

Learning and Strategic Innovation in Tourism Management

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Abstract: Conventional approaches to strategic management propose simple product and price tactics that managers can follow after undertaking a sophisticated analysis of a firm's competitive position. The present paper argues that firms operating within volatile and unpredictable systems ought to review the positioning landscape. They should conceive strategic choice as alternative options for learning about a firm's environment and about how to transform it. It is possible to establish a number of generic learning strategies (non-deterministic by design) based on basic tradeoffs between types of knowhow that firms can choose to create or acquire. This is especially important, as volatility and diversity seem to constitute inherent and enduring attributes of tourism industrial systems. Then, business strategy in tourism ultimately involves the ability to develop or acquire competencies to experiment with alternative learning methods. Consequently the positioning of tourism firms takes place at the innovation level rather than in terms of pricing or market segmentation.

Keywords: Tourism Management, Strategic Planning, Innovation

Introduction

Tourism management has in the last few years sufficiently evolved to make it possible to contrast emerging theoretical difficulties and link them to previous, already identified concerns in the general business strategy literature. While many such problems have already been identified elsewhere, they present a special interest when applied to tourism. This is partly related to the long-standing contention that the services sector is considered distinct and used as a justification for the development of specific management methods adapted to services supply (Thomas 1978). The fact that tourism has become, for better or worse, a symbol of globalization and of a new age in trade and socio-cultural relationships constitute supplementary reasons to explore the theoretical foundations of traditional models of business strategy applied to tourism. From the viewpoint of tourism industry participants it is clear that the study of managerial approaches capable of enhancing competitiveness, of determinants of competitive advantages of firms, industries and destinations ought to constitute a subject of critical importance (Ritchie and Crouch 1993).

The Evolution of Strategic Perspectives

For the sake of evaluating strategic business models associated with tourism, it is useful to attempt a summary categorization of existing generic approaches

to strategy. This serves to demonstrate not only that existing strategy models associated with tourism are hardly specific or unique to the field but also that the complexity of the tourism phenomenon and the diversity of situations and behaviors which characterize it have allowed an equally diverse range of theoretical interpretations. This situation has promoted the formulation of diverse and often contradictory predictions regarding the development of tourism firms, industrial sectors and broader economic structures. The present paper warns against the premature adoption of standard models of strategic management applied to the tourism context especially when the latter assume the convergence of behaviors and industrial structures and underestimate the central effect of diversity in that system. Its main aim is to argue against models of tourism firms (and destination strategies) which identify sources of competitive advantage against an assumed background of behavioral convergence and institutional stability.

Traditional strategic planning models portray firms as entities capable of charting their market positions, usually defined with respect to a relatively well specified market segment or product range. Pre-Porter types of strategy analysis, such as the Boston Consulting Group grid, the product/market matrix or the PIMS model (see Karlof 1989 or Stern and Stalk 1998), rely on the assumption that competitive forces constrain firms to survive by identifying appropriate market-product choices. While this uncovers more possibilities than neoclassical theories of industrial organization in which firms can only choose their price or output, the underlying postulate is that the technological environment is stable and remains given. Porter (1980) broadened the perspective slightly to portray business strategy as a choice between marketing alternatives in which product substitutability and barriers to entry constitute the environmental context (Porter's "five competitive forces") and in which a number of generic strategies are identified. In a nutshell, competitive positions occupied by actual and potential competitors determine the most appropriate product-market portfolio for a firm. They determine whether it ought to adopt the strategy of a "cost leader", of a differentiated producer or of a specialized niche market exploiter. The technological environment is still exogenously given and firms can modify their strategic positions when change takes place, but not by creating change. Interestingly, Porter emphasizes the need to choose a position (and undertake consistent marketing choices) while prior portfolio approaches aimed at establishing a balanced portfolio. Yet both suggest that their application is sufficiently general to sustain performance for all firms.

