost inexistent in these destinations. There are, nevertheless, a few examples of such relations which provide the tourists different activities in the nature (R1; R7). In general, however, "*there isn't much coordination*" (R9). In addition to the lack of a complementary offer, another reason for the lack of complementary relations in the rural destinations could be the 'individuality' of the rural tourists. This is however not automatically so as the tourists are, as already described, not necessarily individual tourists in that sense. As such, the rural tourism experience does not inevitably have to be composed of unconnected complementary goods/services functionally put together by individual tourists. It may even be claimed that complementary cooperation is more relevant for the rural tourism experience than is the case of the mass tourism experience where that kind of networking is being taken care of by the tour-operators.

On the other hand, informal complementary relations serving to distribute tourists to complementary goods/services exists both in the Costa del Sol and in the rural destinations and almost all interviewed firms participate in such relations. However, these network relations consist mainly providing the tourists with the necessary information about the existing complementary goods/services (C3, C4, R8, R10) rather than in a direct cooperation. The existence of such a distribution of tourists is, however, facilitated by some type of informal contacts among the tourism firms: "*We have a lot of relations, what we don't have is joint business*" (C4); "*They come and they bring their marketing material, so that we send our clients there, so we are related with them*" (C2); "*They come and they tell you … And you receive all the complementary information*" (C5). They may therefore be considered as network relations but may be interpreted to be very loose and informal but dense.

Contrary to the competitive relations, neither of the two types of complementary networks serve as information distributors of any importance for innovative activities which can first of all be argued to be due to the economic distance between the firms: "*It is not my kind of business*" (C5); "*they are very different things*" (C7); "*it is another world … it has nothing to do with the hotel business*" (C2). Even in the few cases where complementary relations assist in the production of a kind of package, the same was clearly expressed: "*They are completely different things. A firm dedicated to renting apartments can learn little from a firm dedicated to doing activities like mountain climbing*" (R7). The same is evident the other way round and

it was also, from the complementary offers point of view, argued that accommodation firms were too different to get beneficial information from them (A1; A2). The campsites did not either feel there was anything to be learned from hotels and apartment complexes as "*they are a different world*" (CA1). This clearly indicates that the economic and cultural distances between the complementary firms outweighs the importance of spatial proximity and makes the relations irrelevant for gaining information. While spatial proximity and the functional dependence among complementary firms may be claimed to be important for the existence of the relations, this proximity and functional dependence does not result in the existence of an important information distribution. Both types of relations may, however, be interpreted as very loose production network structures as they facilitate the functional putting together of goods/services to a tourism experience according to the tourists' tastes: "*If you stay some days what do you do those days? Look, I have nautical activities, I have golf, I have beaches, I have cultural visits*" (C6). The complementary relations in that sense facilitate - more than anything else - the production of tourism experiences but they cannot be characterised as information networks. They are furthermore, from the production network point of view, of such a loose character that they do not seem to, and can not be argued to, induce innovations as no cooperation concerning the development of individual goods/services takes place in the relations. This may again be claimed to be a result of the economic distance between the firms in addition to the very loose character of the relations.

Vertical relations of regular inputs

The last potentially important local network relations are vertical input relations. *Vertical relations of regular inputs* are here differentiated from *vertical relations of specialised inputs*, which will be dealt with later, as they are seen to be different both in terms of benefits and geographical characteristics. In the case of the Costa del Sol, the relations of regular inputs are characterised by a high degree of localisation which is - when compared to the same rural relations - due to the mass character of the experience and the high concentration of tourism goods/services on the destination which result in a high demand for inputs and therefore also in the presence of a local offer of such inputs. As a result, most inputs can be bought locally (C1; C4; C8; C7; C2; C3). Only certain 'not-so-regular' inputs seem to cause the existence of limited non-local vertical relations (C3; C5). The relations vary from long lasting relations with providers who "*are always the same in 90 percent of the cases*" (C4), e.g. a 20 year long

lasting relationship (C5), to relations which are close or equal to market relations (C2) which indicates that the relations possess widely varying strengths.

In the case of the hotels belonging to chain networks, such chain networks have a tendency to take over the management of the vertical input relations. As a consequence, certain chain hotels have less local vertical input relations and these are substituted for non-local and indirect relations: "*We tend to relate the providers to the chain at the national and the international level*" (C15). Typically certain highly perishable food products are managed by a regional purchasing central (C12) or by the single hotel (C11; C14; C15) and bought locally. The same counts when sudden needs for fast supplies occur. Other types of inputs are, on the other hand, typically managed by the chain (C11; C12; C14; C15). For these chain hotels the intention seems to be to centralise as much as can be and to only buy locally what has to be. The choice of local inputs is related to speed, whereas the choice of non-local inputs through the chain is related to price and scale benefits as well as to the keeping of a consistent image of the chains' hotels (C15). On the other hand, in a few cases it was indicated that it was attempted to buy locally what could be bought locally (C9; C10). This seems to be the case of chain hotels that, as will be described later, have a looser relation to their chain.

In the case of the rural tourism experiences, vertical input relations were less localized than in the case of the Costa del Sol. On the one hand, intentions were in general to purchase inputs from local suppliers (R3; R4; R7; R11): "*We use all we can get from the zone, the products from around here, all the products from the countryside, what the farmers and the shepherds make*" (R2). The possibilities of localizing these relations are, however, limited which is related to the lack of specialisation in tourism of the destinations and their low concentration of tourism goods/services thus creating neither a demand nor an offer comparable to that of the Costa del Sol (R6). Furthermore, the general small size of the firms of the rural destinations makes these relations less numerous. In the extreme case: "*We need four things for cleaning and accommodation*" (R9). However, and paradoxically, the characteristics of the destinations are in other ways responsible for a certain localisation of such relations because of the geographical and infrastructural marginalisation of the destinations: "*We are here in the middle of the mountains. There isn't a road where the lorries pass continuously*" (R8); "*We have a problem of supply because nobody comes here to bring the things*" (R1).

Generally, however, the local input relations are fewer and less localized than in the Costa del Sol. Additionally, both the isolated location and the small size of the firms mean that inputs which are bought locally are bought from providers who do not specialise in tourism such as the local supermarket, the local baker or butcher (R2; R10) or 'the person who has hens' (R2).

The information distributing mechanisms of these vertical input relations were not seen to be important. In a first instance, it seems that the tendency to localize the relations is partly related to questions of information distribution in them. In such a view, local networks are superior as you have a "*… knowledge of the firm, you know what they are doing, you know the people, you don't have to buy on the Internet or talk with somebody on the phone that you don't know*" (C6); "*You get better service from the locals that you know well*" (R10); "*you see them, you know them, you talk to them*" (R4). It is as such clear that geography matters in the selection of the input relations and that geography is important for the information mechanisms of the networks. However, though this indicates that a sound communication within the relations is helpful, information distribution of importance for innovations does not seem to be an argument for localising the relations as they did not distribute such information. Local input relations were said to be important but not as an idea generator (C6; C7; R8; R10). The information that can be gained from these relations is mainly related to whether the providers are trustworthy and "*if they treat you good or bad!*" (C9). The most important communicative aspect of these relations is to demand quality and a reasonable price from the providers (C7). As such they approach market relations. Mostly however, as indicated above, the relations have ingredients of trust and knowledge that create social and knowledge bonds and certain strength of the relations. In addition to the facilitation from spatial proximity of such trust and knowledge there seem to be other non-informational aspects of the relations that cause these to be as localised as possible. Such are e.g. intentions to support the local community (e.g. C6; R3; R8) or other very pragmatic arguments - or in reality signs that geography matters - such as "*because it is easier*" (C10) or "*because they are here! And of course, before you go to a person that isn't here, you always go to them. Why? Because that's the way it is!*" (R8).

These relations may then, first of all, be considered to be pure production networks rather than information networks, and the reasons to localise them mainly related to production

factors and ideas of supporting the local community. As production network structures, however, they are not in any cases seen to be of importance for innovations. This may, rather than the character of the relations, mainly be due to the type of regular inputs they provide, which may also explain the little informational value of the relations.

Information and production structures of non-local networks

Non-local networks have been identified as consisting of competitive chain networks, vertical distribution networks and, as earlier indicated, vertical input relations of certain specialised inputs. These are, just like the local networks, seen to vary with the tourism experiences and so are their production and information benefits.

Competitive chain networks

As already indicated, the networks of firms belonging to chain networks may be distinguished from those of the individual tourism firms. Interviewed firms belonging to such chain networks are all (with one exception) located on the Costa del Sol. Most of these networks are international but all, except one, have their head office in Spain. The relations are of varying strengths and have varying densities, which seem to have an influence on the innovative benefits of the networks as will become clear in the following.

Despite the non-local character of the relations, communication is fluid within the networks. There is constant communication through diverse communication technologies (C8; C11; C12; C14; C15) and it is known from where and from whom in the chain to get a particular type of information instantly (C12). Information through those chain network relations are thus not restricted by spatial distance as they are optimized for information distribution through the use of information technologies and other types of communication (C9; C14; C15; R8). The chain networks overcome the constraints of spatial distance; they are non-local proximity networks and possess all the information benefits of such: "*Hotels where there are more professional people and hotels where there are less professional people can interchange knowledge without any problems*" (C9). As a result, for the chain hotels, these competitive relations become the most important information links (C12; C14) and this even more so as a number of relations are taken over by the chain centrals, limiting the number of other potentially important local as well as non-local relations. Not only the number of relations is

limited but so is the amount information gained through such relations and it is seen as less relevant (C14; C15) as has already been indicated is the case with the local competitive networks: "*What you need for innovations comes from the chain central … all comes from the chain*" (C15); "*the chain makes sure that the hotel gets all that is innovation*" (R8). The main bulk of information therefore comes from the chain central who also decides how the information is to be used. Important changes are decided and introduced by the central (C12) and there is no 'local freedom': "*All the hotels of the chain have the same installations*" (C15); and "*everything always goes under supervision*" (R8). In some cases, such control reaches the simplest things: "*I can't say that there I'm going to put a flower decoration, because for the chain it can't be that decoration … the power to decide, it is the central that has that*" (C15). This is mainly a result of the policy of the chains to protect their image. This also means that information retrieved elsewhere than from within the chain is of little or no use for the single establishments and the fundamental relation for getting information becomes the relation to the chain. While the relation 'brings innovation', the strong central control may have the effect that a chain hotel is slower in the theme of innovations than individual firms which were hypothesized to be more innovative (C15):

> It has its advantages but it also has its disadvantages. In an independent hotel the director can innovate the way he wants … and in that sense it can be more creative" (C12).

In these firms the chain network relations may be described as very strong but at times centralised rather than dense among the single establishments and they function both as information and production networks. This type of strong network structure, on the one hand, facilitates innovations but, at the same time, limits the innovativeness of the firms because the strength of the relations restricts the ability of the hotels to introduce change on their own. The production structure captures the establishments because of the relations' strong bonds and inhibits the hotels from innovating independently. It can further be argued that the information that the chain provides gives access to exploitation mainly and it is only such information that can be applied in the hotels under the supervision of the chain. Explorative information retrieved elsewhere is furthermore of little use for the hotels as it can not be applied due to the strength of the chain network relations. In such cases, the only possibility

for the firms to innovate, in ways not accepted by the chain network, would be to enter a process of creative destruction of the network.

Not all chain networks do, however, have such a strong and centralised decision process and control. In other cases they possess a looser and less centralised character (e.g. C9; C10; C11). This opens up for a freedom for the individual hotels to decide themselves about innovations as "*we don't depend on that they* [the chain] *tells us what to do*" (C10):

> There is a department dedicated to that [innovations]. But I tell you not exclusively. And the ideas, no matter where they come from, they are welcome … In every hotel there is an improvement group, for example. Another one at the regional level … At the national level there is an improvement group (C9).

This kind of chain network relations also makes it possible for the hotels to establish and use other networks including local networks. Such looser chain networks facilitate that the hotels use local resources in other ways than the strong chain networks allow for (C9; C10). The looser character additionally makes explorative information gained outside the chain more valuable because it may bring knowledge that can be used in the hotels in contrast to what the stronger chain networks allow for. The degree to which such competitive chain networks take over other network relations thus depends on the strength of these relations. The hotels less strongly bounded can be interpreted to be able to combine the network configurations of chain and individual establishments to a higher degree.

Vertical distribution networks

In the case of the Costa del Sol, vertical distribution networks are well developed and of great importance, which is of course due to the highly packaged character of the mass tourism experiences. Additionally, the amount of these relations is due to the general large size of the firms on the Costa del Sol. The relations vary in strength. They often consist of contracts repeated over several years (C4; C5) or of long lasting ones (e.g. 5 years) (C2) and often involve high numbers of clients (C2; C3; C10; C12). In other cases they are more casual and involve only small numbers of tourists (C5; C8; C13). Like other relations, the vertical

distribution relations are in the case of the chain hotels to a certain degree taken charge of by the chain centrals and in some cases the chain is the sole responsible for these relations (R8; C12). Mostly, however, the chain hotels have the possibility of also managing their own relations to tour-operators (C9; C11, C14). This again depends on the strength of the chain network.

Compared to the Costa del Sol, in the rural destinations vertical distribution relations are limited in numbers. This again is due to the characteristics of the tourism experience and, in particular, to the individuality of the tourists as well as to the small size of the tourism firms (R1; R3; R5). The few relations that do exist are furthermore looser than in most of the cases of the Costa del Sol and they involve fewer and more casual reservations (R2; R10). The relations that exist are typically established with tour-operators or travel agencies specialised in niche markets such as hiking (R2; R3; R4; R5) and painting (R2) or simply in rural tourism in general (R6; R10). In the absence of large distribution networks, other distribution mechanisms take over their role. The mouth to mouth distribution was argued to be important (R2; R3; R4; R6; R10) and the Internet was valued as a big opportunity for the small rural establishments (R1, R5).

Regarding the information distributing capabilities of the vertical distribution relations there were divergent feelings among the firms. On the one hand, on the Costa del Sol some firms argued that the distribution networks were of high importance for getting useful information. At the same time, the relations were seen to have certain strength which results in that they possess certain benefits of production network structures though this can be interpreted to result in demands imposed by the tour operators rather than as a mutual interest of product development (C7). Typically the distributors were said to make demands on quality and safety and suggest improvements as well as give feedback from clients (R9): "*The tour operators usually tell you what they think is convenient to do*" (C5). Changes may therefore be due to the demands of the tour-operators, but in some cases they are more indirectly a consequence of the distribution network: "*If I don't do anything, if I accommodate myself with a contract, I can work a year or two, the third I will have problems and the fourth I will loose it*" (C5). While the distribution network relations possess production structures of importance for innovations, in these relations the production and information benefits become

interdependent:

> They demand quality of the service … to be on their level you have to learn … through the tour operator who tells you about the complaints, who tells you about their ideas, and who checks you out periodically. They are teaching you the way to follow (C9).

The information distributed in these relations may be interpreted as explorative information that complements the explorative information gained from the local competitive network or as new 'external' explorative information. However, in this case, the information seemed more specifically related to the establishment in question. In that way, the information is less general and more narrowly concentrated on the firm in question and may as such, to a certain degree, provide exploitation. The information distribution is favoured by intense communication made possible by the establishment of communication mechanisms such as the use of different information technologies. At the same time, the tour operators typically have their local representatives on the Costa del Sol favouring a continuous contact. Information distribution is as such detached partly from spatial proximity and the well-established communication mechanisms overcome spatial distance. In the rural destinations the tour operators were also, in certain cases, said to provide useful information. In these destinations, however, this information was generally less important which is due to the tour-operators limited importance for the production of the rural tourism experiences.

