

## TOURISM INNOVATION CAN PROVIDE POTENTIALS ECONOMIC GROWTH IN RANDOM SELECTED ECONOMIES

Saodat Azizova

TU-02, Bachelor's degree student, Faculty of International Tourism, Tashkent State University of Economics

JEL Classification L84, ORCID: 0000-0002-2576-298X,

E-mail: [sadullayeva.saodat@mail.ru](mailto:sadullayeva.saodat@mail.ru)

**Abstract.** *Tourism is the main economic activity that has a positive impact on economic growth and employment in the country, as it has a huge impact on key sectors of the economy, such as transport, hotel and restaurant services, trade, construction, production of consumer goods and many others. Purpose of this paper work is emphasizing concept of tourism innovation in different approaches. Main finds can be found as a best ways of innovation implementations and obtain prospective profit through this sector. As a conclusion authors examines new areas for the innovation development in future and discusses prospective economic growth destinations.*

**Keywords:** *tourism, innovations, diversity, economic growth, new goals.*

### Introduction

Tourism is an important tool to strengthen opinions about in the world, forms our values and contributes to the development of the attractiveness of the country, which is the result of centuries of cultural exchange, innovative diversity and creativity. Innovations in tourism are innovations and fresh ideas in the field of travel and leisure. The result of the introduction of such innovations is an increase in tourist flow and profit growth. Innovation, which is one of the driving forces of development, is defined as the introduction of a new product or bringing a different feature of an existing product to fore, the development of new techniques during the production process, and the availability of new resources in the supply chain [1]

### Literature review

The concept of innovation encompasses such meanings as 'renovation' and 'improvement'. Although the classical economists of the 19th century (e.g. Smith, Ricardo and Marx) prioritized the concept of technological development (technological advance), undoubtedly Schumpeter played the most important role in the adoption of the concept of innovation with positive content; because Schumpeter (1911) was the first researcher to use the concept of innovation in his book titled as 'The Theory of Economic Development'. In the above-mentioned book, innovation referred to a product which is not yet known by customers or to modifications made to a product or to additional properties of a product.

Schumpeter's theory of innovation is, in fact, a starting point [2]. The theory, describes innovation as researching, discovering, developing, improving, accepting and commercializing the new processes, new products, new organizational structures and procedures [3]. Schumpeter (1934) examined innovation under; (a) new product and service creation (product and service innovation), (b) new process of manufacturing (process innovation), (c) new markets (market innovation), (d) new suppliers (input innovation) and (e) changing system of organization or administration (organizational innovation) [4].

Product innovation is recognized as an innovation strategy that enables the growth, sustainability and competitiveness of modern organizations in the market through the improvement on the features of existing goods and services to the market in a better and different way [5]. This type of innovation is important to develop, differentiate and improve the intended use of the product, which can be adapted to different markets before it is placed [8], [9].

Process innovation is expressed as the generation of new ideas to eliminate an existing problem in production methods [10]. It is also considered as the new methods for reducing costs and increasing productivity in an enterprise. Process innovation addresses the entire production line to effectively deliver the goods or services to the market and improve the quality of the product offered.

Organizational innovation is defined as the methods used to make competitive advantage sustainable, to improve product quality and external relations activities [11], [12], [13], [14].

Tuzcu emphasized that the success of innovation has a positive relationship with the accuracy of organizational activities [15]. (2008) stated that organizational innovation is not a technical process, whereas OECD (2005) states that the processes in the organization's business activities are considered as changing the business structure. In summary, organizational innovation covers all the performances of companies to gain a competitive advantage [12], [16].

Service innovation is defined as the strategy put into practice to gain a competitive advantage, which includes the activities proposed to improve the ever-changing customer demands [17]. Gaining a competitive advantage in existing markets and increasing the quality of services provided emphasize the importance of service innovation [18]. Service innovation is also an important element in increasing quality and productivity in enterprises, developing new service designs and developing new solutions to strengthen operational performance [19]. Tian (2016) stated that service innovation requires the development of new service activities or the improvement of existing services to meet the needs of both employees and suppliers to maintain the competitive advantage of the enterprise in the market. The framework of management innovation has been limited by Kimberly (1981) to managers and their activities.