In the last few decades, business academics have adopted a broader and more sophisticated approach to strategy based on theoretical foundations proposed

earlier by unorthodox economists. Early insights on the economics of competencies (Penrose 1959) or capabilities (Richardson 1972) have been extended to strategic management. Competitive advantage has become associated with the development and differentiation of technological and market resources and the ability to maintain a coherent mix of technological knowhow and market strategies (Foss and Knudsen 1996, Hamel and Prahalad 1994). In that context, strategic management allows the reconfiguration of capabilities to develop technological paths or market investments ignored by competitors or even to develop radically new mixes of technical and marketing knowhow. This approach is more genuinely “strategic” to the extent that the firm is even less dominated by its environment and has more discretion with respect to a broader spectrum of variables. This necessarily implies that strategy is not deterministic and depends on managerial perceptions regarding the likely developments of technological knowhow and market trends. Moreover, the ability to match developing capabilities with potential market positions is necessarily hazardous as firms need to choose between attempting to create these capabilities themselves or contracting and buying them from other organizations. There is no clearly dominating strategy since business organizations face large numbers of alternative configurations of capabilities and market development choices, even within a given, well-defined industry. When technological change is pervasive and its development even more unpredictable, business firms can be represented as experimenting with various technological and market configurations, and strategy becomes the art of innovative matching between resources and opportunities.

Yet, the ability to undertake such successful matches does not depend purely on chance and is enhanced by a superior understanding of (and ability to implement) the development of both market and technological knowhow. Penrose (1959) and Richardson (1972) provided valuable clues regarding the “organization of knowledge” and the principles that would affect the ability of business organizations to transfer, absorb or develop themselves bundles of technological knowhow. A useful starting point is to note that it is possible to map these bundles with respect to the degree of “similarity” between them; the implication being that it is easier for a firm to develop knowhow similar to that on which it already depends in its core activities. For instance, an hotel is likely to consider developing new activities connected with hospitality (say the development of a restaurant or meetings and conventions) because the acquisition of the latter does not involve too great a stretch of its existing skills or technological base. In contrast, it is also possible to connect various bundles of knowhow from the point of view of their “relatedness”, the extent

to which they need to be assembled when consumption bundles -or products- are marketed. The production of air transportation services for instance requires fairly dissimilar capabilities (sometimes separated and contracted out) ranging from complex logistics and route design knowhow, highly efficient human resources development ability to the provision of sophisticated marketing competencies depending partly on the development of computer technologies and the promotion of Frequent Flyer Programs. This often extends to the ability to train ground and flying staff to offer (or contract) a number of hospitality-like services at the customer interface. According to the more recent competency-based approach, business strategy involves therefore contrasting and choosing between alternative technological directions, possibly combining the development of both production and consumption technological knowledge. An expanding national air carrier could consider alternative strategies such as entering other transportation markets (say the regional air transport market or rail transportation) if it believed that it could hold a competitive advantage from developing capabilities similar to those it already holds or providing an innovative array of services. The latter could arise from its logistical capabilities, with scale economies linked to computer reservation technologies or with its ability to better use database knowhow and access knowledge about regional or national market needs. Alternatively, it might consider investing in hotels, tour developments or retailing, all activities which are less similar but which are worth considering on the basis of scope economies in packaging as well as the transferability of market knowledge across activities. New ways of combining dissimilar services by exploiting such market knowhow would constitute product-market (rather than process) innovations.

Recent thinking on business strategy acknowledges greater discretion of managerial decisions and features centrally the notion of entrepreneurship. Generic strategies can still be described and provide useful insights to practitioners but the technological environment is necessarily depicted as difficult to predict and endogenous to the extent that firms themselves (and other institutions involved in the management and creation of knowledge) can shape it to a certain extent. This suggests a model of the "learning firm" where competitive advantage depends on the ability to learn about one's technological environment, and on one's capability to develop the right sorts of capabilities for appropriately identified market opportunities. Generic strategies do not only recognize the diversity of environments and the unpredictability of the technological context. It reflects choices between types of knowledge, in particular technological and market-based knowhow. It also addresses the decision to produce, contract or purchase these capabilities. As these choices involve experimentation with various learning strategies, it is

clear that actual models can not pretend to determine optimal development paths, but rather they help understand how technological paths, market knowledge and business strategy co-evolve in an volatile environment.