Certain firms on the Costa del Sol did, on the other hand, not feel that they learned through their relations to the tour-operators (C2): "*You can't learn anything from them. It is very hard working with them*" (C3); "*I don't think you can learn much from the tour-operators*" (C4); "*You can learn that they squeeze you*" (C8). This indicates the existence of glocal holes and that their existence may be related to the feelings of the firms regarding the possibilities of getting useful information from the tour operators. The existence of such glocal holes will be discussed later. The vertical distribution relations may, however, generally be characterised as information networks which, despite their non-local character, provide firms with information and, at the same time, be characterised as production networks which possess certain but not excessive strength so as to induce changes.

Vertical networks of specialised inputs

In addition to the already described vertical input relations a second type of such exists: the ones of specialised inputs. These are, compared to the earlier described input relations, mainly (though not entirely) non-local and are of a stronger character but usually not long lasting. They are typically built around the input or the development of a new element within the tourism firm and are thus closely related to the carrying through of an innovation. After this development has taken place the relation is typically, though not always, dissolved again. They may, as such, not be characterised as network relations as they are related to one transfer of resources at the general level. They do, however, have certain duration during the implementation or development of the new element, during which process there is a constant and intense cooperation among the firms as well as a large resource commitment (R1). They may therefore be considered temporarily strong network relations. They are not dense but rather singular relations. The temporarily strong character of, and the intense information transfer within, these relations can be argued to overcome the importance of spatial proximity.

As information network relations, they seem to be important for the tourism firms as important information is gained from the specialised firms (C3): you learn "*from them yes of course*" (R1) as they "*… know how to do things that the tourism firms don't*" (R4); "*We are not experts, so we contract people who are*" (R5). Such firms are from 'outside tourism' (R5). These non-tourism firms were furthermore said to be the ones who make the innovations of importance: "*The innovations are made outside* [tourism]. *They are not made inside. The innovations are always made outside*" (C8). This initially sustains the argument that tourism firms are themselves not innovators as innovations occur in firms supplying tourism firms with specialised inputs. However, during the process of collaboration these innovations are applied to the tourism firms (C8). This happens through an interchange of specific knowledge and information about specific needs, capabilities and special products resulting in a product development process taking place (C8): "*They have their products and their technologies but the hotel cooperates in applying it to the hotel*" (R5). In that sense, the process of innovating does not 'finish outside tourism'. The innovation is not completed before it has been applied by the tourism firm which is done through a communication of knowledge, needs and wants between the tourism firms and the suppliers (R12). In that process "*you have to be sufficiently*

professional to know what you need and what you don't need … to know very well what you want" (R1). The element of collaboration is important in the sense that, while the tourism firm does not have the specialist knowledge of the firms supplying it with specialised inputs, those firms do not have the specialist knowledge of the tourism firms:

> The architect has a problem because he's going to make the hotel but he doesn't know about hotels. He knows a lot about buildings but he knows nothing about hotels. He builds you a hotel that looks like a city hall in no time. It looks like a city hall but it doesn't look like a hotel. If you had seen this in the beginning it looked like the prison of the Guardia Civil. Because it wasn't built like a hotel (R1).

The relations can be considered as exploitation and production network relations that further develop and apply half finished innovations made outside tourism. This type of product development does not normally sustain long lasting relations because the product development process is temporary. Once the new element has been incorporated in the tourism firm there is normally no longer a need for cooperation. The innovation process may as such be described as one where the idea to innovate, or the explorative information, comes from other sources, e.g. other types of network relations. When the choice to introduce a new element has been taken, a network relation is created and the innovation is carried through, after which the relation is again destroyed. In this aspect, the creative destruction of networks seems to have a special meaning: networks of relations to specialised producers are created for carrying through an innovation and are destroyed after it has been carried through. Explorative information gained, e.g. from other parts of the network, generates the idea to carry through an innovation which is done through relations with specialised providers in which a specialised product development process occurs.

In the case of the chain hotels it is again seen that such relations are taken over by the chains. E.g. the construction of a hotel may be designed entirely by the chain, using the chains own architect, making the hotel in the specific style of the chain (C14) and the relation and the implementation of an innovation go under supervision of the chain so that the hotel is not responsible for this part of the innovation process either (C12). However, the process seems

similar to the one occurring in individual firms, though it is taken care of by the chain and not by the individual establishment. Again this depends on the strength of the chain relation.

The role of glocal holes

As has been discussed theoretically, glocal holes may affect negatively the existence of, and the information distribution in, local networks and such glocal holes may therefore influence the innovative capacities of tourism firms located on particular destinations. In the case of the mass tourism experiences of the Costa del Sol, the existence of more or less identical destinations along the Spanish coastline, and the Mediterranean in general, has resulted in a high degree of substitutability of mass tourism experiences from the point of view of the tour operators who have been in a position to force down prices (Williams 1996: 132; Gómez and Sinclair 1996: 81) due to their positions in the primary glocal holes that can be argued to exist between the destinations. Though the mass tourism experience of the Costa del Sol in the interviews was indicated to be 'the best of identical experiences' and to be differentiated from the other experiences because of its well developed complementary offer, it can be questioned whether the significance of tour operator packages causes such glocal holes to influence networking and information distribution locally. In addition to these primary glocal holes, secondary glocal holes may exist among the tourism firms within the destination of the Costa del Sol. During the earlier recession of the Costa del Sol, occupancy rates dropped from 71% in 1986 to only 48% in 1990 in the case of Torremolinos (Pollard and Rodriquez 1993) and to 53% in the whole of the Costa del Sol in 1993 (SOPDE 1996). However, after 1993 occupancy rates raised again to almost 74% in 1998. Nonetheless, today the competitive situation seems once again to make life harder for the accommodation establishments on the Costa del Sol as occupancy rates during the last years have again dropped to only 62.5% in 2003 (figure 5.2) due to the rise in the number of beds which outweighs the stagnating rise in number of overnight stays. This may indicate a deepening of secondary glocal holes within the Costa del Sol. This idea also finds certain support in the interviews in which the situation was said to be at a limit as the hotel offer grows faster than the demand (C1; C4). The tour-operators where seen to be able to exploit the hotels due to their position in those glocal holes, both primary between destinations and secondary within the destination:

> They are the ones who send the tourists and we are a lot of hotels fighting

> for those tourists. And they abuse us … And to pressure you more they may start sending tourists to Greece or Turkey and they send fewer plains to the Costa del Sol … They are the ones who are in charge in the Costa del Sol (C2)

The tour-operators were argued to focus on using their network position to obtain good deals and to lower the prizes. There is no negotiation but a dictation of (low) prices which the hotels can take or leave (C3) and the tour operators always go for the cheapest prices (C2): "*The only thing that normally interests him is to lower the prices*" (C5). This problem has become more pronounced with the centralisation of tour-operators (C3). The results of glocal holes may thus be evident and the tour operators act as tertius gaudens exploiting the structural equivalent tourism firms. Surprisingly, the view on the competition was generally a positive one and typically the competitors were not the other establishments in general but only a minor fraction of those: "*I can say that there are some 5 hotels at the moment that we can consider as direct competition*" (C9). As such, a 4 or 5 star hotel did not consider a 2 star hotel or apartment complexes to be competition at all. They attract different types of tourists, give different services at different prices and thus, more than anything, complement each other (C4, C7). Additionally, the 'competition' was often seen more as an internal than an external problem.

> The competition is not in itself the competition just because there are three hotels side by side. Because each one, depending on the service that it gives its client, will achieve that the client returns … That is the competition between hotels. I don't care about that there is a hotel next door (C10)

The competition was further argued not to be destructive but positive (C1; C6) and generally the firms' directors/managers said to have good relations with each other (C6): "*We live well together. We have no problems of living with each other*" (C4); "*The problem isn't the competition but that the tour-operators are those that decide*" (C3). The glocal holes favouring the tour-operators were as such not seen to result in conflict among the tourism firms who managed to see each others as partners rather than competitors. There were, however, a few establishments who did not share this view on the competition. Those firms

saw the competition as ‘terrible’ and constantly getting worse (C5; C2). In the case of firms that felt they were suffering from the competition it seemed clear that this may have an effect on certain types of information distribution:

> Nobody wants to tell about their disasters or their success … if you have a lot of success you’re not going to say that it’s going brilliant for you because you don’t want anybody to know with who you are working (C5).

This seems, however, to be the case of a very few hotels only. These are the ones who were earlier mentioned to see only limited informational benefits from the cooperation with the tour-operators, which indicates that the existence of this view on the competition limits information distribution within the destination as well as with tour operators. This point of view on the competition did not, however, seem to be the commonly shared one and generally the accommodation establishments did not see the other establishments as ‘fierce competitors’. It did furthermore not clearly seem to inhibit distribution of information of importance for innovative activities.

Additionally, the local competitive networks seem to have a certain role to play against the glocal holes, though it is at first glance a limited one. It was e.g. indicated that the hotel association serves to help when there are problems with tour operators (C7). Certain types of information about e.g. bad experiences with tour operators or roomers of bankruptcies were distributed through the network (C13) and information about the economic situation of tour operators, “*who pays, who doesn’t pay etc.*”(C5) was accessible through the network. Possibilities of tour-operators’ opportunistic behaviour and exploitation of glocal holes may in this way, to a certain degree, be limited by the existence of local competitive networks. More important, however, is it that the local competitive network may be partly responsible for the existence of a competitive environment in which tourism firms do not consider each other as fierce competitors but as colleagues with a common goal, creating an environment of trust, overcoming in this way the potential negative effects of glocal holes.

In the rural destinations, a positive point of view on the competition was even more evident than in the case of the Costa del Sol. In general, the directors/managers considered each other

as good friends and to have good relations with each other: "*We are good friends rather than competitors*" (R7). There was said not to be any competition (R2; R4; R6; R7; R11; R12) and no rivalry existed (R8). This may be related to the developmental stage of the tourism goods/services. Despite the fast development of the offer of tourism goods/services there was simultaneously a rise in the number of tourists (R8) and there continued to be room for more goods/services in the destinations (R2). However, this was argued not to be because there were too many but because there were *too few* tourists! Too few tourists were argued not to create a sufficient demand for the growth of a complementary offer which was necessary to create a competitive experience:

> The demand is still missing because we [the hotels] bring the demand. The demand comes from the hotel. And as there aren't sufficient hotels there isn't a big demand … The competition doesn't come from the hotel next door. The hotel next door is not the competition. It's complementary to you because it attracts more tourists. You should never consider the hotel they open in [the local village] as competition. On the contrary, it will help your hotel (R1).

This means that other hotels are seen as a plus, not as competition but rather as a complementary offer (R8). As such, secondary glocal holes are inexistent. Primary glocal holes may on the other hand be interpreted to potentially exist across rural destinations as the experiences in competition with other rural experiences were lacking behind due to the limited complementary offer (R2; R1; R8; R6). Such primary glocal holes may, however, again be interpreted to be of limited importance as tour operators have only a limited role to play for the rural establishments.

The role of collective and other learning mechanisms

Collective learning mechanisms have theoretically been argued to be capable of providing firms with similar types of information as network relations. In the case study, collective learning mechanisms have been noticed particularly in the Costa del Sol. The most important of these seems to be related to personal relations: "*You know other hotel directors in whom you have confidence*" (C2); "*There are friendship relations for example with the responsible*

or the director of other establishments" (C5). There generally seemed to bee a big openness and a willingness to distribute information through such personal relations.

> You talk with this one and you talk with that one, I go to see a hotel, another one comes here. As there is confidence and good relations there aren't any problems in visiting a hotel or saying "I would like to see how you have the rooms or from who do you buy this product and where do you buy the other product" (C6).

Such information distribution is localised as the friendship relations exist mainly among persons from spatially close hotels (C6; C7). This indicates that for this kind of personal relations, geography is clearly important and the resulting learning mechanisms become localised. This may, in addition to the facilitation by spatial proximity of such relations, be related to the fact that similar firms in the same place have certain things in common as they belong to the same type of tourism experience and are characterised by economic and cultural proximity:

> When you see something in one hotel and you see that it is working well you learn … but all that in relation to the characteristics of your establishment because a hotel in the mountains is not the same as a hotel on the beach (C7).

On the Costa del Sol it was evident that the concentration of tourism firms and the importance of tourism created an environment that favoured such collective learning mechanisms: "*Here on the Costa del Sol - as everybody more or less is working with tourism - the truth is that any person with whom you talk always has some kind of idea*" (C5). Related to this collective learning is furthermore the role of the employees who also form part of the local collective learning mechanisms (C10):

> The employees are a source of information about what is happening in other hotels, because when they come in the morning on the bus, at that time of the day everybody comes to work on the coast (C5).

The result of such collective learning mechanisms is that everybody knows what is going on and "*you cannot hide anything*" because "*everybody talks to everybody*" (C3); "*The mouth to mouth works*" (C8); "*you know very well what is happening, who is doing what and working with who*" (C7); "*Those who are in the world* [of tourism] *they know. They know more or less because you talk with one, you talk with another*" (C8); "*When somebody offers a service they make it known to the clients. But it's not only the clients that find out but also the competitors*" (C10). It is thus clear that the characteristics of the tourism experience of the Costa del Sol, particularly the spatial density of economically close goods/services and the importance of tourism as the main economic sector of the destination, result in the existence of what can be characterised as collective learning mechanisms in the form of 'omni-present' easily accessible information. The information distributed via such mechanisms may, just as in the case of the local competitive networks, be interpreted to be explorative information. The collective learning mechanisms and local networks may thus provide overlapping information rather than complementary. It is evident, however, that the firms felt that they gained information from both the local competitive networks and the collective learning mechanisms which may as such be concluded to be complementary to a certain degree rather than substituting each other. At the same time, they may be mutually reinforcing each other creating a favourable climate among the tourism firms favouring information distribution. Just like the information distribution in local networks, these collective learning mechanisms occur mainly among similar firms rather than among complementary firms that are economically distant. Again certain strongly bounded chain hotels seem to be on the margin of this information flow (C12; C14; C15), whereas the less strongly bounded seem also to take part in - and to be a part of - the collective learning mechanisms (C9; C10).

Such local collective learning mechanisms seem to be also of relevance in the rural destinations. There too the directors/managers know each other and see each other as friends and colleagues rather than as competitors and there is a fruitful communication among the rural tourism firms:

> When there is a new firm we always go to visit them, always, to say "hello, how are you, how is the business?" And we always tell them to ask us if

> they need anything. … And the truth is that a lot of them are calling us, they visit us, to see how we do, how we're organised, we even give them the numbers of the agencies we're working with (R2).

Innovative ideas were in some cases said to come first of all from such visits to other places (R10; R2). This indicates the existence of a certain kind of information distribution detached from innovation networks. In the case of the rural tourism experiences, such collective learning mechanisms are in other ways, however, much less developed. This can be interpreted to be the consequence of the low spatial concentration of tourism firms and - not least - of the lack of specialisation in tourism in the destinations. This results in that there is not the same kind of 'omni-present' tourism-specific information flow as in the Costa del Sol. The local knowledge which could be accessed was not tourism specific (R1; R9), which is furthermore related to the fact that the local population does not give much attention and value to tourism. The local population, it was argued, continues to see the nature as an obstacle instead of the potentials of its beauty:

> What has always been our poverty can now become our richness. And the people don't know it … They continue to think in the same way as their parents and their grandparents: in the agriculture, the animals … without knowing that this has a lot of future … They have to change mentality or the wave will pass over their heads (R1).

