INNOVATIONS IN SELLING TOURISM PRODUCTS AND THEIR IMPACT ON THE EFFICIENCY OF THE ACTIVITY OF TRAVEL AGENCIES AND SUSTAINABILITY

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Abstract
Tourism plays an important role in any country's economy, and innovations in selling tourism products represent a key-factor in the obtaining of the competitiveness and business sustainability of travel agencies. However, research in innovation in the activity of agencies dealing in the production and trading of tourism packages or/and their components is relatively limited. In this paper, we make a diagnosis of the achievements of travel agencies in Romania regarding innovations in selling tourism products, their type and their impact on the economic efficiency and sustainability of the activity and on the increase of the quality of services and client satisfaction. Based on ample documentary study, the paper presents the opinions of specialists and the results of previous research referring to the contents and typology of innovations related to the specific of the travel agencies, mostly small and medium sized enterprises, and in relation with the features of tourism products. In the last part of this article, we investigate with the help of direct market research the behavior of travel agencies related to the innovation activity in Romania, the types of innovations used in tourism services, as well as the impact of the various types of innovations on the efficiency of the activity of travel agencies. Research has shown that innovations in the diversification and renewal of tourism products and of the processes of organization, trading and promotion of tourism services have a very important impact on the efficiency and sustainability of the activity of travel agencies. The results show that the sector of travel agencies favors mostly incremental innovations and especially the introduction of new informatics systems, for booking, ticketing and management.

Keywords
Travel agency, selling tourism products, tourism innovations, the efficiency of innovations, sustainability of travel agencies business

JEL Classification
D11, D18, M31

Introduction

Tourism currently represents, for more than a billion people all over the globe, an important need both for business, as well as for leisure, recreation and holidays, visiting relatives and friends, or for other reasons, like the religious ones, medical treatments and others.

According to the statistics of the World Tourism Organization - UNWOT, 2014, at the end of 2013 tourism represented 9% of world GDP and 9% of active labor force, accounting for 6% of world exports (Popescu, 2014).

The development and diversification of tourism supply and demand force travel agencies, whose main object of activity is organizing and selling tourism services packages or their components, to innovate so as to survive in an environment characterized by increasing competition at a national and international level.

The opinions of specialists regarding innovation in the services sector, and especially in tourism, vary. They rank from contesting the importance of innovation in industries of services non-intensive in knowledge, like tourism, as innovation is often related to science and technology (Mei, Arcodia & Ruhansen, 2012) to the acknowledgment of innovations in modernizing processes, product diversification and improving information technology in the tourism industry as key-factors of success (Camison & Monfort-Mir, 2012). At an international level, the idea that, with a view to surviving in an increasingly competitive global environment, companies in tourism, especially smaller ones, must differentiate themselves from the competitors by using the means of innovation, gains an ever growing importance (Cosma et al., 2014).

In this context, the goal of our study is investigating the current stage of the achievements made by travel agencies in Romania regarding innovations in selling tourism products, their nature and their impact on the efficiency and sustainability of the activity, and, respectively, the rise of sales, profits and client satisfaction. The main contribution of this paper consists in checking, based on empirical research, the controversial opinions regarding innovation in the domain of tourism, especially in the activity of trading tourism products through travel agencies. Secondly, the contribution of this study consists in highlighting the most significant innovations in the activity of travel agencies and their influence on the economic performance and on the level of satisfaction of the clients of tourism agencies. An important contribution we consider to be the suggestion and calculation of a *complex index of innovation* in travel agencies, an index which would allow for a diagnosis of the current stage regarding innovative activities, based on which measures of acceleration of the process of innovation could be taken, especially in the firms with an innovation index below the average of the sector.

The paper is structured in three parts. In the first part, we made a review of scientific literature regarding the typology of innovations in relation with the specific of travel agencies. In the second part, we present the methodology of the direct research undertaken regarding the innovations in selling tourism products and their impact on the efficiency of tourism agencies, and in the third part we show the results and the discussions on the results.