Entrepreneurship And Learning Strategies

This section furthers the view that firms can be conceptualized as deliberately investing in learning strategies and adds that they might acquire a certain degree of competency in doing so. Such an approach assumes that decision-makers are best portrayed as aware of their limited rationality, of the unpredictability of their environment and of the fact that their own decisions will impact on that environment and shape it to a certain extent (Loasby 1991 as well as Langlois and Robertson 1995 developed these ideas while applications to tourism are explored in Tremblay 1997, 1998). Entrepreneurs do not merely calculate optimal strategies in given environments (in the way neoclassical economic theory represents managerial decisions) nor follow recipes in the way portrayed by earlier strategic planning models. Instead, they attempt to understand, imagine and sometimes shape the evolution of technological capabilities inside and between industrial fields. The ability to invest and take advantage of such knowhow can be described as meta-strategy critical to competitive advantage. The learning competencies entrepreneurs or strategists accumulate with respect to alternative knowhow acquisition methods determine the long-term survival of specific organizations

Traditional economic notions of opportunity costs are still relevant. For one thing, learning -like other economic activities- involves the utilization of scarce resources which could otherwise be invested in alternative uses. More importantly for the present argument, alternative forms of learning can be contrasted and provide useful insights for the sake of analyzing the evolution of the tourism system. In the previous section, it has already been suggested that an interesting tradeoff exists between investments in new technical knowhow (often referred to as process technologies or innovations) and in market knowhow (sometimes referred to as consumption technology or product innovations). The two types of learning are quite different. The first usually involves the concentrated and accelerated development of generic or process-related knowledge in which scale and cumulative time economies play a critical role. Success in the market place is, in this case, associated with the reduction of production costs and/or development of technological standards ahead of rivals (while generating multiple slightly differentiated products or applications). Innovations in the development of market knowhow and the design of more radically different products on the other hand require different organizational architectures and cultures (Dougherty 1990, G.S. Day 1994,

Sanchez 1995 and Mowery, Oxley and Silverman 1996). For instance, organizational modularity and flexibility are deemed necessary for the sake of predicting changing consumer motivations and adjusting to emerging tastes (Langlois and Robertson 1995). One main implication is that some degree of learning specialization is likely to take place within any organizational unit, including the firm level. Within the broad and diverse tourism community, it should be possible to observe divergence and complementarity with respect to learning strategies leading to different mixes of technical and market knowledge among organizations.

There are also opportunity costs associated with investments in specific learning channels. Penrose and Richardson portrayed firms coordinating complex activities and choosing which capabilities they'd rather produce themselves and which to acquire in their environment. The market can provide much of the needed standardized resources while specific business relationships and alliances are needed for dedicated investments involving novel capabilities. Firms need to choose not only between alternative learning channels (along the spectrum internal-alliances-market) but also between collaborating partners. Investing in inter-firm cooperative linkages constitutes a costly activity which has the potential to generate desirable long-run profits if appropriate partners are chosen. The strategic competency of the firm stems from the recognition that a single organization can not dominate all technological fields and therefore must attempt to predict which types of knowhow it ought to master itself, which fields hold the greatest potential for radically new innovations and which channels and partners hold the key to critical complementary knowledge assets.

Inter-firm alliances can also be crucial in maintaining market intelligence and for the sake of evaluating the performance of collaborators and potential competitors. But at a deeper level, inter-firm relationships often constitute the key to both stability and change. The role that inter-firm networks play in stabilizing economic activity at the heart of Richardson's contribution stems simply from the need for firms to plan in a context of genuine uncertainty. Stability is reinforced by firms exchanging information about their production plans and by ongoing negotiations regarding technological expansion. Inter-organizational alliances can then be seen as critical for innovators attempting to diffuse their ideas and convince potential users of their merit (Silver 1984).

