

# **Creative destruction in tourism: Regulation and deregulation as innovation drivers**

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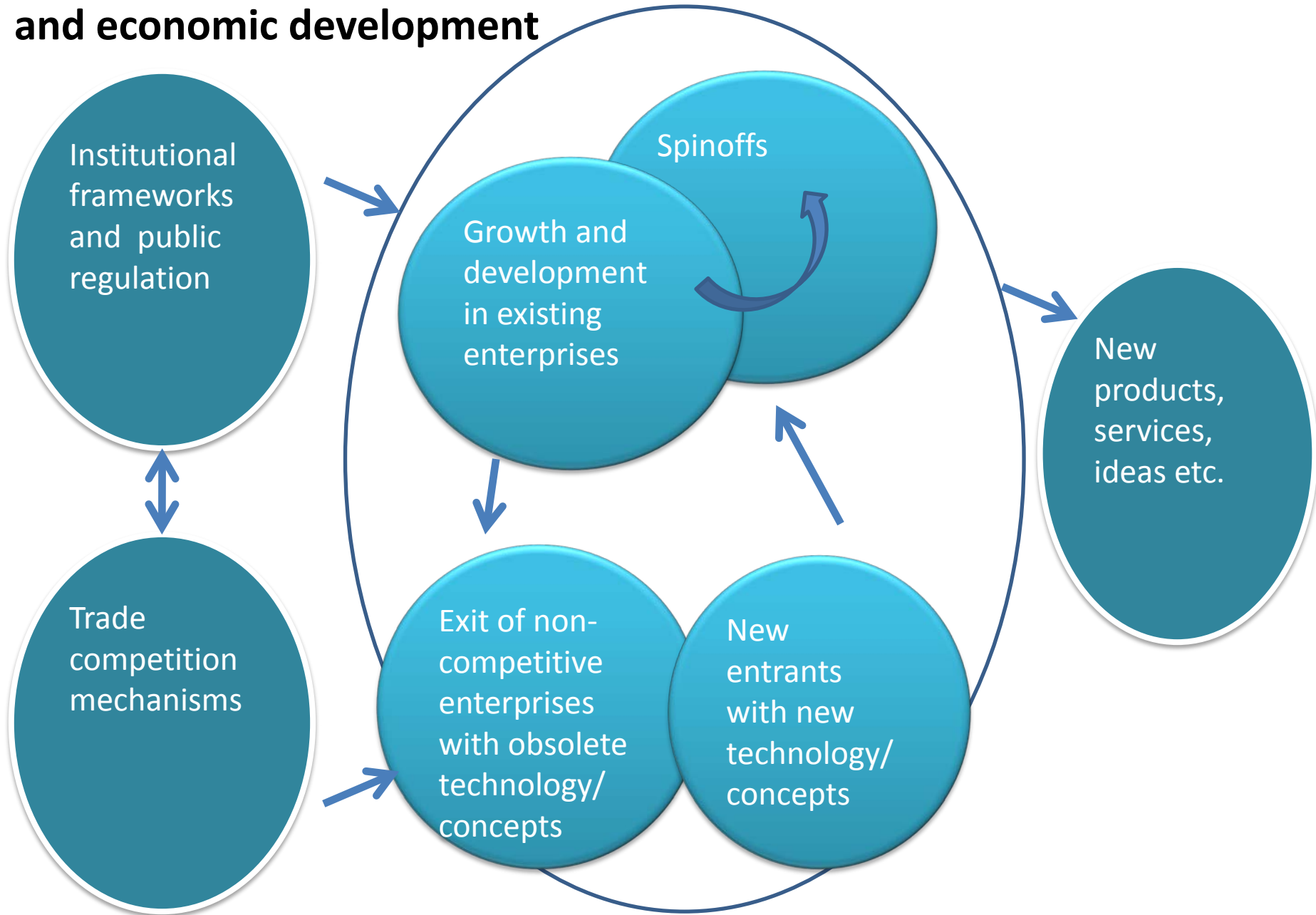
Keynote address  
Nordic Symposium  
September 2010