Other more or less localised information distributing mechanisms, present in the rural destinations and in particular in the Costa del Sol may also be interpreted to form part of collective learning mechanisms such as the information distribution through local media such as the local radio and newspapers. These were, in certain cases, mentioned to give information of certain relevance (C2; C3; C8; C15; R1; R12). Also statistical information from the semi-public research institute SOPDE (Sociedad de Planificación y Desarollo) was mentioned (C1). The significance of these and other information distributors was generally said to be limited though.

In addition to local collective learning mechanisms other information distribution mechanisms

exist. These mechanisms consist of a variety: "*You can learn from everywhere*" (C15); "*You can learn from everybody*" (C6; C12; R7); "*The area from which you can get information is infinite*" (C5); "*You learn from all facets of your life*" (R12); and "*You always learn from all those that come with ideas*" (R8). Some of these 'facets of life' or learning mechanisms are very simple and basic, which in certain ways demythologises the otherwise theoretically intricate knowledge creating mechanisms. Examples are fairs (R10), hotel guides and specialised magazines (C4; C5; C6; R10), the internet (C5), as well as adverts from potential providers (C2; C3; C6) who send information constantly (C5; C10; R5), all of which can be argued to provide the firms with additional mainly non-local explorative information. While the range of information distributors is immense a couple of them seem to be of particular importance. Those are the employees and the tourists. First of all, in the larger firms of the Costa del Sol the employees are seen as important for retrieving information. In these large firms there is a high demand for employees with university careers for the filling out of jobs in the administration, human resources and commercial departments (C1; C9; C10; C11; C12; C13; C15). Economic studies, public relations, administrative and tourism studies are the typically demanded qualifications. Furthermore, high demands are put on the 'traditional manual tourism jobs' (C1; C12; C15). In these firms the opinions and ideas of the employees are highly valued as they "(…) *are the ones who know the problems of their work*" (C12):

> Those ideas are being used here in the hotel and during the last years there has been done a lot of improvements thanks to those ideas … It's a very important group because they are always developing their work every day … and they are the ones who can come with the most interesting and the most practical ideas (C9).

This indicates also that the kind of information that the employees provide is perhaps to a certain degree, sustaining exploitation as the information is closely related to the characteristics of the establishments. This is, however, in contrast with many smaller firms, especially those of the rural destinations. Qualifications demanded from the employees in the smaller establishments were first of all language skills, the 'basic' or 'typical' tourism job knowledge and a certain 'cultural level' (C2; C4; C5; C6; C7; C8; R5; R6; R7; R8; R10). The argument was typically that the director himself takes care of the reception and the like and

that the rest consists of ‘operational work’ (C5). The employees were here less valued as a source of information and the information they brought was limited to problems related closely to daily maintenance (C5; R1; R2; R10). In the case of the rural destinations there was furthermore a lack of qualified working force and getting qualified employees was argued to be a problem (R2; R10) which again is due to the fact that tourism is not the dominant sector in the destinations.

The information coming from the employees was often argued to be important because of their contact with the tourists, and this was also case in the smaller establishments. The tourists’ opinions often come through the employees (C3; C15; R1). This indicates of course, more than anything else, that the tourists are important information bringers. The relations with tourists were in almost all cases said to be significant, and often to be the most essential source of information and ideas (C2; R10; R6); reforms are often based on the tourists’ opinions (C4; R7); and the inspiration to innovate often come from the tourists (C4) who can be ‘very innovative’ (C12): “*The idea of what to do comes in reality from the conversations that you can have with the clients*” (C5). Often, the information distribution with the tourist are formalized in the sense that suggestions are collected via questionnaires (C1; C2; C7; C9; C10; R2; R6; R10).

These emphasized information distributing mechanisms may be argued to provide information that is complementary to the information retrieved through networks. It is less explorative and more specifically related to the characteristics of the establishments. Finally, it should be mentioned that learning does not only come through interactive information distribution. Other learning mechanisms are basically non-interactive and not directly dependent on the distribution of information. These are e.g. experience and ‘learning by doing’ (C1; R2; R10).

On the role of geographically organised innovation networks (I)

The above discussions have indicated varying existences of innovation networks in relation to the mass and the rural tourism experiences, as well as varying degrees of information and production benefits of such networks. Additionally, the networks incorporating non-local chain networks have been seen to be different from those who do not, as well as rural

Network structures ↓	Categorized networks →	Rural tourism experience networks with competitive structure	Rural tourism experience networks without competitive structure	Mass tourism experience networks of individual firms	Mass tourism experience networks of chain firms
Local competitive	Characteristics	Dense, weak	Non-existent	Dense, weak	
	Information	Limited Explorative	None	Important Explorative	None
	Production	None	None	None	None
Local complementary	Characteristics	Sparse (dense), weak			
	Information	None			
	Production	None			
Regular vertical input	Characteristics	Small local + non-local, relatively weak		Larger and local, relatively weak	Mainly non-local through chain
	Information	None			
	Production	None			
Specialised vertical input	Characteristics	Small non-local, temporarily strong		Small, local+non-local, temporarily strong	Mainly non-local through chain
	Information	Important exploitation			
	Production	Important product development			
Non-local vertical distribution	Characteristics	Small weak		Larger, varying strength	Partly through chain
	Information	Limited		Exploration/exploitation	None
	Production	No		Some	None
Chain	Characteristics	None			Dense (centralised or decentralised), varying strengths
	Information				exploitation
	Production				Important (but more or less restrictive)
Role of glocal holes		None		Some, primary + secondary	
Role of collective learning mechanisms		Some		Important	Limited
Role of other learning Mechanisms		Some		Important	Limited
Relation to tourism experiences		All types of rural experiences		All types of mass tourism experiences	
Relation to tourism firms		Traditional and differentiated rural tourism firms		Traditional and diversified mass tourism firms	
Relation to tourism experience innovations		All types of rural tourism experience innovations		All types of mass tourism experience innovations	

Figure 5.6: Characteristics and innovative benefits of geographically organized production and information innovation network structures and their relation to tourism experiences, to tourism firms and to tourism experience innovations.

networks incorporating local competitive relations have been differentiated form those that do not. As a result, considering the information and the production innovation benefits of the networks identified, these can be categorised in four groups (the detailed characters and benefits of these different networks are summed up in figure 5.6). This categorisation of course implies a simplification of reality as each tourism firm essentially possesses a particular network. The networks as they are categorised can furthermore be interpreted to

represent extremes and e.g. the chain firms' networks may, depending on the strength of the chain network relations, approach certain of the characteristics of the individual firms' networks. Finally, in certain cases, other types of network relations than those dealt with in the above have been identified. These relations were however not seen to be of particular relevance in relation to the research subject and have therefore not been dealt with.

A characteristic of the identified local networks is their generally loose character. The densities of the local networks may, on the other hand, be interpreted differently. If the informal tourist distributing complementary relations are considered as network relations all the tourism firms of the tourism experiences may be claimed to be densely connected at the local level. Conversely, if these informal relations are not considered as networks the local network becomes a layered one where accommodation firms are densely connected to each other but not to the complementary offer. This is, however, from the information and production innovation network point of view irrelevant as the informal complementary relations are not seen to be of importance for innovations due to the economic distances between the firms. While vertical relations of regular inputs are more or less localised, they also seem irrelevant from the innovation point of view. This means that local networks supporting innovation consist only of the competitive relations which provide explorative information. Those relations are, however, not seen to be of importance as production innovation network structures due to their loose character and as they are limited to provide the benefits of common marketing rather than specific developments of the tourism experiences. Local networks therefore lack the innovation benefits of exploitation networks as well as those of production network structures. This means that the destinations become places of exploration through weak networks only. Such explorative information is however of importance for innovations and e.g. sustains 'copying' (C8; C2; C14): "*it is being done all the time*" (C15); "*some you copy, some you do better*" (R2). "*This one I like. This one I don't like. This is what we have to do. This is what we don't have to do*" (R1). Therefore the explorative information of the local networks sustains diffusion and incremental innovations within the destinations.

Compared to the local networks, the non-local networks provide additional and new non-local explorative information and furthermore provide information which in certain relations is

more specifically related to the characteristics of the tourism goods/services or to the carrying through of a specific innovation. Non-local networks can thus additionally be considered to provide exploitation to a higher degree than their local counterparts. Non-local networks may also, to a higher degree, be characterised as production networks with the following innovation benefits of such (as well as in some cases their limitations). These benefits are related to the generally stronger character of the non-local relations. The strength of the non-local relations facilitates an information distribution which is detached from spatial proximity. The relations can therefore be characterized as non-local proximity relations. The chain hotels' networks are mainly distinguished from the other networks by the fact that the chain networks take over the role of local networks in particular. At the same time, the chain networks are seen to be of a strong character which, on the one hand, provides possibilities of innovating while, at the same time, restricts the members' possibilities of innovating on their own. All in all, local networks are loose and provide firms with explorative information only, whereas non-local networks are stronger and provide the firms with explorative information and information supporting exploitation as well as the innovative benefits (and in the case of certain chains, the limitations) of production network structures.

Regarding glocal holes, both primary and secondary glocal holes have been observed in the Costa del Sol. The limitations, potentially imposed by them, are however overcome to a certain extent because of the 'good relations' among the tourism firms partly due to the well functioning of the local competitive network. In the rural destination such glocal holes are inexistent or, at least, not of any significant importance. Other differences are also evident between the networks of the rural tourism experiences and the mass tourism experiences of the Costa del Sol. First of all, the functioning of local competitive relations, vertical distribution networks, the vertical relations of regular inputs and the benefits that these relations bring. Within the rural destination there is furthermore a difference between the networks that include local competitive relations and those that do not. These factors and the characteristics of the networks all in all result in that the rural tourism firms have access to less information in their networks than is the case of the firms on the Costa del Sol.

The observations are well explained by the theoretical arguments developed in earlier chapters. It has been identified how weak networks provide mainly exploration, whereas

stronger networks to a higher degree support exploitation. It has furthermore been seen how weak production structures do not support important product developments but, at the same time, how (dense) strong production structures may restrict the firms' possibilities of innovating on their own. From the geographical point of view, it has been identified how economic distance makes certain tourism firms incapable of gaining innovative benefits from local networks. At the same time, however, accommodation establishments have been seen to cooperate rather than to compete locally. Local cooperation is however of a weak character and the destination is a place of exploration whereas cooperation in non-local proximity networks to a higher degree provides the benefits of exploitation. The case study therefore support - or is supported by - the traditional arguments of the agglomeration literature to the point that spatial proximity has been identified to induce networking but only to a certain degree as distances, other than spatial, outweigh the importance of spatial proximity and as proximities, other than spatial, overcome spatial distance. The destinations are not places of exploitation. It can be argued that the weak character of the local networks helps tourism firms within destinations from being trapped in narrow trajectories, such as a strong local network comparable to a chain network could result in, while maintaining a diversity of the offer of tourism goods/services within the destinations. The sector specific characteristics, where a certain diversity of the goods/services at the local level is natural and beneficial rather than a development along narrow trajectories, may be argued to make such a network configuration beneficial. Furthermore, the glocal hole argument has a certain explanatory power in the case study. Such glocal holes have been identified but they are partly overcome through networking which creates an environment of trust and common understanding. The context of the networks, which has in the study been limited to the tourism experiences, has furthermore been identified to have an important influence on the existence, characteristics and the benefits of local networks and is seen to provide a convenient approach for an understanding of the existence and characteristics of the networks. In particular, aspects such as the tourists' individuality, the developmental stage of the tourism goods/services and the spatial concentration of these have been identified to be of importance for the character of the networks. This sustains the idea that network configurations of different tourism experiences are different and not always the same. Finally, the findings on the character of the networks can be explained by that information supporting both exploration and exploitation is important also for tourism firms. The tourism firms are not, in this case study, non-innovative

and non-information intensive; on the contrary, they are constantly innovative and in need of information supporting exploration as well as exploitation.

The characteristics of the networks and their benefits and of other information distributing mechanisms mean that different firms have widely varied access to the benefits of innovation networks. The rural tourism firms, in particular, lack some of the benefits of networks when compared to the firms on the Costa del Sol. This is particularly evident as the firms have highly varied access to information and, first of all, rural firms lack such an access: "*The problem is the same as usual, that we are a bit far away from everything, from what is the centre of information … so the things come a bit late here*" (R8); "*Normally the rural hotels are totally isolated from all that. … We are a bit on the margin of all those things; the innovations. That type of information comes later or it hardly comes at all*" (R6). This different access to information is further substantiated because of the more or less developed collective learning mechanisms. Such have been observed to be particularly well functioning in the Costa del Sol where their information complement that of the local networks, while they are more limited in the rural destinations. In addition to such collective learning mechanisms, other information distributing mechanisms have been observed and in particular those related to the employees and the tourists. Such were often argued to be the most important sources of information and ideas, which questions the relative importance of the networks which become just one element of many, and perhaps not the most important, influencing innovations: "*You can talk of an innovator as all of it, the combination … I think it is a whole*" (C9); it is "*Everything a bit … It's a bit everybody*" (C5). The relative importance of the network for innovative activities can be questioned even further as there is no clear relation between the different identified categories of networks and the identified innovations (as illustrated in figure 5.6) and nor does other information distributing mechanisms, such as collective learning and information gained from employees and tourists seem to explain the differentiated innovative behaviour of the firms. As such, some firms with similar networks develop different types of innovations while other firms with different networks develop similar types of innovations. While it may be concluded that networks, at a general level, provide important information and production benefits supporting innovation, the differentiation of networks can not explain the differentiation of innovative behaviour. The prime examples of this are the differentiated rural tourism firms which lack many of the

benefits of the networks (as well as of collective learning mechanisms) when compared to the firms of the Costa del Sol but turn out to be the most innovative firms of the case study. Explanations for the differentiated innovative behaviour, not explained by the characteristics of the networks, will be sought in the following and the importance of the networks will be reconsidered in relation to these explanations.

Explanations of differentiated innovative behaviour

In the above discussion, it has been indicated how the production and information structures of networks as well as other information distributing mechanisms can not alone explain the differentiated behaviour of the tourism firms. This does not necessarily mean that innovation networks are irrelevant but that they are not the one and only explanation of the tourism firms' different innovative behaviours. The following will shortly and exploratively search for the explanations of the differentiated innovative behaviour and will consider the relevance of innovation networks in relation to such explanations.

First of all, as it has earlier been indicated, information is perceived by the interviewed to be of importance for innovations, information that can be accessed both through networks and through other information distributing mechanisms. However, having information does not automatically result in that the information is acted upon: "*It is important and interesting to have the information but whether you apply it in your firm that is another story*" (C8). How to act on such information differs between establishments: "*It depends a lot on the person and it depends a lot on how you want to have your things done … Everybody does it his own way*" (C6). This indicates, in a first instance, that personal choice is important for the type of innovations to carry through or not carry through and that innovation networks do not automatically lead to specific innovations. It indicates that a focus on the firm may be purposeful as a complementary approach at this point of the analysis. For the purpose of approaching a more specific understanding of innovative behaviour the categorisation of the tourism firms made earlier will serve as a starting point. These firms are the *traditional tourism firms, the diversified mass tourism firms* and the *differentiated rural tourism firms*.

Innovative behaviour of traditional tourism firms

The traditional tourism firms correspond to those firms who only innovate in the category of

traditional innovations as identified earlier. These firms may be interpreted to be relatively less innovative than the other firms without being non-innovative. They are located both on the Costa del Sol and in the rural destinations and their innovativeness does as such not seem to be an expression of the characteristics of the tourism experiences. These firms are mainly smaller but not only and are often, but not solely, run by relatively older persons and often they can be characterised as family businesses. They are as such partly comparable to certain 'non-entrepreneurs' identified by Shaw and Williams (1998). These characteristics of the firms are however not alone and directly explanatory for the firms' innovative characteristics.