1. Reviewing scientific literature
1.1 The typology of innovations and the specific of travel agencies
There is unanimity of opinions that innovations represent a key factor of competitiveness and development, in all domains of activity, including in the industry of tourism and travel (Porter, 2001, Mei, Arcodia & Ruhanen, 2012, Camison & Monfort- Mir, 2012).

Regarding the contents and typology of innovations, the opinions are somewhat different. Traditionally, innovation has been associated with the need of identifying and solving some technical problems (Nelson & Winter, 1982 quoted by Camison, Monfort- Mir, 2012). Subsequently, the concept was extended, being defined synthetically as: 'the introduction of new things or methods' (Mei, Arcodia & Ruhanen, 2012). Consequently, essential in defining innovation is the attribute of novelty. This attribute is associated not only with the *technical aspects* of production, but, also, with the *managerial or organizational, marketing and, respectively, institutional aspects.*

The attribute of novelty is present also in the definition given by Schumpeter, the first researcher who developed the theory of innovation (Yüzbaşioğlu, Çelik & Topsakal, 2014). According to Schumpeter (1934), innovation is 'a new way of doing things, or a unique combination of factors of production' and he identifies this new way and this unique combination as the key value of the firm (McGuire, 1996).

Technical or technological innovations are reflected in changes in products, processes, operation systems and in technologies and the physical capital for production (Camison & Monfort-Mir, 2012). On the other hand, *non-technical (technological) innovations* represent new approaches in the management of human resources, labor and processes organization, external relations with clients, suppliers and competitors (Damanpour & Evan, 1984; Damanpour, Walker & Avellaneda, 2009 quoted by Camison, Monfort-Mir, 2012). There are: **organizational innovations** (the introduction of new or improved methods of internal organization and of relation with the external environment), **marketing innovations** (the introduction of new trading formulas, including changes in the design of products, promotional and price strategies) and **institutional innovations** (new or improved structures of collaboration and organization and a legal framework favorable for doing business).

Another important distinction is made between *incremental and radical innovations* (Carlisle, Kunk, Jones & Tiffin, 2013, Henderson & Clark, 1990, quoted by Yüzbaşioğlu, Çelik & Topsakal, 2014, Băcanu, 2009). **Radical innovations** must be new to the market and significantly different than existing ones. **Incremental innovations** consist of improvements, adding new features to existing elements, creating extensions for families of products and services or in transforming some processes, usually in the sense of making them more efficient with an impact on price.

An important problem from the point of view of research of innovation in the activity of tourism agencies, and a quite controversial issue, is related to the *rapport between innovation and the size of the enterprise* (Baumol, Litan, & Schramm, 2009, Băcanu, 2009, Yüzbaşioğlu, Çelik & Topsakal, 2014). Many researchers state that innovation is associated with entrepreneurial spirit which is specific, mostly, to new firms, of reduced dimensions. Thus, Rotwell, 1991, Joice et al., 1994, Moore, 1993 quoted by Yüzbaşioğlu, Çelik & Topsakal, 2014 suggest that the innovative activities of the SME-s are the most important determinant of their success. On the other hand, large firms keep the advantages given by their size to support the commercial development of the new ideas. They have the financial resources necessary to make the experiments and prototypes or pilot-operations.

According to Tether (1998), quoted by Yuzbaşioglu, Celik, Topsakal, (2014), the impact of innovation on sales is an important measure of innovativeness. For SMEs, impact of innovation on sales is lower than for large companies. Regarding the type of innovations, some researchers (Pratten, 1991; Vaux et al., 1996 in Yüzbaşioğlu, Çelik & Topsakal, 2014) found that product/service innovation activities of SMEs are more important than process innovation.

Regardless, though, of the size of the firm, the process of innovation must be closely managed as a correlated ensemble of processes.