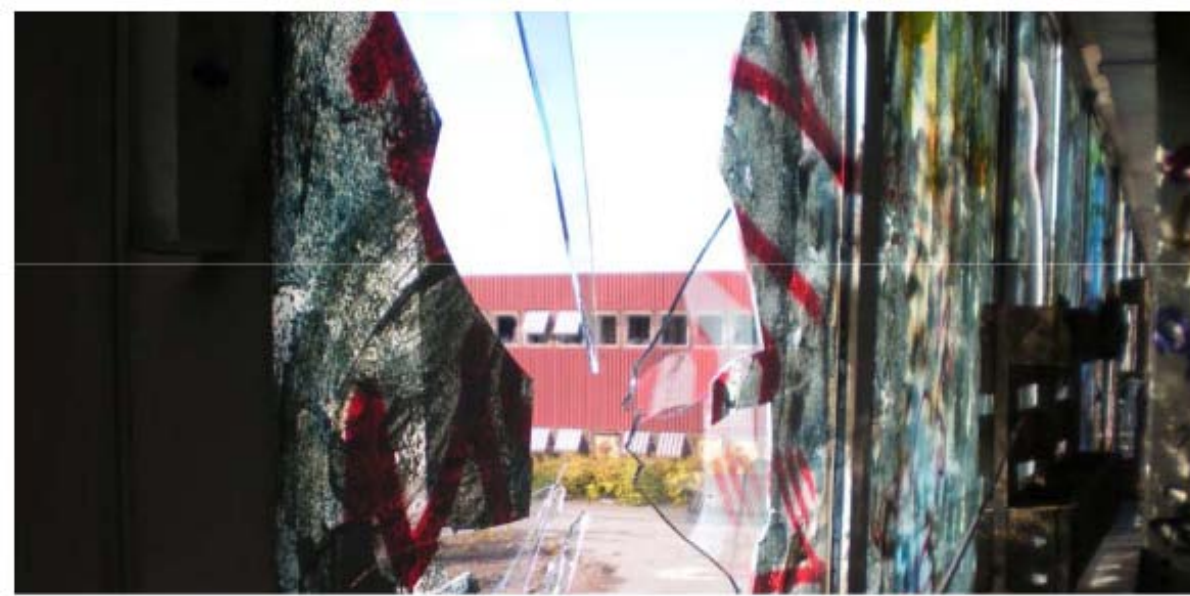


The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets,.... [This process] incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.

Joseph Schumpeter (1942)

# Creative destruction and economic development





***Kodak plant  
– destructive forces in  
photography as a  
consequence of  
digitalisation***



## Digital images – disruptive forces:

- Possibility to take an infinite amount of photos at no cost
- Eruption of an intermediary time delay between the shoot and the use of it
- Possibility to share
- New ways of organising electronically and virtually



## Taking this further to tourism.....

Images sent back home instantly. Decline of the importance of postcards and postal services. Changed vacation routines and the importance of distance.

Images shared on travelwebs etc. Decline of the authority of travel guides and promotional images.

