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The Role of Innovation Activities in Tourism Industry

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Abstract: This article is about the role of innovative activities in tourism industry. Tourism has great potential as regards contributing to the achievements, such as economic growth, employment, sustainable development and economic and social cohesion. A main area of change and innovation in tourism concerns the use of information and communication technologies (ICT). Technological innovation is considered as a major force in tourism industry.

Key words: Tourism, infrastructure, profits, innovation, production and marketing, tourism industry.

Tourism is one of the most important factors affecting directly the competitiveness and regional growth. Tourism has great potential as regards contributing to the achievements, such as economic growth, employment, sustainable development and economic and social cohesion. Countries from long time realized the promise of tourism as an industry and have managed to develop into a well-developed tourism infrastructure, as well as to position themselves correctly in the tourist market, annually receive fantastic profits. The importance of innovation was long underestimated in service and tourism activities. Successful innovation, as for instance innovation that is also profitable to the tourism firm in a competitive market, must increase the value of the whole tourism product. The production and the dissemination of new technologies has been the subject of much research.

Nowadays in our country, great attention is being given to the sphere of tourism and service hence, it is showing good results. For example, Volume of services provided to the population increased by almost 21 percent, and its share is now over 62 per cent of GDP.¹ But we are still remaining behind these spheres in comparison to developed countries. If that is the case, it is high time to create innovation to this sphere.

A main area of change and innovation in tourism concerns the use of information and communication technologies (ICT). Technological innovation is considered as a major force in tourism industry. Besides the diffusion of information and communication technologies in the tourism industry enables consumers to interact directly with tourism providers. Major basic innovations, e.g. in transportation, have also largely influenced the growth of the tourism industry.

¹ The report of President of Uzbekistan Shavkat Mirziyoyev at the cabinet meeting, the results of socio-economic development in 2021 and a high priority in the economic program for 2022. – Xalq so'zi, January 19, 2021 year, page 2. (translated from Xalq so'zi)

“What is innovation at all? There are various definitions of the term «innovation», which derives from the Latin «innovation» which means the creation of something new. Namely, innovation means a successful market application of an invention, that is to say, an application of a new or a significantly improved product, process or service (including significant improvements of technical characteristics, components and materials, built-in software, user orientation or other functional characteristics) or marketing methods or new organizational methods in business, organization of work or relationships between a legal entity and environment. The diversity of definitions lies in the different purposes of examining this phenomenon. Innovation can be defined in a multiplicity of ways. The leading theoretician of innovation, Joseph Schumpeter had a broad vision of the concept; Innovation is encompassing new products, new production processes, new markets, new raw materials and new forms of organization.

The common thread between all these changes is that they involve «carrying out new combinations» whom are qualitatively important and introduced by dynamic business leaders, or «entrepreneurs». The definition generally accepted today does not necessarily entail a major change linked to a particular individual. Today, it is necessary to take account the risk and uncertainty nature of the process, and of the need for innovation to lead to the creation of value that in the final analysis is judged by consumers. Innovation differs from creativity. Creativity refers to the production of new ideas, new approaches and inventions, whereas innovation corresponds to the application of new and creative ideas and the implementation of inventions. Here the five areas in which companies can introduce innovation:

- ✓ Generation of new or improved products.
- ✓ Introduction of new production processes.
- ✓ Development of new sales markets.
- ✓ Development of new supply markets.
- ✓ Reorganization and/or restructuring of the company.

The production and marketing of tourism products is distinct from industrial products and displays specific characteristics which often pose constraints or problems and hence serve as stepping stones for increasing the value of products via innovation. The availability of new technologies led to the development of new skills, new materials, new services, and new forms of organization. This is especially true for the last two decades where the role of technological innovation was crucial. In tourism, technology created a new form of business called e-tourism, which today is the biggest force in e-commerce.

The tourism industry is largely dominated by small and medium sized enterprises. To survive in an increasingly competitive and global environment, tourism enterprises, small ones in particular, have to achieve economies of scale and scope in order to reduce transaction costs, increase productivity and gain market power. Restructuring and cooperation mechanisms help enterprises to adapt to changes and increase their competitiveness. They include horizontal and vertical integration, but also many flexible structures that encourage product, marketing and organizational innovation. The tourism industry has always been very proactive regarding the adoption of new technologies. Recent advances in telecommunications, networking, databases, data processing and electronic marketing provide many new opportunities for tourism. To survive in such global competition, tourism firms should try to enter into competition that is constructive rather than destructive. Tourism entrepreneurs, particularly small ones, are more sensitive to competition from their partners than to the benefits of working together. Innovation in the tourism industry relies as much on «co-operation and networks» as in other service industries. Co-operation among policy makers and entrepreneurs is also one of the key factors for the constant growth of the tourism industry. The primary objective for governments is to ensure that their policy and actions support and encourage innovations that contribute to further development of the tourism industry.

Innovation in tourism brings new ideas, services and products to the marketplace. Innovation in tourism is to be seen as a permanent, global and dynamic process. Most successful innovations were new forms of distribution (online booking), agent relationships and reduced costs of product delivery. Tourism innovation policy should be focused on the following main points and tools:

- Improve the internal dynamics of innovation in tourism by pushing firms to adopt a more proactive attitude towards innovation;
- Improve the efficiency of national innovation systems: improve the training of operators and staff, develop the role of public and private agents, and stimulate research (e.g. Create a genuine multidisciplinary network).
- Improve incentive systems for operators and employees. The extent to which governments can help the business sector become more innovative may be limited. However, they can create favorable framework conditions and encourage business to enhance productivity through innovation.
- Maintain the coherence of the tourism industry and its linkage with society as a whole. It is not possible to consider innovation in tourism without acknowledging the need to mobilize the local population.

In conclusion, Innovation is more often constituted of a series of small steps that lead to incremental growth. Innovation is a feedback process. One innovation inevitably leads to another one. Innovations improve products and reduce the cost of processes. The innovation process has thus become an investment process. An innovation-oriented tourism policy requires the adjustment of certain instruments. Training creates personalized know-how in the form of personalized human capital. The impact is mainly over the long term. Tourism is a very heterogeneous industry, which is defined at the time of visitors' consumption. The tourism suppliers compete against one another. Tourism has developed a dual structure which influences to a large degree the level of change and its direction. The international travel and tourism industry makes use of global strategies to get the best out of local potential. The impact of a technological innovation will generally depend not only on its inventors, but also on the creativity of the eventual users of the new technology.

Formulating all these necessary strategies in order to achieve the most beneficial results in tourism we should also take consider into the following ones:

- ✓ Improve the internal dynamics of innovation: pushing firms to adopt a proactive attitude towards innovation, notably thanks to an ambitious shift from simple technology watch to economic intelligence.
- ✓ Improve the efficiency of the national system of innovation.
- ✓ Improve the training of operators, staff.
- ✓ Improve incentive systems for operators and employees.
- ✓ Maintain the coherence of the tourism industry and its linkage with society as a whole.

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