Instead, and first of all, innovations are perhaps more than anything else carried through because they are seen as *necessary* rather than as opportunities for development: "*They are necessary because it is important to give a good service and a good quality* (R12); "*Every year you have to make smaller things, change things, and do things. That's necessary*" (C5). This limits innovations to indispensable ones whereas the opportunities of more drastic changes are extraneous to these firms. Compared to the more innovative firms, the relative less innovative character of these firms can furthermore, though not in all cases, be related to their generally smaller size, which was claimed to be a limiting factor (C4). This may, of course, be interpreted as related to a more important factor: the lack of finances: "*I can do a lot of things if I have the money. If I don't have the money, though I have a lot of ideas, I won't do a lot of things*" (C5). Yet other reasons for not carrying through innovations were in individual cases given, such as for example a lack of space (C7) or that the tourists do not demand innovations (C4). Regarding the importance of information in these firms, in the extreme case and in contrast to the general agreement on the importance of information, information was not seen to be important because the firms needed only "*the most basic because this is a very small firm*" (R12). However, information was generally argued to be of a certain importance but it was only a limited part of the information that could be used (C4). It seems evident that not all the possibilities of the networks are used and the networks therefore remain a partially potential source of innovation. Additionally, other information sources than networks are used:

> Before doing something I comment it, I talk with people I know, with some people, with people who know about it, with friends of mine … So before

> doing something you go consulting, you look, you ask … in my case I'm the one who decides but I'm always listening to a lot of people (C5).

The role of information was in these firms furthermore to a high degree substituted by the role of the experience that the persons in charge of the firms had accumulated over the years and such experience was typically mentioned to be the decisive factor for the choice of innovations: "*The most important information is the one that the experience gives you … I have knowledge and experience that can be applied here*" (R12). It may be argued that innovating according to experience may limit innovations to minor changes already known as it does not allow for the changing of the good/services in new ways not tried out and experienced before.

A series of factors can thus be indicated to result in the innovative level of these firms and in particular when compared to the other firms that will be described in the following. Those factors may primarily be lack of finances, the emphasis on experience rather than on information and the carrying through of innovations because they are seen as necessary rather than as opportunities. Such factors can all be argued to limit innovations to necessary renovations and improvements. While all this may limit the importance of innovation networks, during the implementation process of an innovation, relations to specialised providers are used, just as is the case of other more innovative firms (figure 5.7).

Innovative behaviour of the diversified mass tourism firms

Firms belonging to this category consisted of mainly larger hotels, individual as well as chain hotels, located on the Costa del Sol. These are the ones that, in addition to the traditional innovations, introduce internally diversifying innovations. In this case, the main decisive factor for the choice of innovations seems to be the demands of the tourists to which the firms must adapt because "*We are a service sector. We have to give the client what he asks for*" (C10); "*If they are demanding something, if they need something you have to give it to them*" (C1); "*You have to listen to him. He is the one that brings your firm further*" (C12); "*They are the ones that decide and they are the ones who bring the money that we need to eat every day*" (C9):

> The client is the one that maintains the business. Therefore, the hotel must develop around the tastes of the client. If our clients ask for this, we have to give it to them. We have to go according to the tastes of the clients. The client shouldn't adapt to the product. That would be stupid … Those who pay are the clients. Not me! (C1)

Innovations are, as a result, primarily guided by the demands of the tourists and changes in the market were argued to be an important drive for innovations:

> You have to be open and you have to be changing all the time, because I think the surroundings are changing all the time as well. And we have to change with them. Adapting ourselves to the new necessities. To the demand (C9).

As the changing and developing demands of the tourists are the guiding line, the firms are driven to be constantly innovative and innovations are seen as opportunities of supplying the tourists with the types of stages of interactions that they ask for rather than doing only what is seen as necessary to maintain a descent service as is the case in the traditional tourism firms. It may therefore be argued that the innovativeness of these firms, to a high degree, can be explained by a demand-pull logic. While it induces innovations it may, on the other hand, be hypothesised that following the demands of the tourists leads to a limit of the innovativeness as the tourists do not necessarily ask for, nor want, innovations and as they were argued often to want 'to feel as if they are in their own homes' (C11). Innovations are not always well seen by the clients who often expect certain things to be in certain ways and changes 'out of the normal' are therefore not necessarily accepted (C15). Therefore, innovations in these firms do not create 'out of the ordinary' tourism experiences.

Another and related important drive for innovations seems, in the case of these tourism firms, to be competition: "*At the moment* [C9] *is the leader here in Torremolinos. But we can't lower our defences because there are hotels that are also making renovations of their installations*" (C9). The competition as such drives the firms to be innovative and the existence of a certain proportion of competition was argued to be important and was seen as a

plus as it obliges the firms to innovate and thus to stay competitive rather than to 'degenerate' (C1). Related to the competition as well as to the following of the tastes of the tourists, a last important objective of inducing innovations is one of growth and/or expansion: "*The expansion is the principal objective*" (C12), and raising occupancy rates was an important drive for innovating as these firms are economically focused on profits to a much larger degree than is the case of the other types of firms. It may therefore also be argued that the characteristics of the mass tourism experience play a role for the innovative behaviour of these firms, particularly when compared to the differentiated rural firms described later. A mass tourism experience may attract profit and expansion seeking firms as it provides possibilities of such growth, expansion and large scale profits in other ways than a rural experience and a focus on niche segments do.

The focus on tourists' demands, growth/expansion and competition is what seem to make the difference in innovative behaviour when compared to the other tourism firms. However, this also means that innovation networks become of importance for gaining information. The distribution networks are for example important to access the tour-operators' knowledge of tourists' demands (C9) as well as innovation networks and other information distributing mechanisms may be of importance for gaining knowledge, e.g. about competitors (C1). However, the total innovation process is more strategically and professionally founded than in the case of the other types of firms and uses not only networks but also a variety of other learning mechanisms. Throughout the innovation process, important elements are e.g. studies of the competition, marketing studies, client quality questionnaires and quality control plans (C1; C9):

> We make an analysis of the economic situation, tourism data, hotel offer, room offer … our product, the prices, our negotiated tariffs and the analysis of our clients. … If we want to develop the talasotherapy, for example, it is demonstrated that it's a segment that works. So we know it's going to work. That is for sure. If we open a beach club we know that it's going to work (C1).

As such, while different types of information distributing mechanisms provide the firms with

Characteristics / Type of firm	Innovation	Idea generator/choice mechanism	Carrying through innovations
Traditional tourism firm	Traditional	Personal experience/ necessity/lack of finances/'talk to people'	Vertical networks of specialised inputs
Diversified mass tourism firm	Diversifying mass tourism innovations	Tourists demands and market changes/competition/ expansion and profit/the mass tourism experience/access to finances/market studies	Vertical networks of specialised inputs
Differentiated rural tourism firm	Atypical and diversifying rural innovations	Personal dogmas and beliefs/a want to continue/imagination/ the rural tourism experience	DIY/personal relations/ vertical networks of specialised inputs

Figure 5.7: The decisive factors of differentiated innovative behavior.

information the firms also create themselves a type of exploitation through the carrying out of professionalized studies. While those different mechanisms are evident in the choice of innovations, again, and just as in the case of the traditional firms, during the product implementation/development process, network relations to specialised providers seem to be the important aspect. Finally, and of course, the general larger size of these firms means that the financial possibilities are higher than in the case of smaller firms. However, as shall be seen below, size and finances are clearly not the only decisive factors determining the innovativeness of tourism firms.

The differentiated rural tourism firm

The last type of firm, which may be argued to be the most innovative of the three categories of firms, shares certain characteristics with the traditional firms, particularly the general small size of many of these and the lack of finances. Despite these characteristics, which by the traditional firms in cases were argued to limit the possibilities of innovating, these firms overcome such restrictions and become highly innovative introducing atypical as well as diversifying rural innovations. They are evident and prime examples of how small size does not equal lack of innovativeness. On the contrary, these firms suggest that small sized tourism firms can be highly innovative.

Contrary to the traditional firms, the owners/managers of these places were relatively young and well educated. They were furthermore typically, though not always, composed of a few

partners (R1; R2; R9). These are themselves not directly explanatory factors. Instead it is other characteristics of these firms that seem to make the difference. They may, first of all, be characterized as driven by personal beliefs, dogmas and principles. Due to the importance of such personal beliefs and dogmas, and in stark contrast to the diversified mass tourism firms of the Costa del Sol, the tourists are not necessarily an important source of information (R1; R3) and 'the client isn't always right'. On the contrary, the ideologies of the firm should also become the tourists'. Therefore, the demands of the tourists are no longer the drive for innovating: "*30%* [of the tourists' opinions] *are good and 60% are ridiculous … they have no idea what they are talking about*" (R1). Instead of adapting the firm to the demands of the tourists, as in the case of the diversified mass tourism firms, the tourists should adapt to the ideology of the firm and to the conditions of the destinations:

> Here there are eagles, vultures, mountain goats, foxes and wild boars. There is everything. Everything! But if you say "snake" to somebody, they say "oooohh how frightening!" What? The snakes aren't going to kill you or anything like that. Not much brain! What do you want? That we spray insecticides to eliminate the insects? The nature has got to have insects! There are people that come here and they say to me that the road is very dangerous. A lot! Not just one. A lot! What do you want? A motorway? Here in the middle of the mountains? When you're in the mountains it has to be a mountain road! There are people that come here who say that this is very far away. Do you want it next to...? If it was just next to Malaga it wouldn't be like this. The good thing about it is that it is far away (R1).

Also in stark contrast to the diversified firms on the Costa del Sol, these firms are focused neither on growth nor on expansion. On the contrary, they are driven by an anti-growth ideology and a respect for the firms' place in the surroundings:

> I for example don't want this hotel to grow. When the hotel is working well with 12 rooms why not 24? I don't feel like doing that. Do you understand? 12 rooms are fine. We can maintain an equilibrium in the village (R2).

Another characteristic, and one which differentiates the firms from the traditional tourism firms, is that the persons in charge of these firms have no or only little experience: "*We started without having any idea about what we were doing … and we made a lot of mistakes*" (R2). This lack of experience is combined with a 'want to continue ahead' instead of a 'wish to grow':

> You need to really want to continue ahead. Because when you start with a thing like this there isn't much help to get anywhere. And you don't know what you are doing! How it's going to end … You have to really want it. A want to continue (R9).

Experience, mentioned to be important for the traditional firms, is instead substituted by 'a good portion of imagination' (R9). These factors, imagination rather than experience and dogmas and principles instead of doing necessarily what the majority of the tourists expect, can be said to affect the choice of innovations to carry through which as a consequence become out of the ordinary or differentiated from other traditional rural tourism firms. The central role of ideology and not doing what is expected does not mean that information is unimportant but the innovations may be interpreted to become a result of the personal ideology combined with information retrieved through networks and other information distributing mechanisms:

> I think that it's because of the persons that are here in the firm … If I'm running my business I know that I can do something. Perhaps it doesn't occur to me but there are other firms and persons. Other firms and other persons that can help you (R2)

However, personal dogmas and beliefs may be argued to be the decisive factors of how to act upon the information. The importance of such ideology becomes even clearer because of the limited access to relevant information in the rural destinations. In other words the ideology partly overcomes the relative lack of access to information:

> I'm talking to you about eco-tourism. That's our initiative. An initiative of

> the firm. Nobody has come to say: “Listen why don’t you do this because it’s a very interesting product” … No, it is you that has to think of it and create it (R1).

In the process of the development and implementation of an innovation, though vertical relations of specialised inputs are still relevant, other aspects than networks become equally important. First of all, personal relations are used as substitutes for network relations, e.g. friendship relations with a painter, a gardener (R1) and an architect, who in this case was the very most important source of information for atypical and experimenting reforms being made constantly (R9). Such personal relations are also used to produce complementary goods/services, e.g. a friend who guides the tourists hiking in the mountains (R1). The local rural non-tourism specialised population is also, in certain cases, used as a possibility of providing a complementary offer:

> [The destination] doesn’t have horse riding, for example, that you can call at this moment for a horse ride this afternoon. You would have to talk to me and after that I would have to talk to Juán who is the one who has horses. He’s not a professional, but he has horses. And then he would take you with him (R1).

In a similar case, mule riding in the mountains was offered and arranged with ‘the man who has mules’ in the village (R2). In addition to such innovations based on the use of personal relations there are yet other innovations that do not seem to occur within networks. Instead innovations are carried through with the application of a rational portion of DIY (‘Do It Yourself’). That is for example the case of signalisation of hiking routes accompanied by home made maps; different activities in the nature; 4*4 wheel driving (R2) as well as certain reforms (R1) or even the building of parts of the establishments (R9). It can additionally be argued that the focus of these firms on the introduction of a complementary offer is related to the lack of such an offer and the innovations may thus be argued to be related to the characteristics of the tourism experience. The character of the tourism experience may also have a role to play as it may be argued to attract a kind of people that are not driven by expectations of large scale profit but instead have ideologies that are incompatible with the

overtly profit driven business strategies typical of some of the firms of the mass tourism destination of the Costa del Sol.

These firms are thus seen to be guided by dogmas and personal beliefs partly substituting a lack of access to information. Additionally, personal relations and DIY substitute networks to a certain degree in the process of implementing innovations and this way the lack of financial resources is overcome. All this results in highly innovative small tourism firms. These firms could partly be characterised as Schumpeterian entrepreneurs, but they are different from such entrepreneurs as they are e.g. not guided by expectations of profits.

On the role of geographically organised innovation networks (II)

In the above, it has been attempted to identify the factors that are decisive for the differentiated innovative behaviour of the tourism firms in the case study. Such factors have been identified to consist of e.g. a focus on necessity for innovations, personal experience and lack of resources in the case of traditional firms; tourist demands, changing markets, competition and focus on profit in the case of the diversified mass tourism firms; and personal dogmas and beliefs, personal relations and DIY in the case of the differentiated rural tourism firms. Additionally, the tourism experience has been identified to have a role to play for the decisions of which innovations to carry through. All this, on the one hand, indicates that it is other factors than the characteristics of the networks that are decisive for which innovations to carry through. This does, on the other hand, not mean that innovation networks are irrelevant in the process of innovating, though their significance varies from one firm of the case study to another. These networks can still be argued to provide the tourism firms with both production and information benefits. It has, however, also been identified how some of the benefits provided by innovation networks can be substituted by other mechanisms such as personal dogmas and beliefs, personal relations and DIY and how other information distributing mechanisms may at times be more important than those of the networks, such as information from the tourists. Furthermore, as it has been seen that for different firms different mechanisms become of importance, both for the choice of innovations and for how to carry them through, there is not one theoretical explanation, e.g. innovation networks, entrepreneur or a demand pull theory that is valid for all tourism firms. Instead, these firms have been identified to function differently and, depending on the type of firm, different

theoretical approaches may in different combinations have varying explanatory power for the innovativeness of the different tourism firms. Finally, it has been observed that while size and a related access to finances may be important for the innovativeness of the traditional tourism firms and of the diversified mass tourism firms, large size and financial resources are not prerequisites for being innovative. On the contrary, the most innovative firms in the study have been concluded to be the small differentiated rural tourism firms lacking financial resources. These are furthermore the firms which have the least developed innovation networks and the most restricted access to the benefits of such networks, which indicates that both lack of resources and lack of innovation networks can be overcome and do not mean that tourism firms necessarily become non-innovative.

Questions of generalization

The above analysis has centred its attention on accommodation firms and on innovations within a limited geographical area. It shall here shortly be considered whether the observations may be generalized to other types of tourism firms and to other types of tourism experiences.