Tourists as eye witnesses for example to catastrophes, unethical behaviour etc

Tourists as participators in building tourism capacity



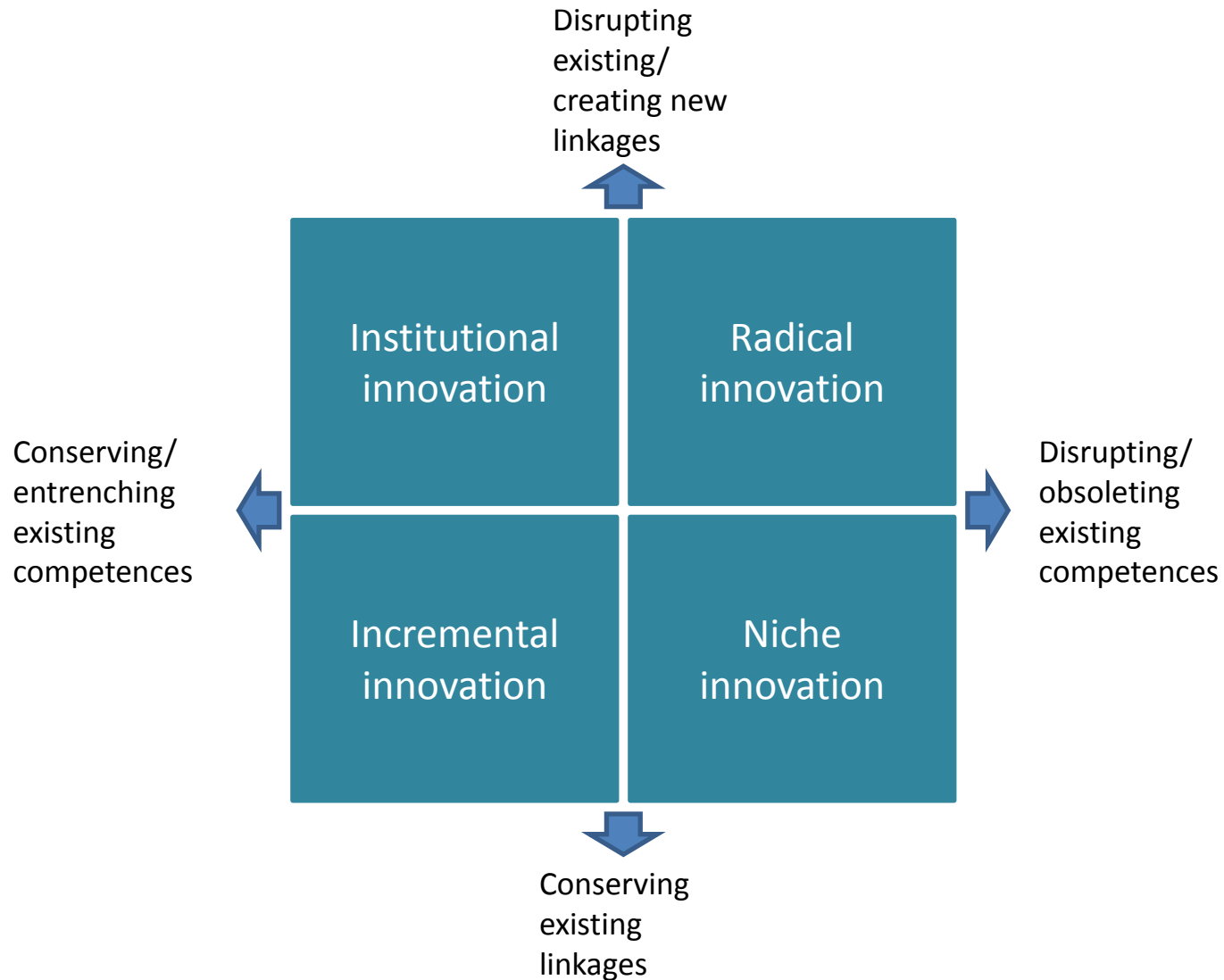
**Finish**  
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# Categories of innovation



