Chapter 8

The Customer as a Source of Open Innovation in the Tourism Sector

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**ABSTRACT**

This chapter analyzes the implementation of open innovation supported by social media, aiming to make it more effective in the tourism sector. Regression analysis is used to verify the relationships between competitive environment, research and development (R&D)/innovation level, external openness, and open innovation implementation using a sample of 135 tourism companies in the south of Spain and Portugal. The potential of social media as an instrument for customer involvement in innovation processes is verified, as is the ongoing adoption of open innovation as a competitiveness strategy in the tourism industry. Regarding the practical implications, open innovation is becoming established and there is strategic support from social media. However, there is a lack of models to give structure to this new paradigm and allow its management. The originality of this chapter lies in combining the models proposed by Narver and Slater and Atuahene-Gima regarding the ways in which companies can approach open innovation.

**INTRODUCTION**

Ever since Schumpeter (1934) introduced the concept of creative destruction in economics and related innovation to growth and the competitiveness of nations, innovation has captured the attention of numerous researchers and has formed the basis of the design of policies aimed at fostering this capacity due to its influence on socioeconomic development.

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Study approaches have evolved over time, but they all consider innovation to be a strategic element for the company (Chesbrough, 2003; Fagerberg & Godinho, 2004; Organization for Economic Cooperation and Development [OECD], 2013). This point of view inevitably leads us to see innovation as a complex phenomenon that involves interrelationships, response mechanisms and well-designed tools for opportunity identification (Hollenstein, 2003). Traditionally, responsibility for new product development (NPD) has primarily fallen on departments or research and development (R&D) teams. More recently, Chesbrough (2003) introduced the concept of open innovation, meaning the organization becoming open to its various stakeholders and thus achieving an effective formula for improvement and differentiation. Learning from consumers and being able to integrate their contributions in the decision-making process in general and in new product development in particular gives rise to better results (Duarte & Sarkar, 2011). It is precisely this new scenario of collaboration with the consumer that represents a change in the research and practice of innovation (Heiskanen, Hyvonen, Pantzar, Timonen, & Varjonen, 2007; Sigala, 2012).

In this chapter we hope to work towards the implementation of a model for open innovation in the tourism sector. There are still insufficient studies of innovation in tourism. Sarkar and Carvalho (2005) considered that this field is in a preliminary stage. More recently, Hjalager (2010) and Carvalho and Sarkar (2011) have reiterated the lack of empirical evidence on innovation and tourism. The situation is worse if – as is the case here – we focus on the study of open innovation as a differentiated formula in this sector (Sigala, 2012).

One final novelty in the approach taken by this study is the introduction of social media as an instrument to facilitate the implementation of open innovation in the tourism industry. This perspective offers two added advantages. First, social media platforms, as a technological tool, have an interactive capacity that creates an undeniable space for co-creation with the consumer (Awa, 2010; Chan, 2010; Chenhall, Hallunki, & Silvola, 2011; Lee, 2012). Second, both the economic investment required and these networks’ capacity and ease of use currently make them a very attractive support for innovation.

Based on all of the above, this chapter aims to explore in greater depth the relationship between open innovation, with the support of social media, and the competitiveness of the tourism industry in the Algarve (Portugal) and the Costa del Sol in the province of Málaga (Spain).

This chapter is divided into five main sections. After this introduction, we focus on the literature addressing innovation in the tourism sector, open innovation and social media. We then explain the methodology, including the sample and the instruments used, before applying regression analysis. In the fourth section we verify the hypotheses and this then allows us to generate some conclusions. Among these, we highlight the dependence between the implementation of open innovation and the competitive environment and between the innovation level and external openness. Based on the main ideas, further lines of research are proposed. In addition, the chapter suggests further lines of research, as well as practical implications for the sector, namely the design of strategies for collaborative innovation as a source of competitive advantage, the strengthening of relationships and loyalty to the target. The chapter closes with the identification of the main limitations and a means by which to progress.