Both similarities with and differences between the networks of accommodation firms and those of the interviewed attractions and campsites can be observed. In the case of the attractions on the Costa del Sol, the main difference of the networks seems to be a higher dependence on non-local information. Though the attractions have established their own local competitive network expressing itself in the association of APECOS (Asociación Provincial de Empresas y Centros de Ocio de la Costa del Sol), this network does not provide information nor production benefits and its sole function is to promote the total offer of attractions (A1, A3). This may be argued to be due to the differences, or the economic distance, between the attractions. Other types of local attractions are not considered to be important sources of information because of the attractions' different aspects: "*They are completely different attractions*" (A1); "*You can't learn much from other attractions as they are different*" (A2). Information comes instead from other similar attractions located elsewhere. This means that attractions are organized in more specialized associations at the non-local level and that the resulting non-local competitive networks are the ones of importance for gaining information (A2) due to the closer economic proximity in these. Local

collective learning is not of importance for the attractions either, which is again due to the economic differences among them. Other sources of information are, as in the case of the accommodation establishments, of additional importance. Those are also mainly non-local and consist of e.g. visits to international fairs (A1) and visiting other similar attractions (A1, A2). The tourists' opinions were particularly seen to be of importance (A1; A2; A3). This is due to that the determinants for the innovative behaviour of the attractions can be compared to those of the diversified accommodation firms of the Costa del Sol where focus is on the demands of the tourists, market changes and growth in visitor numbers: "*There is a need to follow the new tendencies in the industry and the changing needs and expectations of the tourists*" (A2). Innovations are, as a consequence, regular and focused on a diversification or a change of the offer: "*The strategy is every year to introduce something new*" (A3). On the other hand, the interviewed campsites have networks, as well as other information distributing mechanisms, comparable to those of the individual accommodation firms of the Costa del Sol with the one exception that they lack distribution networks. These networks moreover bring the same types of information. At the same time, local collective learning mechanisms of importance exist. From the innovation point of view, the campsites can be compared to the traditional tourism firms focusing on traditional improvements and renovations of installations. This again seems to be a result of these campsites' similarities with the traditional tourism firms where innovations are seen as necessary rather than as opportunities. All this indicates that each type of tourism good/service seems to have different types of networks. What can be generalized in these cases is, on the other hand, that such networks are just one of several sources of information. Additionally, it is general that the determinant of innovations is not the networks but rather other factors, which can in the case of the interviewed attractions be compared to those of the diversified mass tourism firms (profit and following demands) and in the case of the campsites to those of the traditional firms (first of all necessity).

At another level of generalization, it can be questioned whether the results can be generalized to other tourism experiences. As has already become clear in the analysis, the character of the tourism experiences seems to influence the character of both the networks and the innovativeness of tourism firms. This becomes even more evident when comparing the findings of the case study with those of studies of tourism experience networks. Empirical

evidence from e.g. the Nordic countries seems to indicate that local networks in these countries do not necessarily share the characteristics of those identified in the case study of this thesis. Characteristics such as dense networking involving face-to-face contacts etc. seem absent or relatively unimportant in the destinations (Hjalager 2001a; 2001b). Similar are the results of network analysis of selected Danish destinations done by the Tourism Research Centre of Denmark, University of Roskilde, Denmark (Bærenholdt et al. 2004; Nilsson 2002; Framke and Sørensen 2003; Sørensen 2002). This research concludes that inter-firm relations play no significant or a relatively unimportant role at the destination level. Local networks furthermore seem to be inflicted by conflict rather than by an understanding of a common interest. Yet other studies of Danish tourism firms indicate that firms prefer to compete at the destination level and are only minimally oriented towards destination networking (Jensen 2001; Jensen et al. 2001). As such, the destinations can, from these studies, be argued not to be characterized by dense networking and thus not to benefit from the information benefits of such. This indicates that the character and the resulting benefits of the networks identified in this study cannot be generalized to all other types of tourism experiences. On the other hand, a study of Rimini, Italy, claims to have identified dense local networks (Mackun 1998). As such it can be argued that the findings of local networks in this thesis are not exceptional either. What could perhaps be generalized is that the characteristics of the tourism experiences influence the characteristics of the networks though the exact determinants can not be traced in the mentioned studies. Whether yet other factors than the experience may or may not additionally influence the networks, such as cross national specific factors, is not either evident in the studies. The mentioned studies do furthermore not allow for considerations on the possibilities of generalizing the functions of the particular networks as the studies do not treat in detail the innovative benefits of the networks. It is, as such, not possible to argue that similar network relations provide similar benefits no matter where they are found. The only thing that seems possible to generalize, considering the above mentioned studies, is that tourism experience networks of different tourism experiences are different and not always the same.

In this study, the tourism firms have furthermore been concluded to be relatively innovative. This is also in contrast to certain other studies. A first line of studies indicates that tourism firms are low innovative. E.g. Danish tourism firms have been argued to lack innovative

capacities (Jensen et al 2001: 4; Hjalager 1997b: 22-24). In these studies, the lack of innovations is mainly contributed the general small size of the tourism firms. This small size of the firms, it is argued, results in lack of professional management and professionalism in general which, combined with a lack of networks, is concluded to result in a lack of innovation: "*A clear relation to size is observed: the larger the firms are, measured in number of employees, the more innovative they are*" (Jensen et al. 2001: 31, own translation). Another study of the destination of the Danish island Bornholm concludes, in a similar way, that the small size of firms is the main responsible factor for a lack of innovative initiatives as well as for a lack of networks (Petersen 2001). The conclusions of the studies mentioned above are basically the same as those that Shaw and Williams (1998) made a few years earlier, based on a study of British coastal resorts. In this study, the destinations are concluded to be populated by tourism firms of 'non-entrepreneurs'. This non-entrepreneurial character of the firms is mainly attributed to the lack of large professionally organized and international firms. Instead the firms are small sized, composed of either older generation family businesses or of young people lacking experience in the business and lacking economic resources. The conclusion of the mentioned studies may be taken to a more general level of tourism where it is generally believed that small size is a constraint. In that view, small tourism business culture, limited capital, lack of skills, lifestyle motivations and the acceptance of sub-optimal profits constrain regional economies and create problems for tourism firm survival (Ateljevic and Doorne 2000: 379). As indicated, in these studies, small size furthermore results directly or indirectly in a lack of networking and this directly or indirectly results in a lack of innovations. Nonetheless, smaller tourism firms are in a New Zealand study claimed to possess a developmental potential. It is, in that study, argued that a rejection of an overtly profit-driven orientation does not result in developmental stagnation but provides opportunities to engage with 'niche' market consumers informed by values common to the tourism firms. Such small firms are argued to be highly innovative and to establish local networks (Ateljevic and Doorne 2000: 378).

The above short discussion does not include all (of the few) studies of tourism firms, innovations and/or networks. However, the mentioned studies seem to outline the contrasting results of interest here. Both types of conclusions of the studies seem supported in this thesis. Certain of the firms identified in this thesis, which are clearly seen to be lacking innovative

capacities when compared to other firms, are in effect typically smaller firms, often managed by older generation managers and they lack the finances necessary to carry through important innovations. However, as has also been emphasized, certain types of small firms are highly innovative. Those may be compared to those identified by Ateljewich and Doorne where it is not profit but life-styles and political convictions that determine the innovative behaviour. Combined, the conclusions of the mentioned studies sustain the conclusion of this thesis, that there are different explanations for the innovativeness of different tourism firms. On the other hand, in certain of the mentioned studies, a more or less direct relation is drawn between the 'amount' of networking and the innovativeness of tourism firms. Such a relation is not fully supported in this study in which the firms with 'less' networks (and less network benefits) are in fact the most innovative ones, because it is not, in these cases, the networks that determine the innovative behaviour of the firms. This could, however, again support the generalization that for different firms it is different factors that help them to stay innovative and those factors do not always include networks, as a lack of such can be overcome by the existence of other determining factors.

Conclusion

This thesis has addressed the importance of innovation networks for innovations in tourism. In contemporary innovation literature, innovation networks are often argued to be a central factor for the innovativeness of firms. As the production of tourism experiences depends on a variety of network relations among tourism firms, such innovation networks have been hypothesized also to be important for innovations in tourism firms. Innovations and innovation networks have, however, received a proportionally limited attention from tourism researchers despite that innovations in tourism are generally argued to be important. This thesis has sought to fill a little of this gap in tourism research.

The question of the importance of innovation networks in tourism has been analyzed through a case study for which an open ended theoretical template has provided explanations of the observed. The observed has consisted of a case study of different tourism experiences, their innovations and innovation networks. The case study was carried through in rural destinations of the province of Malaga, Spain, and in the destination of the Costa del Sol, also located in the Spanish province of Malaga. To create a theoretical template providing explanations of the observed, the method has relied on a combined inductive and deductive research strategy in which a previously developed theory has been further developed during the analysis of the empirical data. The main research question which was formulated as ‘what is the role of geographically organised innovation networks for tourism experience innovations?’, has been analysed considering four sub-questions which will be addressed explicitly in the following.

Tourism experience innovations and their importance

The answering of the first sub-question, ‘how can the innovation concept be understood in relation to the product of tourism perceived as an experience?’, has served to establish an understanding of the innovation concept when seen in the light of the characteristics of

tourism experiences. The theoretical template has first conceptualized the tourism experiences as the results of complex combinations and interactions of tourists, destinations and tourism goods/services. Such tourism experiences identified in the case study have been categorized according to salient characteristics of those theorized elements of tourism experiences. The rural tourism experiences have been characterized by the rural character of their destinations and by their nature based attractions as well as by a limited offer of complementary tourism goods/services. The rural experience has furthermore been sub-categorized according to the character of the accommodation establishments, which have been considered as traditional or differentiated, and according to the inactive and active character of rural tourists. The mass tourism experiences of the Costa del Sol, on the other hand, have been characterized by the massified and chaotic character of the destination and its prime attractions consisting of the climate, the beaches and the nightlife as well as by a well developed offer of complementary goods/services. This mass tourism experience has been sub-categorised according to the accommodation establishments that are either traditional or diversified and according to the traditional and active characters of the mass tourists (figure 5.3). All in all, the tourism experiences of the case study have been seen to be highly varied.

Innovations of such tourism experiences have theoretically, and from the point of view of the tourism firms, been limited to, and conceptualized as, physical changes of the stages of interactions between the tourism goods/services and the tourists. Such tourism experience innovations have been suggested ‘dimensioned’ according to whether they may be perceived to be innovations of individual tourism goods/services or of total tourism experiences; whether they may be perceived as incremental or to result in new tourism goods/services; and whether they are new at the firm, the destination or the global level (figure 2.3). Concerning the second sub-question, ‘what is the importance of such tourism experience innovations?’, such innovations have been argued, at a general level, to be important due to a present slow and continuous - rather than abrupt - change of phases of modern tourism from a phase of mass tourism to a more diversified range of tourism experiences. At the tourist destination level, tourism experience innovations have further been considered to be ever important for the continued development and survival of such destinations and of their tourism firms. Due to the slow and continuous character of the change of phases of modern tourism, tourism experience innovations have been suggested to involve mainly incremental innovations of

individual tourism goods/services or of total tourism experiences and to be new at the firm or at the destination level rather than to involve more radical innovations and ‘giant breakthroughs’. Though innovations are suggested to be mainly incremental and though such do not individually have the potential to change ‘the world of tourism’ they may in total be seen as important innovations that gradually change the phenomenon of tourism and secure the survival of destinations and of tourism firms.

Identified tourism experience innovations of the case study have been categorised (figure 5.5) as 1) ‘traditional innovations’ which consist of renovations, amplifications or of, in other ways, improving the individual tourism goods/services. Such tourism experience innovations may be considered incremental innovations of individual goods/services that are new at the firm level. 2) ‘Internally diversifying innovations’ consist of the introduction of new goods/services but within existing establishments. These may be considered as incremental innovations of goods/services or of total experiences that are new at either the firm or the destination level. 3) ‘Atypical rural innovations’ can be compared to the traditional innovations but they differentiate the rural tourism goods/services from other rural goods/services and may thus be characterised as new at the destination level. 4) ‘Diversifying rural innovations’ consist of the introduction of new tourism goods/services within or outside (but carried through by) the tourism firms. These may be characterized as incremental or new innovations of total experiences at the destination level or even, in some cases, at the global level. Some of the innovations identified in the case study, such as certain atypical and diversifying rural innovations as well as internally diversifying innovations, can be seen as being part of the gradual change of phases of modern tourism as well as being part of an important and necessary continuous destination development. Other innovations, particularly those that belong to the category of traditional innovations, may seem rather trivial from the researchers’ point of view but were mentioned by the interviewed to be important innovations that are a condition for firm survival as they prevent tourism firms and tourism experiences from ‘degrading’. Therefore, tourism experience innovations, even those that may generally be considered trivial, are ever important for the tourism firms of the case study. The importance of tourism experience innovations is thus obvious and all the tourism firms of the case study were seen to be innovative, though some more than others. No tourism firm had ‘stopped innovating’.

The characteristics and functions of tourism experience innovation networks

Concerning the third central sub-question, 'what are the geographical and functional characteristics of tourism firms' innovation networks?', the theoretical framework has centred the attention on the structures of information and production innovation networks as well as on their geographical characteristics. Information networks have been argued to help firms to innovate due to their capacity to distribute information supporting exploration and/or exploitation depending on the strengths and the densities of the networks. The theoretical discussion has outlined certain controversies about how such different strengths and densities influence the transfer of the different types of information. The existence of structural holes in such information networks has further been argued to potentially restrict the information benefits of information networks. At the same time, the production structures of innovation networks have been considered capable of favouring and/or limiting firms' capacities to innovate depending on the strengths of the production network structures and the following degree to which they allow for development processes to occur. Additionally, the strength of such production networks structures may or may not allow for the incorporation and utilisation of the information benefits of information networks from which the production networks can not be clearly separated in 'real life'. However, beneficial network structures have been argued to vary depending on industry specific characteristics and firms' needs for exploration, exploitation and for overcoming structural holes. Those considerations have been related to the characteristics of the tourism experience and to the particularities of tourism firms. Tourism firms have theoretically been suggested to be in need of information supporting both exploration and exploitation for which the information structures of the tourism experience networks may be of importance. Additionally, different tourism experience production network structures and their possible characteristics, benefits and limitations have been identified theoretically and argued to potentially provide both the benefits and/or the limitations of production network structures.

Furthermore, the theoretical discussions have critically considered the geographical characteristics of innovation networks. It has been illustrated how local networks in the agglomeration literature are argued to be highly important as they are considered to provide

firms with production as well as information benefits arising from the spatial proximity among firms. Such local networks may, however, need links to non-local networks which provide important external information. It has further been questioned whether local collective learning mechanisms provide similar benefits as local networks, making these more or less irrelevant when compared with non-local networks. It has also been questioned whether proximities other than spatial, such as economic, cultural and organizational proximities, make 'non-local proximity networks', i.e. networks characterised by other proximities than spatial, more beneficial than local networks. Finally, it has been discussed whether the existence of structural holes within local networks or between those and non-local networks - or 'glocal holes' - can be overcome by the existence of local and/or non-local networks. Relating the considerations to the particular characteristics of the tourism experience and of tourism firms, theoretical arguments for and against local destination networks have been put forward. On the one hand, the particularities of the tourism experience and the concentration of tourism firms on the tourist destination may be argued to make the destination a natural scene for local networks. On the other hand, it has been discussed whether tourism firms located on the same destinations are either competitors with a lack of interests in cooperating or are economically too distant so as to gain the innovation benefits of local network relations. Non-local proximity relations among tourism firms are, from that last point of view, more likely to provide innovation network benefits. It has further been questioned whether such non-local proximity networks may be of a stronger character than local networks due to the ability of strong networks to overcome the constraints of spatial distance and because destinations, where diversity of tourism goods/services is more important than homogeneity, may not be the natural setting for strong networks. It is argued, however, that different tourism experiences and their developmental history may result in networks of different geographical characteristics at different times of the history of the experiences.