The success of innovation imposes the creation of three markets inside the firm: *an idea market, a capital market and a talent market*. The firm must encourage and reward new ideas; must reserve capital to finance them; and must attract talents to implement them. New ideas can come from clients, from the research departments, from employees, from suppliers or from distributors.

Each firm should examine attentively its *innovation index*, which shows the proportion from total sales given by products which are 3 years old maximum. Normally, the innovation index should not be lower than 20% (Kotler, 2004).

The specific of travel agencies, in general small and medium sized enterprises, favors entrepreneurial spirit, favors innovations, but not radical, revolutionary ones, but rather incremental ones, hypothesis from which our own research started.

1.2. The features of tourism products and the implications on sales and innovations in the activity of tourism agencies

Tourism products have certain features which are of relevance to the way in which they are sold. Whilst some of these features are common to all service products, some other characteristics are unique to travel and tourism products (Evans, Campbell &. Stonehouse, 2003, p. 28).

Among the features of tourism products, as of services in general, we can mention: *intangibility, immateriality, inseparability, perishability, variability, the absence of ownership* (Kotler & Keller, 2006, Evans, Campbell &. Stonehouse, 2003, Ioncică, 2006, Cetină et al., 2009, Minciu, 2004). The specific features refer to: *customization* of tourism services, their *seasonal fluctuation, high dynamism, complexity and being substitutable* (Cetină et al., 2009, Minciu, 2004). To overcome the intangibility, travel agencies attempt to create some form of tangible products to attract customers to buy their products. To this end, they can use elements like: place, people, equipment, communication material, symbols, price. (Kotler, Keller, 2006, Olteanu, 2002). This explains the fact that tourism agencies, the main actors in conceiving and selling tourism products are always interested and forced to be competitive, to innovate in relation with the mentioned elements. In this sense, the innovations classified by numerous authors (Schumpeter, 1934, Nelson et al., 2006, Hjalager, 1997) as process innovation (the introduction of new procedures or new or improved methods of production and distribution of tourism products) and *marketing innovations* (implementing of new or improved methods of product design, placement, entry on new markets or promotion) should permanently be in the attention of tourism agencies. These are tied, especially, to innovations in the domains of IT and telecommunications which make it possible to inform clients, to promote or even sell tourism products through the internet. Moreover, practical evidence from the services business proves that innovations in information and communication technology represent the main factor of innovation in this domain (Howells in Bryson & Daniel, 2007).

On the other hand, the *immateriality of tourism services* stimulates *product innovations,* innovations in conceiving the products in such a manner so as to allow suppliers and tourism agencies to differentiate themselves from competitors and to improve, in this way, their performance and efficiency. The features of services of *perishability, inseparability, seasonal fluctuation* forces travel agencies to *organizational or managerial innovations* to stimulate demand and reduce the negative aspects of the absence of stocks, the need to supply services *in situ,* the dependence on natural factors etc. Thus, new forms of trading tourism products were introduced (early booking, last minute offers, discount coupons),

new methods of management (yield management), new booking systems etc. (Stănciulescu, State, 2013, Evans et al., 2003). Moreover, among the methods to increase clients' trust and improve the image of travel agencies on the market, we can mention implementing the standards of quality requirements and obtaining the certification of the quality management system of the travel agency (Atanase & Schileru, 2014).

The aspects mentioned in the literature review clearly argue for the necessity but also the opportunity of innovative activities in the conceiving and trading of tourism products by travel agencies. It has also revealed the fact that many of the problems tied to innovation in the trading of services in general, and tourism services in particular, have not been solved yet and are waiting to be clarified though the efforts of researchers in the domain. Our research tries to bring a plus of knowledge in this respect, confirming or invalidating some of the theories and hypotheses, rather poorly validated empirically, referring to the amplitude, nature and efficiency of innovations in the trading of tourism products by travel agencies, in the case of Romania.