Kimberly (1981), who emphasized that the decision-making party is the managers, accepted the decision-making stages of the change process as management innovation [20]. At the same time, management innovation is thought to encompass everything that brings about change, as it aims to advance traditional management affairs in accordance with organizational objectives [21]. Bernhut (2001) emphasized that management innovation will maintain the competitive advantage of enterprises in the market by moving away from conventional management principles [22]. Management innovation is a form of management that enables processes, work structures and strategies to focus on efficiency by linking changes in administrative systems to an innovative activity Brikshaw considered management innovation as a catalyst for strengthening and sustaining relationships with other stakeholders that surround a business [23].

On the other hand, the advantages innovation offers firms can be listed as; increase in efficiency, superiority in sustainable competition, solutions to the problems encountered in the balance of payments, raising awareness of social responsibility in the society and improving it, expanding the range of loyal customers, securing institutionalization and branding and directing firms into good quality output promised by research and development [24]. There are almost no areas in which competition is not

available today. The most effective instrument of sustainable competition in this atmosphere is the strategies created from an innovative perspective. Innovation-oriented economies fed with high technology contribute significantly to the growth and thus to the balance of payments [26].

There are important strategic factors in securing growth and sustainable development for every sector. The major elements in the tourism sector in which especially the market is in the hard competition are innovation and new service development properties [27]. Tourism sector goes through severe change due to differing product types and strong market growth. The changes and transformations oblige businesses in the service sector to innovate [26].

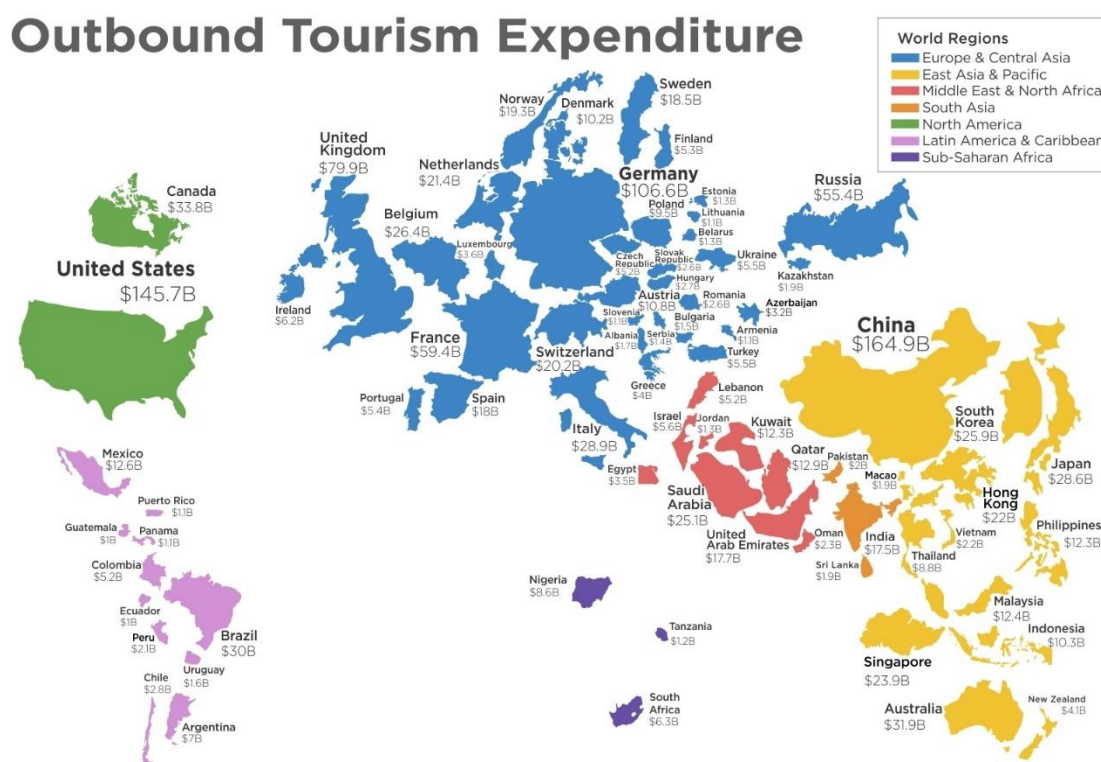
### Methods

In this article it has been used ground theory methods with various point of views of world tourism innovation theories and practice. As a materials author uses ScienceDirect, google scholars, research gate and other platforms for further discussion

### Results

We list the main innovative activities in the tourism market: Implementation of advertising campaigns (through the media); Attracting consumers through discounts and promotions and conveying this information to tourists; Creating a positive reputation with potential customers, improving service, forming a system of reviews about your company; Use of information technologies, including the development and creation of convenient means of searching and delivering information, websites, mobile applications, etc. Implementation and promotion of previously unreported types of services in the region: new tours, routes, cooperation with air carriers, hotels, restaurants, visiting museums via the Internet and more; Construction of new tourist facilities; Studying the work of competitors, including those successfully developing.