In a possibly paradoxical manner, inter-organizational collaboration also plays a critical role in producing revolutionary change by triggering radical innovations. This can be explained by the fact that the mixing of ideas and organizational cultures has the ability to bring together diverging or conflicting

viewpoints which eventually stimulate themselves new ideas. It has been argued that the interaction of diverse agents favors the generation of radically new thoughts as long as these agents have invested in communication channels permitting high-level dialogue (Loasby 1991:56). While the absence of investments in communication channels and exchange networks would prevent the required collision of ideas, excessively rigid linkages (such as those involving traditional top-down hierarchies) are likely to frustrate the flexibility required for experimentation with dissenting viewpoints. Industrial clusters typically bring together networks of firms (and other organizational forms not discussed in this paper) with varying degrees of collaboration and spontaneity, which evolve intermediary levels of structure located between markets and hierarchy. The evolution of both industrial clusters and firms depend on the ability to mix adaptive learning and experimentation. While the modern competency-based approach to strategic choice does not suggest deterministic scenarios for either organizational levels or units, it advances a number of learning meta-strategies holding the potential to explain long-term competitiveness.

Strategic Planning In Tourism Business Firms?

The ideas summarized in the preceding section have had an impact on tourism marketing and management, if not in actual practice at least in academic writings. It is possible to identify authors who have promoted the application of traditional strategic planning in the sectors of tourism and hospitality (Chon and Olsen 1990, Flautre 1986, Reichel 1983, Schwaninger 1986, Tribe 1995, Wyckoff and Sasser 1981). Business strategy has too often been presented as a *panacea* capable of putting an end to repeatedly identified volatility in the environment of the tourism firm. The implicit assumption made in those writings is that planning can overcome such undesirable turbulence and that investments in planning procedures ought to generate economic rents. The tourism sector is indeed portrayed as immature when systematic market positioning does not take place (as promoted by the Boston Consulting Group, the Shell or the PIMS models) and no corresponding price-product differentiation tactics accompany it (as suggested by Porter-like models). In that interpretation, strategic planning allows the firm to isolate itself from the surrounding turbulence, sometimes by imposing stability on its environment and other times by allowing firms to isolate themselves and confront only recognizable and manageable parts of that environment. Maturity always seem to imply stability and convergence.

There is little empirical evidence that the adoption of strategic planning makes much difference on performance in tourism (Athiyaman 1995; Athiyaman and

Robertson 1995; Gilbert and Kapur 1990). Often, adoption and access to superior marketing and management methods has been presented as a source of competitive advantage for large firms operating in international tourism (Lanfant 1980, Simier 1990). If the early adoption of strategic planning methods clearly held such potential for profits, it would be possible to observe and document the development and domination of large industrial groups specialized in tourism capable of exploiting their strategic planning capital. This remains to be shown (Tremblay 1997).

It is interesting to contrast and evaluate the implications of a relatively well known "new tourism" paradigm in terms of its implications for strategic management. Poon (1988, 1993, 1994) and Michaud (1992) identify an obsolete model of tourism development based on old-fashion mass production and product-retail standardization. While these principles might have played a useful role in the establishment of an appropriate institutional context for tourism production and marketing, these authors argue that they are outmoded and can no more constitute sources of competitive advantage in tourism. According to Poon, competitiveness in the new tourism context involves product differentiation, market segmentation, customization and the generation of new products. One must note that the presentation of the argument does not really constitute a rupture with the Porterian approach since it corresponds to his "differentiation" and "niche" generic strategies. In fact it could even be argued to be a regression to the extent that Porter at least presented the possibility that various firms ought to choose different alternatives on the basis of their existing competitive positions. Rather paradoxically, Poon presents the mutation towards new tourism as a mass phenomenon itself applying globally and implying convergent business recipes. She presents a number of new "best practices" presumably holding the key to success in the field of tourism.