In the empirical analysis, at the general level, local destination networks have been observed to be of a loose but dense character. However, local horizontal competitive network relations among accommodation establishments are the only local relations identified to be of importance for innovative activities. These are furthermore beneficial only because they support the distribution of explorative information. They do, on the other hand, not supply the

tourism firms with the benefits/limitations of production networks, nor do they provide the tourism firms with exploitation due to their loose character. Other local network structures have been identified but have been found to be of no relevance for innovations. In the case of the theoretically important local complementary relations among accommodation firms and other tourism firms the lack of innovation benefits in such relations can be explained by the very loose character of these relations and by the economic differences among complementary firms which have 'nothing innovative to tell each other'. The destination is therefore observed to be a place of exploration through loose horizontal competitive networks only. The dense weak local networks are furthermore seen to provide the benefits of creating an environment of trust and common understanding partly overcoming the existence of glocal holes. This means that, despite the existence of glocal holes of a certain depth (in the case of the Costa del Sol), these do not induce conflict among the spatially concentrated tourism firms and do not limit information transfer at the destination level.

Non-local networks have in the case study generally been observed to be of a stronger but sparse character. Of these, non-local vertical distribution networks with tour-operators provide the tourism firms with explorative information and, at the same time, with a certain degree of information supporting exploitation, as well as they bring production innovation network benefits due to their (not excessive) strength. Specific product development has furthermore been seen to take place in mainly non-local vertical input relations with suppliers of specialized inputs. In these relations exploitation and product development take place. The specialist knowledge of the providers of specialised inputs is confronted with the specialist knowledge and the needs of the tourism firms. In this process, innovations initially made 'outside tourism' are applied and 'finished' with the participation of the tourism firms. The last non-local network structure found to be important, horizontal chain networks, provides firms with access to exploitation and with both the benefits and the limitations of production networks helping the tourism firms to innovate, but, at the same time, preventing them from innovating 'on their own' due to the strength of these relations. This strength also limits the chain firms' local relations and makes these irrelevant as information gained in such local relations can not be applied in innovative activities.

While these are general characteristics of the identified networks, different firms have been

identified to have dissimilar networks of different geographical characteristics providing different innovation network benefits. These networks have been categorised according to the presence and characteristics of types of relations and according to the benefits that these relations bring (figure 5.6). The first type of network, 'the rural tourism experience networks with competitive structures' lacks, to a certain degree, the explorative information benefits of local competitive network relations as these relations are not fully developed in this type of network. The second type of network, 'the rural tourism experience networks without competitive structure' totally lacks these benefits as no such local competitive relations exist in this type of network. Both these rural networks further lack many of the benefits provided by non-local vertical distribution networks. A third type of network, 'the mass tourism experience networks of individual firms', on the other hand, gives full access to both the benefits of local competitive networks and of non-local vertical distribution networks. All in all, this type of network incorporates more varied benefits of innovation networks. These differences among the networks are partly due to the character of the tourism experiences. On the one hand, the geographic concentration of tourism goods/services on the rural destinations and the youth of the production of the rural tourism experiences have yet not resulted in the full development of well functioning local competitive networks. On the other hand, such local competitive networks are, due to the spatial concentration of a high number of tourism goods/services on the Costa del Sol, well developed there. Additionally, the role of the tourists and their more individual character in the rural destinations result in less developed non-vertical distribution networks and less innovation benefits from these. Finally, the characteristics of the tourism goods/services, and particularly the smaller size of the tourism firms of the rural experiences, result in smaller networks, and especially in smaller distribution networks, than in the case of the firms of the Costa del Sol. The context of the networks - the tourism experience - is thus seen to influence the characteristics of the networks and their benefits. Distinguished from the three mentioned networks is 'the mass tourism experience networks of chain firms'. As indicated, these networks' horizontal chain relations are of a strong character and therefore bring exploitation benefits but limit the importance of local network relations in particular, because the firms of the chain networks can not act upon such information due to the strength of the chain relations which restricts the individuality of the firms. All in all, different networks are seen to possess different characteristics and to provide different innovation benefits which is linked to the

characteristics of the tourism experiences. Generally, however, local networks are loose and provide explorative information only, while non-local networks are stronger and provide exploration, exploitation and the benefits and/or limitations of production network structures.

Innovation networks and tourism experience innovations

Sub-question 4, 'how do such geographically organised innovation networks influence innovations of tourism experiences?', is closely related to the former sub-questions and their findings and it leads the discussion back to the overall research question - 'what is the role of geographically organised innovation networks for tourism experience innovations'?

Theoretically, tourism experience innovations have been indicated to be ever important and tourism experience innovation networks have been argued to provide firms with important benefits helping tourism firms to innovate. Such benefits have also been identified in the categorised tourism experience networks of the case study as discussed in the above. Information benefits supporting both exploration and exploitation have been identified and so have production benefits, and specific product developments have been seen to occur in particular types of network relations. As innovations have furthermore been seen to be highly important in the case study, and information argued by the interviewed to be important for such innovations, the identified tourism experience innovation networks may, in a first instance, all in all be claimed to provide the tourism firms with central and important innovation benefits and to be important in helping firms to carry through the ever important tourism experience innovations.

Regarding the importance of different geographical aspects of such networks, local networks' only innovative benefits have in the case study been identified to consist of the provision of explorative information. The character of the local networks and their benefits may therefore be disappointing for those believing in the centrality and importance of local destination networks, while the observed existence of dense local networks could provide a reason for reconsideration from those who disbelieve in the existence of destination networks. On the other hand, the non-local network relations have been observed to be of a stronger character which means that they provide tourism firms with exploitation and production network benefits. In the case study, strong relations have therefore been identified to be more optimal

when they relate firms to spatially distant others rather than when they exist as local networks. Such a geographical network configuration is beneficial as the weak dense local networks support exploration while not capturing the tourism firms in narrow development trajectories but maintaining instead diversity of tourism goods/services at the destination level whereas non-local proximity relations provide the important benefits of exploitation and production networks. Disregarding the geographical configuration of the networks, it is as such also seen in the case study how loose relations, though these are dense, provide firms with exploration mainly, whereas stronger relations, though these are sparse, provide information supporting exploitation. This configuration, it may be claimed, gives the firms access to both exploration and exploitation without capturing the firms in too dense, too strong networks but leaving instead room for dynamism in the network. It can therefore be argued that this generally identified combination of weak, strong, dense and sparse, local and non-local innovation network relations has the potential to provide tourism firms with all the needed benefits of innovation networks while limiting less beneficial consequences of the networks. Nonetheless, the different categorised networks have been seen to provide these benefits to different degrees and not all firms have thus access to all or to the same innovation network benefits.

While the tourism experience innovation networks may be concluded to be important for tourism experience innovations, information sources other than innovation networks have also been identified in the empirical study. Collective learning mechanisms have been identified particularly in the Costa del Sol and to a lesser degree in relation to the rural tourism experiences. These collective learning mechanisms do not make the local firms redundant but complement the information benefits of local networks. Other learning mechanisms, and in particular those related to the tourists and the employees, have been identified and have also been concluded to be important for innovative activities and have often been indicated by the interviewed to be the most important sources of information. This questions the relative importance of networks which, as has also been indicated theoretically, become just one of several factors of importance for innovations. The relative importance of the innovation networks has been further questioned as the different identified and categorized networks and their provision of different innovation benefits do not explain the differentiated innovative behaviour of the tourism firms. It is in that sense especially striking that the networks of the

most innovative firms of the case study (certain rural tourism firms carrying through atypical and diversifying innovations) are those of the categorised networks that provide least innovation benefits. Therefore, while tourism experience innovation networks may be claimed in important and different ways to help tourism firms to innovate, there seem to be additional factors involved in the innovation processes and such other factors may be decisive in the determination of which, how, and how many innovations are carried through in tourism firms. Such factors have in an explorative manner in the empirical analysis been identified not to consist of one general factor. Instead it is different factors that are decisive for different tourism firms' innovativeness, e.g. experience, dogmas, tourism demands and/or the characteristics of the tourism experience (figure 5.7). The empirical findings have also indicated that a limitation in the benefits derived from innovation networks can be overcome, which has been seen to occur particularly in certain small but highly innovative tourism firms. These findings furthermore indicate that no single innovation theory is able to provide explanations for the innovative behaviour of all tourism firms. It does not imply that innovation networks are not important but it does seem to imply that they are not the sole explanatory variable in the case of tourism experience innovations; that they are not equally important for all tourism firms; and that they are not always the most central and important - or even an indispensable - element in the entire innovation process.

The main conclusions of the thesis, discussed in the above, are summarized below.

- The tourism firms of the case study are all innovative, though some more than others. No tourism firm has 'stopped innovating'.

- Local destination networks have been observed to be of a loose but dense character. Non-local networks are generally of a stronger but sparse character.

- Local horizontal competitive network relations are the only local network relations identified to be of importance for innovative activities. These are beneficial only because of their provision of explorative information. They do, on the other hand, not supply the tourism firms with the benefits/limitations of production networks nor do they provide the tourism firms with exploitation. The destination is, in this way, a place of exploration through loose horizontal competitive networks only. Other local networks have been identified but they are of no relevance for innovations.

- Non-local networks, in the form of vertical distribution networks, provide additional explorative information and, at the same time, a certain degree of information supporting exploitation, as well as they bring production benefits.

- Non-local horizontal chain networks mainly provide firms with access to exploitation and provide both the benefits and the limitations of production networks helping the tourism firms to innovate but at the same time preventing them from innovating 'on their own'. These relations furthermore limit the firms' local relations and make these irrelevant as information gained in such local relations can not be applied in innovative activities.

- Specific product development takes place in mainly non-local vertical network relations with suppliers of specialized inputs. In these relations, exploitation takes place and innovations carried through 'outside tourism' are further developed and accommodated to the needs of the tourism firms.

- Within the destinations, the tourism firms see each other as partners rather than as competitors despite the existence of both primary and secondary glocal holes (in the case of the Costa del Sol). The local networks have a role to play in this aspect as they seem to be partly responsible for providing an environment of trust and common understanding.

- Different firms have dissimilar networks of different geographical characteristics providing different innovation network benefits.

- The context of the networks - the tourism experience - is seen to influence the characteristics of the networks and their benefits. Elements of the experience influencing the networks are e.g. the characteristics of destinations and the importance of tourism in these, the individuality of the tourists and their preferences, as well as the characteristics of the tourism goods/services including the complementary offer

- Local collective learning mechanisms are seen to provide explorative information complementary to that provided by local networks, particularly in the Costa del Sol due to the characteristics of the mass tourism experience.

- Other learning mechanisms are important, in particular learning from the tourists and from the employees. This means that innovation networks become just one element of several in the innovation process.

- While the tourism firms' different innovation networks provide important but differentiated information and production benefits, they do not explain the differentiated innovative behaviour of tourism firms.

- A set of factors have been identified to be decisive for the differentiated innovative behaviour of the tourism firms. Such vary from one tourism firm to the other and consist of e.g. experience, dogmas, tourism demands and/or the characteristics of the tourism experience.

Recommendations for future research

The final discussion of the former chapter on the generalizability of the observations of this study outlined different controversial perceptions of the innovativeness of tourism firms and the different claimed reasons for such. This, in combination with the importance of tourism and the importance of innovations in tourism results in that a first recommendation for further tourism innovation research is to carry through more such research so as to gain a better understanding of the subject. The second recommendation is to apply a differentiated network approach. Trench graving, such as e.g. the one which seem to have occurred between the believers and the disbelievers of the existence and the benefits of local destination networks, seems unbeneficial. Instead, as have been acknowledged in this study, differentiated approaches, acknowledging that tourism experiences are different, and so may the characteristics of tourism experience innovation networks be, seem a more beneficial way towards a broader understanding of the role of innovation networks in tourism. Furthermore, this study has indicated that a differentiated approach which acknowledges that different tourism firms' innovations are due to different factors could prove beneficial for future research. This implies that the focus on one factor, such as innovation networks in the case of this study, is not necessarily beneficial. Instead, different theoretical approaches may be seen to be more or less explanatory for different tourism firms' innovations. Such a differentiated approach could also help to overcome the often generalized belief in a clear tourism firm size-innovation correlation which disregards the high innovativeness of certain small tourism firms such as those identified in this study.

Implications for managers of innovation

Tourism experience innovations have been argued, in this study, to be important both for

tourism firms and destinations. As such, there seems to be no other choice for tourism firms than to become innovative. Regarding innovation networks this study has revealed how different innovation network relations provide different innovation benefits, and such different benefits are all necessary for tourism experience innovations. Therefore, diversity of innovation network benefits may be an important goal and thus also diversity of network relations. Having only access to explorative information and no other innovation network benefits may e.g. trouble the intentions of being innovative. This means that any kind of network does not necessarily provide the needed innovation benefits. Instead, networks of particular types of relationships, potentially providing the needed innovation network benefits, should be paid attention. This also implies that there does not seem to be a need for cultivating all kinds of relationships as if 'the larger the network the better'. As there is a limit to the number of relations that any firm and its manager of innovation can maintain and derive the benefits from, too large a network may result in that only limited attention can be paid to the relations which are actually of importance for innovative activities.

Under the conditions that certain findings from the case study may be generalised, and that focus is on innovations understood as they have been in this study as physical changes of the stages of interaction of tourism goods/services, the above indications have further implications. In order to achieve the necessary diversity of innovation benefits from innovation networks an excessively developed local network may not prove beneficial for the manager of innovation. Such local networks should instead be paid only limited attention and attention should at this local level first and foremost be put on developing/maintaining weak networks of horizontal competitive relations that may provide important explorative information. Other local network relations seem to be unimportant for innovative activities and therefore not to require much attention for purposes of innovation. This limited focus on local relations, on the other hand, leaves more resources free to establish or maintain other important relations. To gain the full range of innovative benefits of innovation networks the local relations can therefore be complemented with certain non-local relations. These could be vertical relations with distributors, but could also consist of non-local chain networks - though not of a too strong character. Specific product development processes, have in this study been seen to occur in vertical input relations with specialised producers, but the full benefits of these do not come automatically (as they do not in other relations either). To maximise the

benefits of these relations, the manager of innovation should make sure to create an interchange of knowledge to assure that the innovation (made outside tourism) is well adapted and further developed according to the needs of the tourism firm. As expressed in this study by the interviewed, the relation may otherwise lead to unneeded or unwanted innovations or at least innovations badly adjusted to the needs of the tourism firms. All in all, relatively few but well selected and cultivated relations may provide the full range of innovation network benefits rather than may a large or a badly constructed network not providing the right mix of benefits. To achieve this, geographic diversity seems beneficial rather than excessively developed local networks that may hinder innovation as they limit the possibility of gaining the full and varied benefits of innovation networks.

Though this thesis has not at all studied the importance of destination managers but has maintained focus on the tourism firms, still a few indications on the proper focus of such destination managers can be put forward derived from the conclusions of the study. In line with the above indications of implications, from such destination managers' point of view an excessive focus on providing an institutional background for developing local networks, which may occur as the destination managers focus area is implicitly, and politically expected to be, the destination, may be misleading and leading focus away from other important network relations. Too much attention seems often to have been paid to developing such destination networks and, regarding the findings of this study, other important non-local relations may thus have been under-estimated and under-developed. If the destination manager's job is to help sustain the innovativeness of a destination's tourism firms and if this job involves helping tourism firms to develop their innovation networks, focus should be centred as much on non-local networks as on local destination networks. The result may otherwise be a conflict between the needs and strategies of the tourism firms and the destination manager's destination focus. While, for the destination manager, the destination may be the only and ultimate 'goal' it is far from being the only 'mean'.