### Picture 1.



Source: <https://howmuch.net/articles/visualizing-tourism-economy>

Tourism innovations are implemented through government support in three ways. Allocation of funds for the implementation of targeted programs in the regions. Creation of a network of information centers that provide their services to travelers free of charge and contribute to the education of local residents in the field of tourism. Providing financial assistance in the form of grants, subsidies and investments for the implementation of scientific research using in the tourism sector and related industries. Hospitality platform builds ecosystem for traveling, digital nomads [28].

Another group of experts examine that when addressing this digital transformation, we can mark 10 tourism innovation trends that companies in the sector must bear in mind:

1. **360° Service:** Users expect and demand a fully comprehensive service from tourism companies. The business model has changed and with a fully comprehensive 360° service the possibilities to grow, to offer complementary products, and to create new business lines are constantly increasing.

2. **Unique experiences:** It's becoming increasingly difficult to surprise customers, and this leads to higher level of standards, making it more difficult to meet their expectations. We must take a step further and think about offering incentives linked to "smart destinations", where the user mingles and interacts naturally with the surroundings and with the internet of things.

3. **Understanding emotions:** Knowing their age, gender, where they live, and their financial status we are gearing towards are all important. But, nowadays, more than ever, we need to know about their emotions, expectations, and passions. Customers are no longer a set of numerical figures, what's important to remember is that we're dealing with real people with the ability to interact!

4. **Active response:** At this point, tourism companies need to include the monitoring and tracking of any comments or info from customers. Establishing immediate feedback and responding to customers is no longer just a plus, it's a must.

5. **Real Time:** Consumers want and expect an immediate response, this requires us to provide solutions immediately and answer any possible errors or problems that may arise. Companies working in the tourism sector must be ready to deal with any problem and have a team of qualified professionals ready and able to offer an excellent solution quickly.

6. **Social Media:** User feedback on a company or destination can be more effective than an ambitious advertising campaign. In this regard, what we need is a personalized solution, immediacy and interactivity

7. **Mobile devices:** If the growth in e-commerce has been constant then m-commerce is set to be more than vibrant. Having everything at your fingertips without thinking about time, space, and more payment alternatives.

8. **Geolocalisation and virtual reality:** These are tools that improve service delivery and offer new experiences to customers. But they also provide valuable insights for the company on customers behavior and preferences.