Yet the very timely and useful trends observed by Poon can be given a different interpretation. They might be viewed as constituting a partial shift between learning strategies. In the terminology developed in the previous section, new tourism can be viewed as a limited transition towards the acquisition and exploitation of market knowhow and a shift towards product learning, away from process-driven technological development. This is supported by the late recognition that in the services sectors, it is less difficult to appropriate economic rents associated with product innovations than with process knowhow (Lanquar 1976; Michaud 1992). This is believed to be due to the fact that process innovations can be too easily reverse-engineered and replicated

while knowhow based on specific locations and markets can be more easily protected from rivals. The benefits associated with strategic thinking in that context arise more from the broadening of perspectives on relevant learning avenues open to the firm (Moutinho, Rita and Curry, 1996: 109) than from the arguably erroneous suggestion that all firms ought to pursue product differentiation or niche strategies and abandon standardization. Strategic thinking is useful when conceived as a sway to experiment with respect to multiple knowhow acquisition methods.

It is deemed dangerous to interpret the growth of prosperous flexible firms as the result of an all-encompassing philosophy “capable of generating unending profit opportunities” (Poon 1994:92). The notion that firms are in the process of converging towards flexible products and production processes is as doubtful as were earlier suggestions that horizontal and vertical integration would transform the tourism industrial landscape by converting small and fragmented business enterprises into giant tourism corporations (suggested by Baretje 1969 and Lanfant 1980). Beyond the observation that transforming cultural and institutional environments can still make both types of strategies viable, it is worth considering Cazes’ (1989) description of structural dualism reflecting ongoing corporate integration flows leading to increasing industrial concentration in given markets and locations and the simultaneous creation and survival of large numbers of small and medium firms exploiting market niches and often adopting flexible product and market strategies.

Innovation Positioning as Tourism Strategy

Given the importance which has been given to the role of environmental volatility in shaping business strategy for tourism firms, it is necessary to attempt a description of the main sources of diversity in the tourism system. The tourism literature usually describes two sources of turbulence. First, much attention is given to external factors such as changes in information and communication technologies which have developed in large part outside of the tourism system but have generated radical innovations both at the process and product levels. In contrast, internal sources of volatility include the nature of tourism motivation and its shaping by socio-cultural mores and fashions. The role of novelty in the tourist experience and its connection with the production of diverse experiences and products have been documented (Botterill 1986, Goodall, Radburn and Stabler 1988; Parinello 1993; Urry 1990). But its critical role as an internal trigger to product volatility and its ability to disequilibrate tourism demand and supply has not been sufficiently examined (apart from Poon 1993 which establishes a correspondence between the new

consumers, the new technologies and product innovations). The notion that the internal drive for novelty might indeed prevent the standardization of consumption and production technologies appears in Tremblay 1997.

The above arguments show that many areas of knowledge growth need to be screened and interpreted by firms attempting to develop the intelligence capabilities required to understand the changing nature of their business environment (these ideas could well apply to tourism destinations and broader organizational groupings but are here limited to individual firms). For instance, the development of generic information technologies follows a trajectory in large part independent from its applications in the tourism system. Sometimes the applications affect the processes of bundling, logistics or distribution within the tourism production technology and remain invisible to final users and consumers. Other times they generate new products which become critical elements of competitive advantage for tourism businesses. Frequent Flyer Programs constitute a good example of a derived application and product of information technology (in fact they emerged from the possibilities opened by the development of computer reservation systems) which transformed the marketing and branding of air transport services beyond the actual developers' expectations (Mowlana and Smith 1990).