However, as has been indicated in this study, diversity of tourism experiences may cause diversity of innovation network configurations and of their related innovation benefits. This would mean that no manager of innovation should ever blindly follow indications such as those given in the above. A lack of intelligent assessment of the possibilities and prospects of

different network relations seen in relation to the possibilities offered by the tourism experience as well as the needs for innovations may result in a badly selected network. Furthermore, the manager of innovation should not narrow down his job to become a ‘manager of innovation networks’ only. Instead, other sources may be important substitutes for, or complements to, the innovation networks. Such may consist of the tourists and the employees. Others may be harder to access in a strategic manner as they are basically sources embedded in the characters of individuals, including the manager of innovation him-/herself or the employees. Being dogmatic, for example, may only difficultly become part of a non-dogmatic innovation manager’s strategy. However, such additional sources of innovation may be used according to what the strategies and the characteristics of the firm and the innovation manager are. Staying alive, relying on 20 years of experience in the business, requires different sources of information and inspiration than is required for creating out of the ordinary tourism experiences, which again demands other sources of information and inspiration than is demanded for following market trends to achieve growing visitor numbers. The implication therefore seems to be that the manager of innovation should complement well structured innovation networks with other sources of information and inspiration taking into consideration the potentials and the strategy of the firm as well as the possibilities offered by the tourism experience(s) to which the firm belongs.

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Interviews:

Rural establishments:

R1: Cerro de Hijar

R2: Banu Rabbah

R3: Complejo Salitre

R4: Palacete de Manara

R5: Hotel Humaina

R6: Hotel Posada del Conde

R7: La Garganta

R8: Sol y sierra

R9: Complejo Turístico Alberdini

R10: Molino del Santo

R11: Hotel Romero

R12: Apartamentos Rurales el Lagarrillo

Establishments on the Costa del Sol:

C1: Hotel Torrequebrada

C2: Hotel Puerto Benalmádena

C3: Apartamentos Veramar

C4: Jardines de Gamonal

C5: Apartamentos San Carlos

C6: Hoteles Hijano

C7: Apartamentos Ronda

C8: Hotel Europa + Hotel los Arcos

C9: Hotel Sol Meliá Costa del Sol

C10: Flatotel

C11: Hotel Sol Aloha Puerto

C12: Hotel Luca Costa Lago

C13: Apartamentos la Maestranza

C14: Hotel Zenit Olletas

C15: Hotel NH Malaga

Campsites:

CA1: Camping Fuengirola

CA2: Camping la Rosaleda

Attractions:

A1: Tivoli World

A2: Aqua Park Mijas

A3: Sea Life

A4: Casa Natal de Picasso

A5: Museo de Artes Populares

Others:

O1: Oficina Comarcal de Turismo Rincon de la Victoria

Appendix

Interview guide

1. General information

- Name of the firm?
- Name of the interviewee?
- Occupation of the interviewee?
- What are the primary and secondary products that the firm produce?
- What is the dimension of the firm (e.g. number of clients/beds/overnights/sales volume)?

  Would you characterize the firm as small/medium or large?
- Number of employees?
- Does there exit jobs that demand specific studies (e.g. tourism studies)?

  What type of knowledge/qualifications is the most demanded?
- How is the competitive situation (favourable/not favourable)?

  Does the firm have competitors in the same destination/in other destinations?
- How would you characterize the firm with your own words?

2. The tourists

- Types of tourists/segments (e.g. mass, individual, individual, culture, nature, rural...)?

  What do the tourists ‘look’ for?
  Are the tourists changing their demands?

In what way?

How is the firm adjusting to that change?

- From what countries/regions in Spain do the tourists come from?

  Why (e.g. type of product, the firm's market focus)?

3. The total product and the destination

3.a. The total product

! Description to the interviewee: The total product is understood as the combination of products of accommodation, entertainment, natural and cultural attractions etc. resulting in a total product such as e.g. sun and beach tourism, golf tourism or nature tourism.

- Which total product(s) do the tourists look for?

  What other products are included in the total product(s) (attractions, other firms such as restaurant, tours, tourism offices etc.)?

  Do there exist other complementary firms that are of importance for the production of the total product?

  Are there missing any products and firms that could improve the total product?

- Other positive and negative aspects of the total product?
- In what geographical area is the total product produced?

3.b. The destination

- In what destination do we encounter ourselves?
- How can the destination be delimited geographically?
- What is the importance of the destination for the firm?
- Is it a 'strong' destination?

  In what way?

- Other positive and negative aspects of the destination?

3.c. The destination and the total prodcut

- Does there exist a relation between the total product and the destination?

  Do they coincide functionally and geographically?
  If not: why not?
  Is it a problem?

- What is most important for the firm: the total product or the destination?

  How?
  Why?

  In what occasions is the total product more important than the destination and vice versa?

- What is most important for the production of the firm: the individual product of the firm, the total product or the destination?

- What is most important for the tourist?

4. Innovations

- Has there been introduced, during the last years, any more or less important changes of the product that the firm sells to the tourist?

  Which?
  Why? / Why not?

- Has the firm participated in the introduction of new or changed total or combined products (products that are the result of the cooperation with other firms in the destination) during the last years?

  Which?
  Why? / Why not?

- Is it important for the firm to innovate?

  Why? / Why not?
  What have the consequences been of the innovations that have been made?

- What type of innovation is most important for the firm: those of total/combined products or those of the firm?

  Why?

- Talking of innovations: is the firm in that sense an exceptional or representative firm?

  Why is that?

- Is it important for firms producing this type of product to be innovative?

  Why? / Why not?

5. Type of information/knowledge of important for the firm

- What type of knowledge or information is in general important?

! Information to interviewee: two types of information:

Quantitative or numerical information (e.g. number of tourists to arrive next week and what types of rooms they reserved.) of importance for routine functions is not the type of information that I am looking for

What I'm looking for is 'qualitative information or knowledge: for example information or knowledge about products, technologies, tourist segments, 'ways of doing things', new possibilities etc. Is interesting because it is information or knowledge that can change what and how things are done.

- Is that type of information of importance for the firm?

  In what sense and why?
  Examples of that type of information of importance for the firm?

- Has any type of information been of importance for the innovations that have been/are being made in the firm? Or of the total product?

  What types?
  Examples?

- From where do you get that type of information/knowledge?

- What type of information/knowledge is more important: general information about new technologies, new products or more specific information on improvements of existing products or technologies?

  Examples of such types of information
  Where does it come from?

6. The network

6.a. Characteristics of the network

- Is the firm part of a cooperation (e.g. a chain or similar) or is it an indivudal firm?

  Which?
  What type of possession (e.g. franchising)?
  What other firms are in the cooperation?

    Which?
    How many?
    Where?

  Where is the central of the cooperation?

! Information to interviewee: A collaborative relation exists when there is a frequent or continuous collaboration with another firm or organisation – The collaboration may be formal or informal.

- Do you work with tour-operators in this way?

  How many?
  Where?

- Travel agencies?

  How many?
  Where?

- Other distributors (e.g. web-pages and…)?

  How many?
  What types?
  Where?

- What distributors are of most importance for the firm?

In percent?

- Does the firm have its own internet page?

  What is the importance of the internet page (in percent)?

- Providers of physical material:

  How many?
  Which types?
  Where?

- Providers of services?

  How many?
  Which ones?
  Where?

- Outsourcing?

  How many?
  Which ones?
  Where?

- Same type of firms?

  How many?
  Which ones?
  Where?
  What is the collaboration about?

- Other tourism firms?

  How many?
  Which ones?
  Where?
  What is the collaboration about?

- Universities, research institutes or the like?

  How many?
  Which ones?
  Where?
  What is the collaboration about?

- Tourist organisations?

How many?
Which ones?
Where?
What is the collaboration about?

- Public organisations?

  How many?
  Which ones?
  Where?
  What is the collaboration about?

- Other firms/organisations?

  Which ones?
  How many?
  Where?
  What is the collaboration about?

- Does the firm participate in some kind of marketing not already mentioned?

  Which?
  How many?
  Where?
  What is the collaboration about?

- Does there exist some kind of organisation or similar that organises and coordinates the production in the destination or of the total product?

  What does it do?
  Does it do it satisfactory?
  Does the firm have any contact with it?

6.b. The network, the total product, the destination and the local area

- Are any of the relations concerned with the production of a total product?

  Which ones?
  How many?
  Where?
  What is the collaboration about?
  What is its importance?

- Is the total product important when talking of relations?

In what way?

- Is the destination important when talking of relations?

  In what way?

- Which is most important?

  Why?

- Talking of relations: is the firm in that sense representative or exceptional?

  In what way?
  Why does the firm have more/less local/non-local relation than other firms?
  What are the factors determining the characteristics of the network?

- What relations are most important generally?

  Type of firms?
  Local or non-local?
  Why?

- Why are local/non-local relations preferable?

- Is it more important for tourism firms to collaborate at the local or the international level?

- If it is important, who has the responsibility of securing the local networking

6.c. The network and distribution of information

- Of all the relations, does the firm from any of those receive qualitative information or knowledge? – In other words: do you learn something from the firms you work with?

- Are some relations of particular importance in that sense?

  Which ones (type of firm and where)?
  What type of information/knowledge do you receive from them (including if it is local or non-local and general or specific)?
  If it is a local firm: Is it an advantage for the communication that it is a local firm?
  If it is not local: Is it an obstacle that it is not a local firm?
  What types of relations are they?

    Characterised by confidence?
    Including a contract/formal or informal?
    How is the distribution of power in the relation?

Is it a long lasting relation?
Strong/weak?

What is the significance of the type of firm and relation for the importance of the relation talking of information, knowledge and learning?
Is this type of relation different from relations that are not important for information, knowledge and learning?

In what way?

Does it depend on the type of relation/firm whether the information is general or specific?

- How is information received and distributed in the relations?

  Face to face communication or through communication media (e.g. mail, e-mail, telephone fax…)?
  Does it depend on whether the firm is local or non-local?
  Is it easier receiving information face to face?
  Is large geographical distance a barrier for information distribution or is it easy to communicate through communication media?
  Does there exist other information distribution barriers (e.g. language, culture, confidence…)?
  How can the barriers be reduced?

- Can any of the innovations made be related directly or indirectly to the information and knowledge retrieved through the relations?

  Which ones?
  In what way?
  Examples?

- For what can the information be used in general (not innovations)?

- Do you receive more information through local or through non-local relations?

  Why (e.g. type of firm, geographical distance, type of relations, confidence, language)?

- Is the most useful information received through local or non-local relations?

  Why?

- Does the firm lack any kind of relations?

  What would they serve for?
  Why don't they exist?
  What type of information could the relation supply the firm with?

Could they be of importance for innovations?

- Have you adjusted the production to the needs of other firms in the network (for example tour-operators) or to the opportunities given by other firms (for example physical inputs or services)?

  Examples?
  Consequences?

7. Other types of information distributors

- From what other sources is information received?
- Personal/social relations?

  Are they professionals, friends, family or..?
  Where are they from?

- Employees?
- Media?

  Which ones: radio, television, newspapers, magazines, others? - Local, national, international?

- Tourists?
- Other firms (not in the network)?

  Which ones?
  Where?
  How?

- Organisations (not in the network)?

  Which ones?
  Where?
  How?

- Does there exist other types of information distributors?

  Which ones?
  Where?
  How?

- Is the information local or non-local?

- Is the information general or specific?

- Can any of the innovation made be related directly or indirectly to information, knowledge or learning from such information distributors

  Which ones?
  How?

- From where do you receive most information: firms in the network or form other sources?

8. Information distributed by the firm

- Does the firm distribute information?

  What type?
  Why?
  How do you distribute the information (e.g. relations with other firms, personal relations, media)?

- Does the firm guard information?

  What type?
  Why?
  And what do other firms do in this aspect?

9. The general importance of information

- Is it important for tourism firms to receive information/knowledge in general?

  Why? / Why not?

- Who has the responsibility of securing the distribution of information (firms, organisations, universities...)?

- Does the firm receive the information/knowledge necessary?

  Where could the missing information come form?
  Could the firm do something to receive the information?

10. Innovations and alternative explanations

- Where do the idea and the inspiration to innovate come from (-if it doesn't come from the network or from other information sources)?

  How?
  Examples?
  What is the importance of these types of elements or sources of ideas
  What is needed to be able to 'cultivate' and/or use these sources of ideas to innovate?

- Do you consider yourself an entrepreneur or the firm as entrepreneurial?

  In what sense?
  What does this mean?
  Is it important when talking of innovations? - in what sense?
  Is it important to be an entrepreneur when talking of relation with other firms? - In what sense?

English Resume

This thesis addresses the importance of innovation networks for innovations in tourism. In contemporary innovation literature, innovation networks are generally argued to be an important factor for the innovativeness of firms. As the production of tourism experiences depends on a variety of network relations among tourism firms, such innovation networks are in this thesis hypothesized to be an important factor for innovations in tourism. Innovations and innovation networks have however received a proportionally limited attention from tourism researchers despite that innovations in tourism are generally argued to be important. This thesis seeks to fill a little of this gap in tourism research.

The question of the importance of innovation networks in tourism is analyzed through a case study for which an open ended theoretical template provides explanations for the observed. In a first instance, in this theoretical template the tourism experience is conceptualized as the result of complex combinations and interactions of tourists, tourist destinations and tourism goods/services. Innovations of such experiences are related to the tourism firms and are considered as changes of the stages of interactions of the tourism goods/services. Such innovations are argued to be important in a contemporary context at the general level due to a supposed slow and continuous change of phases of modern tourism. At the same time, such innovations are argued to be important for the continued development and survival of particular destinations and of their tourism firms.

The general theoretical network discussions centre the attention on the information and production structures of innovation networks. Attention is put, in particular, on the densities and strengths of information networks and on the horizontal and vertical structures and strengths of production networks. Such information and production networks can hardly be separated in real life and they are therefore theoretically combined and their benefits and disadvantages discussed. Information networks are argued to help firms to innovate due to their capacity to distribute information supporting exploration and/or exploitation depending on the strength and the densities of the networks. The theoretical discussion outlines certain controversies about how such different strengths and densities influence information transfer

so as to provide alternative explanations for observed networks. Structural holes, in such information networks, are further argued to potentially restrict the information benefits of the networks. At the same time, the production structures of networks are argued to be capable of favouring and/or limiting firms' capacities to innovate depending on the strength of these production structures. Beneficial network structures are further argued to vary depending on industry specific characteristics and firms' needs for exploration, exploitation and for overcoming structural holes. Those considerations are related to the characteristics of the tourism experience and the particularities of tourism firms by applying 'network interpretations' of general economic-geography tourism literature. Tourism firms are theoretically argued to be in need of information supporting both exploration and exploitation for which the information structures of the tourism experience networks may be of importance. Additionally, different production network structures and their benefits and limitations are theoretically identified in the tourism experience innovation network and are argued to potentially provide both the benefits and the limitations of production network structures.