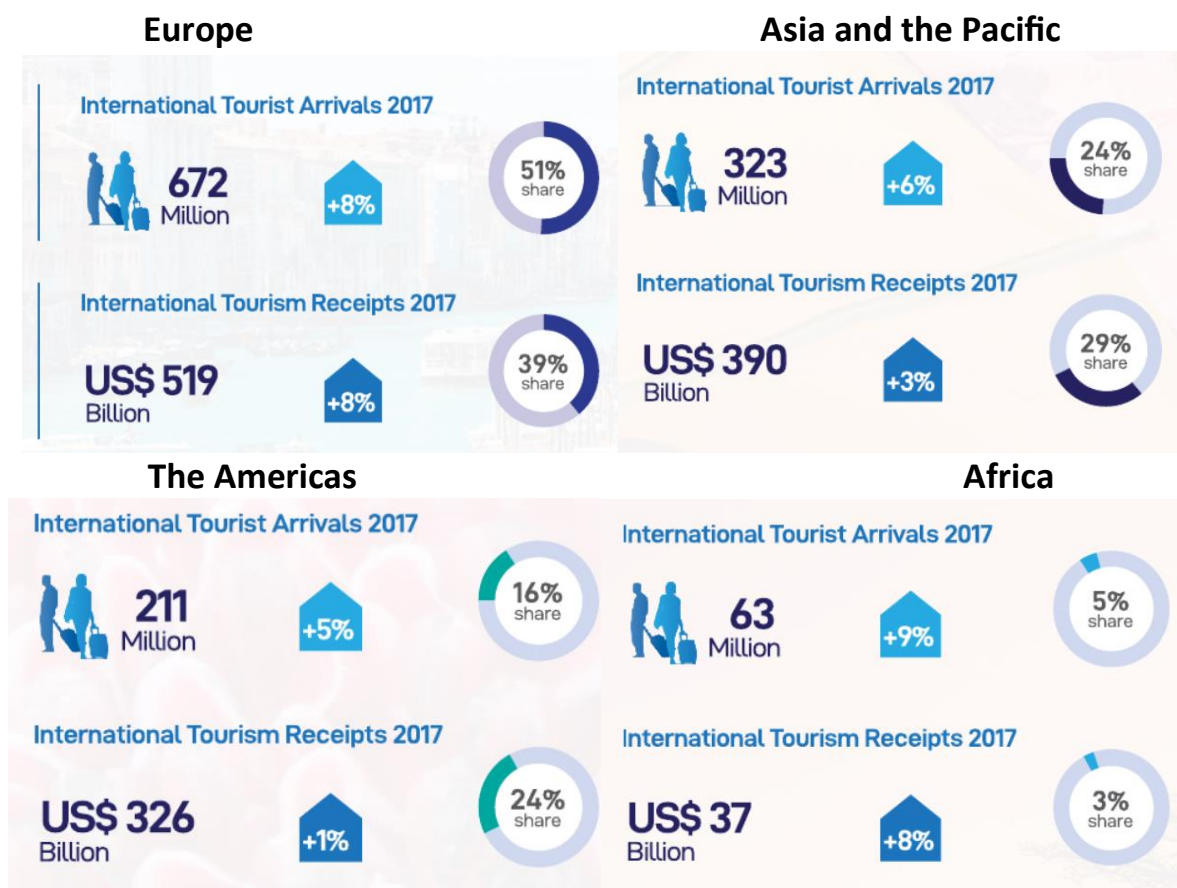
9. **Cloud Computing:** The Cloud is a must for all tourism companies, many of which are international, with several headquarters, and multichannel strategies.

10. **Big Data.** Nowadays it's not about accessing information; we must know how to manage and interpret it to make strategic decisions [29].

### **Discussion**



Tourism destination marketing is an integral part of tourism marketing. Marketing in tourism is the activity of planning and developing tourist goods and services, selling, promoting goods and services, stimulating demand for them and pricing. The specific nature of marketing in tourism is determined by the features and distinctive characteristics of the tourism product (in comparison with other consumer goods and services), as well as the characteristics of consumers and producers of tourist goods and services. The territory in which the totality of tourist products is intensively produced and consumed, concentrated in time and space, developed on the basis of tourist resources and infrastructure of this territory is called a tourist destination.



**Picture 2. Tourism intake and active innovations in world regions (2017)**

Source: <https://www.e-unwto.org/doi/pdf/10.18111/9789284419876>

However, it should be noted that the introduction of innovations in tourism is significantly influenced by the economic situation in the country, the social situation of the population, national legislation, as well as intergovernmental and international agreements. Therefore, the motives and reasons for the emergence of innovations in tourism activities in each country are different. Nevertheless, several characteristic features can be distinguished:

- the growing need of the population to get acquainted with the lifestyle in other regions and to acquire new knowledge;
- glut of the population with many traditional travel destinations;
- increased competition, increased offers of standardized global products;

- the need to restrain the departure of their citizens to areas similar to the conditions of the regions of their country (nature, culture, climate);
- harmonious combination of attractive conditions for recreation and travel (natural and cultural features, leisure opportunities, the acquisition of specific goods and special tourist services) to fully meet the needs of the most demanding tourists;
- technological revolution and expansion of services in the economy;

### **Conclusion**

As we can come conclusion that over the past 20 years, the financing mechanism on tourism innovations has become an important element of national systems in most developed countries. Innovations must be introduced in the company classified as organizational, involving the development of the company; technical, caused by the introduction of advanced technologies; grocery related to the assortment and quality of the product; managerial, requiring improvement of company management methods; marketing; social, related to the utility for the consumer and employees of the company; economic and financial, aimed at improving the sustainability of the company. In such way we can develop tourism industry of Uzbekistan.

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