But the most fundamental and critical impact of these generic technologies from the viewpoint of business strategy have been linked with the transformation of functional and corporate boundaries within the tourism system (see Poon 1993: chap.7 and Hjalager 1994). Although highly feared and expected, these adaptations have been difficult to comprehend and almost impossible to predict. Some analysts foresaw a very unequal access to these generic technologies (or at least an unbalanced ability to exploit them) and dreaded their appropriation by larger groups or conglomerates which would come to dominate the tourism system (Lanfant 1980, Simier 1990). Others prophesied the exact opposite arguing that information technologies held the promises of a democratization of access to strategic information for individual travelers and for firms, capable even to break off traditional advantages associated with scale economies. It would be difficult and most probably futile to attempt to identify an aggregate impact dominating unilaterally the development of the tourism system. This would also contradict the view that technological trajectories and institutional environments remain specific to places and cultures. Overall it seems excessively difficult to assess the extent to which information technologies will affect the convergence of tourist-consumer motivations and whether this would lead to standard organizational structures. As yet, very few global trends about industrial structures and

organizational strategies can be identified which apply across national spaces and visitor origins (Houghton and Tremblay 1994, Tremblay 1997).

The lack of guidance available from the simple observation of broad developments within the tourism industrial system does not preempt any role for strategic business management. If it means that firms must be suspicious towards grand predictions of technological convergence and industrial concentration (as in Lanfant 1980, Cazes 1989 and Simier 1990) or generalized product differentiation and market segmentation taking advantage of a democratic infostructure (as in Bressand, Distler and Nicolaidis 1989 and Poon 1993), it does not mean that they are doomed to only react to unforeseen changes. Instead it means that they need to develop local intelligence with respect to technological developments and to invest in learning through experimentation. Rather than attempting to position themselves with respect to existing market segments or products, tourism firms need to identify "innovation positions" in the strategic innovation landscape. This requires that innovation processes within the tourism context be documented and better understood, a requirement stated by Lanquar (1976) and more recently addressed by Hjalager (1994).

Innovation, Learning Strategies and The Tourism Commodity

This section explores the possibility of linking the objective of developing generic strategic positions for tourism firms with the observations made in the previous sections on the forces shaping the division of knowledge in tourism. As should become clear from the portrayal of the system found in the tourism and services management literatures, the focus is directed towards the choices managers and/or entrepreneurs face in unpredictable circumstances. Unpredictability stems from complexity (the fact that there are multiple-simultaneous trends difficult to forecast and interpret with respect to changing tourist behaviors and with respect to the evolution of generic information technologies) and from novelty, the latter reflecting inherent forces destabilizing that system. It was argued earlier that the learning firm must consider and evaluate various methods to acquire or transform capabilities. The internal production of tourism research for instance can be contrasted with contracting out market intelligence or the establishment of collaborative ventures and research partnerships to screen new market tendencies or test new products or technologies.

In theory, various types of tourism knowhow could also be differentiated in terms of belonging more closely to the category of product vs process innovations although it is often difficult to distinguish them in the context of

tourism and to attempt generalizations on that basis. It is more typical when considering innovations in tourism to consider the development of new products because, as was argued in the previous section, processes often seem to be controlled outside the domain of tourism. The realization that information and telecommunication technologies are triggering fundamental transformations in tourism has led to the creation of a research agenda now specialized in exploring the interaction of these two dynamic systems (Tjoa 1997). Only when socio-economic institutions such as reputations, brandnames or organizational cultures are developed is it in general possible for tourism and hospitality firms to appropriate the benefits of firm-specific process innovations (Lanquar 1976, Casson 1982). But this does not make the need to acquire the relevant intelligence about external technological developments and their potential to transform distribution channels and marketing paradigms less urgent.

For any single firm, the choice between the types of knowhow to invest in and the methods of learning remains a gamble based on perceptions about the evolution and control of technological knowledge and one's relative position in the knowledge-creating game. The complexity of the tourism product is often portrayed as the outcome of an insufficient degree of standardization of its services and poor applications of strategic planning and marketing. Such criticisms reflect a desire to apply methods and recipes which have sometimes proven fruitful for other industries with much less diversified and volatile technological environments. It is important to recognize that tourism is more akin to a "proto-commodity" (the term stems from Andersen 1991 and has been applied to emerging commodities associated with high-tech industries) which reflects the lack of specification of both the consumption and the production technology associated with its various products. Diversity in production technologies is more widely acknowledged and itself often associated with the futile complaint that tourism is excessively fragmented. In many ways the lack of production standards reflects both the diversity of needs and motivations as well as the unequal penetration of numerous competing technologies. The absence of a standardized consumption technology on the other end does not refer to the degree of product differentiation but to the variety of ways in which tourist-consumers conceptualize the tourism product, hence the diversity of motivation and behaviour.