2. Objectives and methodological framework of the research regarding the innovations in selling tourism products and their impact on the efficiency of travel agencies

The present research has tried to pinpoint current behaviour of travel agencies regarding the innovations in selling tourism products and to study the impact of different types of innovations on the efficiency of travel agencies. In order to study the way in which innovation is present in the tourism services of travel agencies from Romania an exploratory research has been conducted. The point of view of the travel agencies managers was studied using a survey conducted on a sample of 138 travel agencies, with a probability of 90.11% (t = 1.65) and a margin of error of +/-7.02%. The research was conducted based on a face-to-face interview with the help of a written questionnaire completed by the interview operator. The interviews took place in November-December 2014 in the Fair of Tourism and at the travel agencies headquarters in Bucharest and in the country.

The stages followed when conducting the survey were the classical stages of the quantitative market research (Cătoiu et al., 2009, Pop & Petrescu, 2008). First we established as objectives of the research the following: studying the most important improvements of the activity of travel agencies in the past two years, studying the degree of introduction of new IT systems for booking, ticketing and / or management, studying the diversification of the supply and the degree of change of the tourism services supply of travel agencies in the past two years, identifying the main sources of inspiration for new products, finding the main innovations used in the activity of travel agencies, knowing the opinion regarding the main uses of the site and finding the main forms of promoting the activity of travel agencies, identifying the degree of the impact of innovation on efficiency of travel agencies. Then we established the hypotheses of research: Hypothesis 1: Travel agencies foster entrepreneurship and innovation, Hypothesis 2: Travel agencies foster incremental innovations, Hypothesis 3: Travel agencies adopt technical innovations created in other sectors (especially in computer science), Hypothesis 4: Travel agencies promote innovations in computer systems and product innovations, Hypothesis 5: The activity of innovation of travel agencies does not have a big impact on sales.

3. Analysis and interpretation of the results of the research regarding the innovations in selling tourism products and their impact on the efficiency of travel agencies

According to the market research results, the most important improvement of the activity of travel agencies in the past two years was for 41.3% of travel agencies the acquisition of

computers and new software. 37.68% of subjects interviewed from travel agencies said that rearranging (modernization) of the unit was the most important improvement in activity in the last 2 years, and the study showed that for 16.67% of travel agencies moving to a new location larger, more modern and / or best placed was the main improvement.

The analysis of responses regarding the improvements of the travel agency's activity confirms hypotheses 1 and 2: travel agencies foster entrepreneurship and innovations as an incremental process, which are materialized in the acquisition **of computers and new software**, moving to new locations – more modern and better placed.

Regarding the degree of introducing new systems for booking, ticketing and / or management, in most travel agencies (66.67%) new IT systems (e.g. new software, Aqua, search engine) were introduced in the last two years and 4.35% of studied travel agencies have improved the existing systems or have integrated the reservation systems of partners (e.g. charter packages). For 28.99% of travel agencies the systems remained unchanged.

These results confirm the hypothesis 3 that travel agencies adopt technical innovation created in other sectors (especially in computer science).

88.41% of interviewed subjects said that the travel agencies supply has diversified in the last 2 years. The main modalities of diversification mentioned were: the introduction of new destinations (such as Easter Island), new hotels, diversification through new programs, customized tours, introducing charter, offering ferryboat tickets (for islands in Greece), expanding travel packages, business travel for multinational companies.

From the market research resulted that 24.64% of travel agencies changed 21% -30% of the supply, 20.29% of agencies have changed 31% -40% of their supply, and 18.12% of agencies have changed 41%-50% of the supply. It should be noted that only 9.42% of the agencies have changed more than 50% of their supply. At the opposite pole is: 8.70% of agencies that changed their supply in proportion below 10%, 7.25% of agencies that have changed 10% -20% of their supply. The average change of the supply of travel agencies in the last 2 years was 30%. The results of the analysis confirm the 4 hypothesis that most travel agencies innovate in order to diversify supply. The travel agencies had introduced new products to attract customers and increase sales and profits.