The theoretical discussions furthermore critically consider the geographical characteristics of innovation networks. Local networks are, at the general level, theoretically argued to provide firms with production as well as information benefits arising from the spatial proximity among firms. Such local networks may however need links to non-local networks which provide the local networks with important external information. It is further questioned whether local collective learning mechanisms provide similar benefits as local networks making these more or less irrelevant when compared with non-local networks. It is also questioned whether proximities other than spatial, such as economic, cultural and organizational proximity, make 'non-local proximity networks' more beneficial than local networks. Finally, it is questioned whether the existence of structural holes between local and non-local networks - or 'glocal holes' - can be overcome by the existence of local networks. Relating the considerations to the particular characteristics of the tourism experience and of tourism firms, theoretical arguments for and against local destination networks are put forward. On the one hand, the particularities of the tourism experience and the concentration of tourism firms on the tourist destination may be argued to naturally induce local networks which provide the benefits typical of such. On the other hand, it is hypothesized that tourism

firms located on the same destinations are either competitors with a lack of interests in cooperating or they are too economically distant to gain the benefits of local network relations. Non-local proximity relations among tourism firms are, from that last point of view, more likely to be observed than local networks are and they are more likely to provide innovation network benefits. It is further questioned whether such non-local proximity networks may be of a stronger character than local networks among tourism firms due to the abilities of strong networks to overcome the constraints of distance and because destinations, where diversity of firms is more important than homogeneity, may not be the natural setting for strong networks. It is, however, argued that different tourism experiences and their developmental history may result in different networks at different times of the history of the experiences. It is as such not believed that one specific type of network organization should always be found but rather that such networks will wary with the characteristics of tourism experiences. It is finally indicated that innovation networks may be just one element of many influencing innovation processes which may also be occurring at other 'levels'.

Providing arguments both in favour of and against the existence and the benefits of local destination networks, and arguing that networks may possess different geographical characteristics as well as indicating different interpretations of the information and production benefits of innovation networks, the theoretical approach is established as an open ended one not stating specific hypotheses, but rather providing explanations for different possible network configurations. As such the theoretical template has been established as a tool for understanding the observed. The observed consists of a case study of widely different tourism experiences, their innovations and innovation networks in rural destinations of the province of Malaga, Spain, and in the Costa del Sol, also in the Spanish province of Malaga. Summed up, the main conclusions of the case study are:

• The tourism firms of the case study are all innovative, though some more than others. No tourism firm has 'stopped innovating'.
• Local destination networks have been observed to be of a loose but dense character. Non-local networks are generally of a stronger but sparse character.

- Local horizontal competitive network relations are the only local network relations identified to be of importance for innovative activities. These are beneficial only because of their provision of explorative information. They do, on the other hand, not supply the tourism firms with the benefits/limitations of production networks nor do they provide the tourism firms with exploitation. The destination is, in this way, a place of exploration through loose horizontal competitive networks only. Other local networks have been identified but they are of no relevance for innovations.

- Non-local networks, in the form of vertical distribution networks, provide additional explorative information and, at the same time, a certain degree of information supporting exploitation, as well as they bring production benefits.

- Non-local horizontal chain networks mainly provide firms with access to exploitation and provide both the benefits and the limitations of production networks helping the tourism firms to innovate but, at the same time, preventing them from innovating 'on their own'. These relations furthermore limit the firms' local relations and make these irrelevant as information gained in such local relations can not be applied in innovative activities.

- Specific product development takes place in mainly non-local vertical network relations with suppliers of specialized inputs. In these relations, exploitation takes place and innovations carried through 'outside tourism' are further developed and accommodated to the needs of the tourism firms.

- Within the destinations, the tourism firms see each other as partners rather than as competitors despite the existence of both primary and secondary glocal holes (in the case of the Costa del Sol). The local networks have a role to play in this aspect as they seem to be partly responsible for providing an environment of trust and common understanding.

- Different firms have dissimilar networks of different geographical characteristics providing different innovation network benefits.

- The context of the networks - the tourism experience - is seen to influence the characteristics of the networks and their benefits. Elements of the experience influencing the networks are e.g. the characteristics of destinations and the importance of tourism in these, the individuality of the tourists and their preferences, as well as the characteristics of the tourism goods/services including the complementary offer

• Local collective learning mechanisms are seen to provide explorative information complementary to that provided by local networks, particularly in the Costa del Sol due to the characteristics of the mass tourism experience.
• Other learning mechanisms are important, in particular learning from the tourists and from the employees. This means that innovation networks become just one element of several in the innovation process.
• While the tourism firms' different innovation networks provide important but differentiated information and production benefits, they do not explain the differentiated innovative behaviour of tourism firms.
• A set of factors have been identified to be decisive for the differentiated innovative behaviour of the tourism firms. Such vary from one tourism firm to the other and consist of e.g. experience, dogmas, tourism demands and/or the characteristics of the tourism experience.

Dansk Resume

Titel:

Innovationsnetværk og turismeoplevelser

Betydningen af geografisk organiserede produktions- og informations-innovationsnetværk for innovationer af turismeoplevelser.

Denne afhandling fokuserer på turistvirksomheders innovationsnetværk. I nutidig innovationslitteratur bliver innovationsnetværk typisk argumenteret at være af betydning for innovationer i virksomheder. Da produktionen af turismeoplevelser afhænger af en række typer netværksrelationer mellem turistvirksomheder, er sådanne innovationsnetværk i denne afhandling antaget at være af betydning for innovationer i turistvirksomheder. Innovationer og innovationsnetværk har dog ikke i udpræget grad været genstand for forskning, til trods for at innovationer bliver argumenteret at være af stor betydning, også for turistvirksomheder. Denne afhandling forsøger at fylde dette hul i forskningen en smule.

Spørgsmålet om betydningen af innovationsnetværk i turismevirksomheder bliver analyseret gennem et case studie, for hvilket en ’åben’ teoretisk fortolkningsramme søger at give forklaringer på det observerede. I denne teoretiske fortolkningsramme bliver turisme-oplevelser konceptualiseret som resultatet af komplekse kombinationer og interaktioner mellem turister, turistdestinationer og turismegoder og -services produceret af turistvirksomheder. Innovationer af sådanne turismeoplevelser bliver relateret til turistvirksomhederne og opfattes som forandringer af turisme goders/services ’interaktions-scener’. Sådanne innovationer bliver på det generelle plan argumenteret at være betydningsfulde, grundet at turismen antages at undergå væsentlige forandringer i form af et langsomt og kontinuert ’fase-skift’ i den moderne turisme. Samtidig bliver det argumenteret, at sådanne innovationer altid er betydningsfulde for den fortsatte udvikling og overlevelse af specifikke destinationer og deres turistvirksomheder.

Den generelle teoretiske fortolkningsramme fokuserer på innovationsnetværkenes produktions- og informationsstrukturer. Fokus rettes specielt mod tætheder og styrker af informationsnetværk og mod horisontale og vertikale strukturer i produktionsnetværk samt mod sådanne produktionsnetværks styrker. Sådanne informations- og produktionsnetværk kan ikke adskilles i 'den virkelige verden', og de bliver derfor kombineret teoretisk, og deres fordele og ulemper bliver diskuteret. Informationsnetværk argumenteres at understøtte innovationer, da de distribuerer information af enten eksplorativ eller af mere specifik karakter, hvilket afhænger af netværkenes styrker og tætheder. Den teoretiske diskussion fremstiller visse kontroverser omkring, hvorledes sådanne styrker og tætheder influerer informationsdistributionen i netværkene for derved at give alternative forklaringer på de empirisk observerede netværk og deres fordele og ulemper. 'Strukturelle huller' i sådanne informationsnetværk bliver videre argumenteret at have potentialet til at minimere informationsdistribution i netværkene. Samtidigt bliver det argumenteret, at produktionsnetværk har potentiale til både at understøtte innovationer og at underminere muligheden for at innovere, hvilket afhænger af produktionsnetværkenes styrker. Fordelagtige netværksstrukturer argumenteres yderligere at variere afhængigt af industrispecifikke karakteristika og af virksomheders behov for eksplorativ og/eller mere specifik information. Disse teoretiske overvejelser relateres til overvejelser omkring turismeoplevelsernes og turistvirksomhedernes specifikke karakteristika identificeret i den generelle økonomisk-geografiske turismelitteratur, der bliver 'analyseret med netværks-brillerne påført'. Turistvirksomheder bliver bl.a. teoretisk argumenteret at have behov for både eksplorativ og for mere specifik information. Derfor bliver turistvirksomhedernes netværk af betydning for virksomhederne. Derudover bliver forskellige produktionsnetværksstrukturer mellem turistvirksomhederne identificeret, og deres potentielle fordele og ulemper bliver diskuteret.

De teoretiske diskussioner vurderer yderligere kritisk innovationsnetværkenes geografiske karakteristika. Lokale netværk bliver på det generelle teoretiske niveau typisk argumenteret at bringe virksomheder adgang til fordelene fra produktions- såvel som fra informationsnetværk, og sådanne fordele argumenteres at være relateret til den rumlige nærhed mellem virksomhederne i netværkene. Sådanne lokale netværk har imidlertid deres begrænsninger, og derfor må de være knyttet til ikke-lokale netværk, der giver adgang til betydningsfuld 'ekstern' information. Det bliver i afhandlingen vurderet, hvorvidt kollektive

læringsmekanismer giver adgang til lignende typer information som de lokale netværk, og hvorvidt sådanne lokale netværk dermed er overflødige. Det bliver ligeledes vurderet, hvorvidt andre 'afstande' end rumlig afstand, såsom økonomiske, kulturelle og organisatoriske afstande, resulterer i, at 'ikke-lokale nærhedsrelationer' er mere fordelagtige end lokale netværksrelationer. Det bliver endeligt vurderet, hvorvidt de negative konsekvenser af strukturelle huller mellem lokale og ikke-lokale netværk - eller 'glokale huller' - kan elimineres gennem oprettelsen af lokale netværk. Ved at relatere disse overvejelser til de specifikke kendetegn af turismeoplevelser og turistvirksomheder, bliver teoretiske argumenter for og imod eksistensen af lokale turistdestinationsnetværk fremført. På den ene side argumenteres det, at turismeoplevelser og koncentrationen af turistvirksomheder på turistdestinationerne naturligt inducerer lokale netværk, der giver adgang til sådannes typiske fordele. På den anden side argumenteres det, at turistvirksomheder lokaliseret på samme destination enten er konkurrenter, der ikke ønsker at samarbejde, eller er for forskelligartede til at opnå fordele af sådanne netværkssamarbejder. Ikke-lokale nærhedsrelationer mellem turistvirksomheder bliver ifølge det sidstnævnte argument mere antagelige, og det er mere sandsynligt at de bringer netværksfordele. Det bliver ydermere vurderet, hvorvidt sådanne ikke-lokale nærhedsrelationer er af en stærkere karakter end lokale destinationsnetværk, grundet stærke netværksrelationers mulighed for at overkomme begrænsningerne ved rumlig afstand, og fordi destinationer, hvor diversitet mellem virksomheder er vigtigere end homogenitet, måske ikke er det naturlige sted for stærke netværk. Det bliver dog argumenteret, at forskellige turismeoplevelser og deres udviklingshistorie kan resultere i forskellige netværkskonfigurationer. Det bliver derfor ikke antaget, at én specifik netværksorganisatorisk form altid vil blive fundet, men derimod at netværkene vil variere med turismeoplevelsers karakteristika. Endeligt bliver det indikeret, at innovationsnetværk sandsynligvis blot er en blandt mange faktorer, der påvirker innovationsprocesser, som også kan foregå på andre 'niveauer'.

Gennem tilvejebringelsen af argumenter både for og imod eksistensen og fordelene af lokale destinationsnetværk, og ved at argumentere, at netværk besidder varierende geografiske karakteristika, samt ved at indikere forskellige fortolkninger af informations- og produktionsfordelene ved innovationsnetværk, resulterer den teoretiske indfaldsvinkel i en åben fortolkningsramme, der ikke fremfører specifikke hypoteser, men som derimod tilbyder

forskellige forklaringer på forskellige mulige netværkskonfigurationer. Den teoretiske fortolkningsramme er som sådan etableret som et værktøj til at forstå det observerede. Det observerede udgøres af et casestudie af vidt forskellige turismeoplevelser, innovationer heraf, og deres innovationsnetværk, på rurale turistdestinationer i provinsen Malaga i Spanien og på turistdestinationen Costa del Sol, ligeledes lokaliseret i provinsen Malaga. Opsummeret er de væsentligste konklusioner på case studiet de følgende:

• Turistvirksomhederne i casestudiet er alle innovative, nogle mere end andre. Ingen turistvirksomhed er 'holdt op med at innovere'.
• Lokale destinationsnetværk er blevet observeret som værende af en løs men tæt karakter. Ikke-lokale netværk er generelt af en stærkere men mindre tæt karakter.
• Lokale horisontale netværksrelationer er de eneste lokale netværksrelationer, der er af betydning for innovationsaktiviteter. Disse er fordelagtige udelukkende på grund af, at de giver adgang til eksplorativ information. De giver på den anden side ikke adgang, hverken til fordelene/ulemperne ved produktionsnetværk, eller til mere specifik information. Turistdestinationen er på denne vis udelukkende et sted, hvor eksplorativ information distribueres i horisontale netværk. Andre typer lokale destinationsnetværk er blevet identificeret, men disse har ingen relevans for innovationer.
• Ikke lokale netværk i form af vertikale distributions netværk giver adgang til yderligere eksplorativ information og samtidigt til information af en delvist mere specifik karakter, ligesom de ydermere bringer produktionsnetværkets fordele
• Ikke-lokale kæde-netværksrelationer giver først og fremmest adgang til specifik information samt til produktionsnetværkets fordel såvel som ulemper. De hjælper således virksomhederne til at innovere, men begrænser samtidigt deres muligheder for at innovere selvstændigt. Disse relationer begrænser ydermere virksomhedernes lokale relationer og gør disse irrelevante, da den information, som disse giver adgang til, ikke kan anvendes af virksomhederne i innovative aktiviteter.
• Specifik produktudvikling finder sted i hovedsageligt ikke-lokale relationer med leverandører af specialiserede inputs. I disse relationer finder produktudvikling sted og innovationer introduceret 'udenfor turismen' bliver videreudviklet og rettet mod turistvirksomhedernes behov.

• På turistdestinationerne ser turistvirksomhederne hinanden som partnere frem for som konkurrenter, på trods af eksistensen af glokale huller (på destinationen Costa del Sol). De lokale netværk synes at spille en rolle herfor, eftersom de er delvist ansvarlige for eksistensen af et miljø karakteriseret af tillid og fælles forståelse mellem virksomhederne.
• Forskellige virksomheder har varierende netværk med forskelligartede geografiske karakteristika, og disse giver forskelligartede innovationsnetværksfordele.
• Netværkenes kontekst - turismeoplevelsen - ses at influere netværkenes karakteristika og deres fordele. Oplevelsernes karakteristika, der ses at influere netværkenes karakter, består bl.a. af destinationens karakteristika og betydningen af turismen heri, turisternes individualitet og deres præferencer samt turismegodernes/servicenes karakteristika inkluderende udbuddet af komplementære goder/services.
• Lokale kollektive læringsmekanismer ses at give adgang til eksplorativ information, der er komplementær til den der gives adgang til via netværkene, specielt i destination Costa del Sol grundet masse-turismeoplevelsens karakteristika.
• Andre læringsmekanismer er af betydning. Disse er først og fremmest relateret til turisterne og til medarbejderne i virksomhederne. Det betyder, at innovationsnetværkene er blot en blandt mange faktorer af betydning for innovationsprocesser.
• Mens, på den ene side, turistvirksomhedernes forskelligartede innovationsnetværk giver adgang til vigtige og differentierede fordele, formår de, på den anden side, ikke at forklare turistvirksomhedernes forskelligartede innovative karakteristika.
• Et række faktorer er blevet identificeret som værende af betydning for virksomhedernes differentierede innovative karakteristika. Sådanne varierer mellem virksomhederne, og består for eksempel af erfaring, dogmer, turisternes efterspørgsel og/eller destinationernes karakteristika