When firms and other organizations create or acquire new capabilities embodying technological processes or knowhow about market trends, they can in some cases reinforce the process of standardization or counteract it by challenging existing product specifications. In the first scenario, it is possible

to imagine the formation of a generic tourism product involving a convergence from either of or both the consumption and the production sides of the equation. Convergence from the production side would involve increasingly homogeneous methods of production, technology applications, functional differentiation and quality standards. Consumption-based convergence on the other hand would imply that consumers increasingly adopt similar criteria for evaluating tourism products and recognize a small number of stable motivations for travel. Automobiles can be considered a fairly standardized commodity despite large amounts of product differentiation because most consumers use a fairly small and predictable set of criteria to evaluate products. The motivations and decision-making processes leading to the ownership or purchase of cars are well understood and quite stable over time. Tourism motivations, decisions and product attributes are far from stable in that sense.

If product or technological convergence were to dominate the future of tourism, positioning would mainly be based on the exploitation of scale economies and the generation of economic rents from competitive advantage in the development of process technologies as well as the ability to produce differentiated product-packages or exploit niche markets based on privileged access or production of market knowhow.

But there is little evidence that such convergence is taking place and the strategic domain remains excessively broad. Moreover, the actual production of new capabilities linked with process and product innovations has the power to create further divergence in the system and bring production or distribution technologies and consumer motivations and behaviors even further from any standard tourism product. In the latter case, the major strategic choice of the firm remains that of deciding on the amount of flexibility and experimentation it is willing to invest in, and the manner and direction in which it believes it should develop its learning enterprise.

Conclusion

This paper suggests a framework for the development of strategic thinking in a tourism system depicted as diverse and turbulent. It implies that tourism entrepreneurs ought to conceptualize their strategies in terms of alternative approaches to knowhow- or capabilities- creation with the potential to determine competitive advantage. While volatile internal forces (in the form of unpredictable and excessively diverse tourist motivations and behaviors) and prominently exogenous technological forces (in the form of rapid growth in communications and information technologies) prevent analysts from making reliable and universal predictions concerning the future of tourism

technological environments, it is possible to suggest generic strategies applicable to tourism firms in terms of innovation or learning alternatives. The more turbulent the environment, the more likely tourism entrepreneurs will need to consider the relative costs and benefits of maintaining their own flexibility (so as not to be excessively taken by surprise if their own predictions turned out to be fallacious) with those of attempting to increase the coherence of the system and impose their own technological standards. The more turbulent the environment, the more varied strategic directions these same entrepreneurs will also have to consider.

It is useful to describe these strategic alternatives as choices between learning methods. Tourism firms can therefore be portrayed as evaluating the relative costs and potential benefits arising from a number of learning channels ranging between internal production of knowhow and its acquisition through market relationships. It is also possible to depict critical choices between areas of knowhow which involve dissimilar learning processes. While tourism business strategy ought not to suggest that one area is preferred to another, it surely can play a critical role in identifying relevant areas of concern and strategic alternatives. It suggests that firms acquiring competencies in specific learning methods and areas of knowledge will also economize resources comparatively to firms which randomly acquire intelligence about their environments. Competencies in learning capabilities is the suggested paradigm for tourism meta-strategy. Firms capable of imagining and contrasting many technological futures will acquire a higher degree of control over the resulting division of knowledge. This means that strategic positioning in the tourism environment ought to emphasize the shift towards proactive knowledge creation and experimentation. Firms limited to positioning themselves with respect to pre-defined market segments or conventional technological processes might be left behind rather than participating in shaping the evolution of the capricious tourism proto-commodity.

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