The average contribution to sales of the products launched in the past 2 years was 25.5%. Most travel agencies (30.43%) had a contribution of new products of 10%-20% in sales. In the case of 24.64% of agencies, the new products have contributed to 21% -30% in sales. Only 5.07% of agencies had over 50% contribution in sales of new products (Figure no. 1).
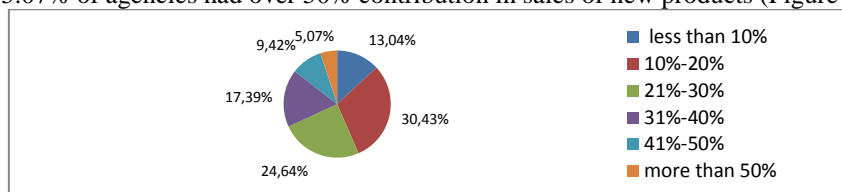

Figure no. 1: The contribution to sales of new products launched in the past 2 years

The fact that the average contribution to sales of new products launched in the past 2 years was over 25% leads us to reject Hypothesis 5: The activity of innovation of travel agencies does not have a big impact on sales. On the other hand, the complex innovation index, calculated as the ratio between the average proportion of new products in the supply of travel agencies and the average sales contribution of new products is higher than one (II travel agencies = 1.176), indicating the existence of reserves for growth of the effectiveness of product innovations.

$$II_{\text{travel agencies}} = PN_{\text{travel agencies \%}} : CPNV_{\text{travel agencies \%}} \tag{1}$$

in which:

$II_{\text{travel agencies}}$ - the complex index of innovation for travel agencies

$PN_{\text{travel agencies \%}}$ - average proportion of new products in the supply of travel agencies

$CPNV_{\text{travel agencies \%}}$ - average sales contribution of new products to the supply of travel agencies

$$II_{\text{travel agencies}} = 30\% : 25.5\% = 1.176$$

The answers to the question regarding the main sources of inspiration for new products showed that the internal sources of travel agencies are situated on the first place: managers, employees of sales departments, marketing (53.62%), the second is customers (42.03%), followed by suppliers and external partners (11.59%), other travel agencies from the country (9.42%), and on the last position are other foreign travel agencies (8.70%).

20.29% of the interviewed subjects did not answer the question regarding the main innovations that they use in their work. The answers given by 79.71% of the interviewed subjects are extremely varied and show that there are many innovations used by travel agencies in Romania. The means of innovation used are very different: from the 3D glasses to assess hotels, to new offices opened in Bucharest and in the country.

Function of the type of innovation: the innovations related to the information technology (IT) are situated on the first place. The innovations in IT were mentioned by 70.91% of the interviewed subjects who answered the question related to the main innovations.

Regarding the improvement of the sites, in the last 2 years the site has been improved by 85.51% of the travel agencies, and for 14.49% of the travel agencies the sites remained unchanged.

In the last 2 years, the organizational structure remained unchanged for 60.87% of the travel agencies studied, and it has changed for 39.13% of the travel agencies.

Approximately 70% of interviewed subjects stated that turnover, profit and number of clients of travel agencies have increased and the number of complaints has decreased, which demonstrates the positive impact of innovation on the efficiency of economic and social activity.

Conclusions

Innovations have become a key factor in ensuring competitiveness and in increasing efficiency in commerce, in general, and in trading in tourism products, in particular. The importance of innovation in the activity of tourism agencies forces managers and their employees to permanently look for new methods and solutions to improve products and processes.

The direct market research conducted on a sample of travel agencies in Bucharest and in the country has demonstrated that innovations are present in most travel agencies studied. According to the market research, the most important improvement of the activity in the last two years was for 41.3% of the tourism agencies studied the endowment with new computers and software, in almost 70% of the agencies new informatics systems being introduced, (for booking, ticketing and / or management). Thus, function of the type of innovation, on the first place we have innovations related to information technology (IT).

An element of novelty, as compared to previous research, which is quite scarce on the topic, is represented by the calculation of a complex index of innovation which allows for the measuring of the degree of innovation and performance of product innovation offered by travel agencies.

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