# Traditional ways of pacing innovation through public intervention

Investments in R&D

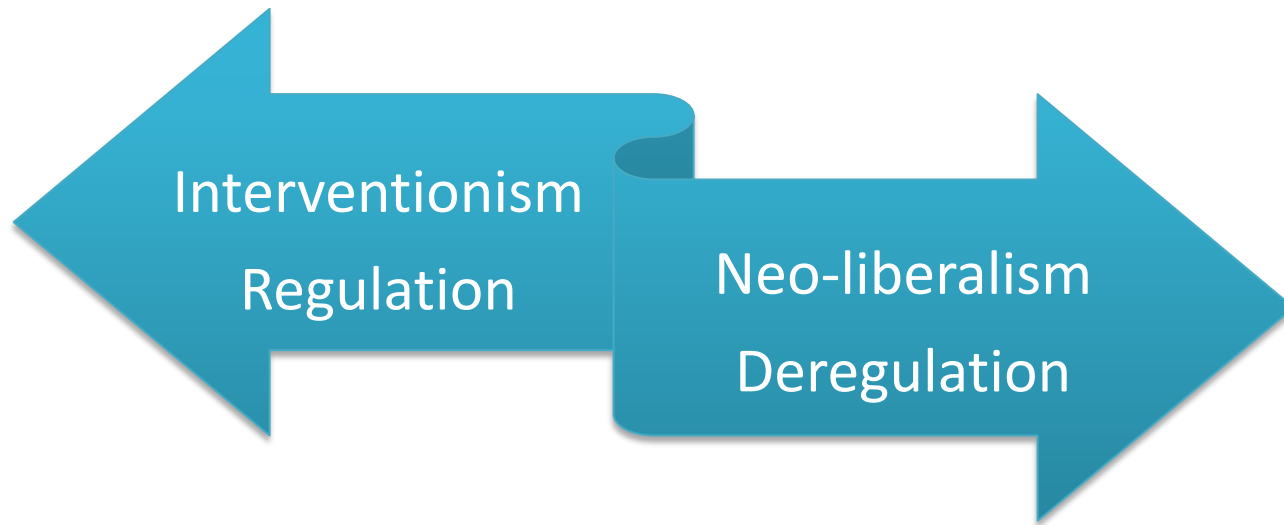
Public procurement

Technology dissemination programs

General provision of qualifications through training

Provision and modernization of infrastructures

# Indirect ways of pacing innovation through regulation or deregulation





## Deregulation of airlines

New destinations invented

Operational innovations

Customer attitudes creatively re-modelled

**Voli nazionali e internazionali**  
*Domestic and international flights*



**Flug Türkei buchen**



**Inventing of destinations**

## Operational innovations

- Increasing capacity – minimizing seat upholstery, taking away toilets, and non-reclining seats
- Decreasing turnaround time - safety manuals stitched to the seat back instead of seat pocket
- Flight weight reductions – lighter interior designs, sale of food
- Utilizing inadequate hours – early morning and late night flight

High-end niche market diversifications



## Destructing and recreating the customer expectations

- Away from bonus and loality programs? New shopping behaviour.
- Putting a value on all services



## Regulation as an innovation pacer

Safety

Health

Social issues

Environmental protection and conservation

Cultural facilities, media

## Safety regulations



- Competitive advantages in terms of fast adherence to the most advanced safety standards
- Suppliers' push on policy makers



# Health

Food safety regulations, and control arrangements

Food marketing standards



TRACEBACK



## Social issues



Addressing special  
needs

# Environmental protection

- Biodiversity measures and species protection
- Replanting/nature regeneration programs
- Emissions control, waste handling etc.



**Turtle Conservation**

\$0 \$20,000

Raised **\$115** of \$20,000  
6 contributors | Ended

Conservation Project at Costa Rica's  
Central Pacific Coast: Playa El Rey

Info About

**ChipIn!**

This event has ended

**Eco Travel**

The Eco Interactive Vacation Experience is a blend of Travel, Education, Conservation and Reforestation. Through Eco Interactive you will engage in the natural world in unique and meaningful ways, providing fresh perspectives and a fulfilling experience not available through traditional vacation travel.

**Volunteer**

EPS is seeking Volunteers to assist in our Turtle Conservation Project at Costa Rica's Playa el Rey. Live, work and grow on one of Costa Rica's most secluded and lovely beaches.

**Eco Preservation S**

\$0 \$50,000

Raised **\$3,357** of \$50,000  
40 contributors | Ended

**Thanks!** I raised **\$3,357**.

Info About

**ChipIn!**

This event has ended

## Culture and media

- Heritage protection



"Trollywood" – from car manufacturing to film production and film-induced tourism

## Conclusion

Creative destruction is an important issue in tourism, leading to innovations

- Some tourism enterprises destroy others
- Tourism destroys other industries
- Tourist behaviour is challenged

The impacts on creativeness and innovation from regulation or deregulation is not at all well researched

- Potential positive impacts of both deregulation and regulation
- Where is the options for creative re-regulation?