The Innovation Journey of New-To-Tourism Entrepreneurs and The Challenge of Traversing The Valley of Death

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School of Hospitality and Tourism Management Conference 2016
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Summary

The journey is the metaphor of a process.

Entrepreneurs undertake the innovation journey every time they follow a sequence of events to transform a new idea into an implemented reality or innovation. The aim of this work is to explore the generative process of innovation in tourism.
Methods

1) A conceptual model is applied to understanding the innovation journey of a specific group of entrepreneurs.

Source: authors’ own elaboration based on Kanter’s (1988) division of tasks
Methods

1) **Sample**: Young entrepreneurs establishing **start-up** firms participating in a **public programme** (Emprendetur) in Spain in 2012 and 2013.

2) **Desk research**: types of innovations, founders’ identities, positions and backgrounds. Firms’s Web site analysis and use of the business network.
Types of innovators and innovations studied

Non-tourism related: engineering, telecommunications, computing, industry manufacturing, etc.

New-to-tourism entrepreneurs

Technology-based product/service innovations

Educational and professional background

<table>
<thead>
<tr>
<th>NUMBER AND TYPES OF INNOVATIONS</th>
<th>SHORT DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology tools/Apps</td>
<td>- Marketing services for restaurants (3)</td>
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<tr>
<td></td>
<td>- Marketing positioning tool to increase hotel visibility (1)</td>
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<td></td>
<td>- Marketing contents creation through Big Data (1)</td>
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<td>- Services for ski resorts users through mobile App (1)</td>
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<td></td>
<td>- Hotels revenue management tool (1)</td>
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<td>- Hotel-customer interaction (1)</td>
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<tr>
<td>Technology platforms offering innovative forms of ...</td>
<td>- Learning and training in tourism (1)</td>
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<tr>
<td></td>
<td>- Travelling (1 social network and 2 online travel agencies)</td>
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<td></td>
<td>- Negotiating customer-hotel prices (1)</td>
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<td></td>
<td>- Obtaining tourists geopositioning and big data information (1)</td>
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<tr>
<td>Sustainable mobility</td>
<td>- Patented system of low cost parking in hotels (1)</td>
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<tr>
<td></td>
<td>- Electric vehicles car rental services in tourism destinations (1)</td>
</tr>
</tbody>
</table>
Methods

3) In-depth interviews via Skype organized around the main tasks of the conceptual model.

24 Entrepreneurs narrated their journeys

Key issues: Idea emergence, motivation to invest in tourism, networking, critical moments and obstacles, innovation performance, etc.

Thematic analysis
Innovation starts with a dual process of opportunity discovery and evaluation

Observations about the journey  Task: idea generation

Idea Generation

Opportunity recognition

Two-stage process

Thinking through, information seeking

Opportunities filtered: one selected (postgraduate, start-up accelerator)

Decision to proceed, modify or quit

Evaluation

External networks (professionals of tourism)

Potential customers

Market-driven evaluation

Experience and prior knowledge

Close connections with need sources/First hand experience

Eureka experience or accidental discovery

Network interaction/cross-disciplinary contact

Problem/need Discovery
Observations about the journey  
Task: coalition building

Transversal and continuous task throughout the journey

- Industry professionals
- Coalition building: knowledge, funding and support
- Governments
- Individuals with complementary skills
- Potential customers
Observations about the journey

Market -driven evaluation through prototype development

1) Rapid idea evaluation by building a prototype.

2) Minimum viable product (MVP) and early customer feedback.

3) Free trials a form of coalition building and strategy to observe potential customer response (reassurance) and make them integral to the design process.
Observations about the journey

The innovation effort is threatened by the lack of resources

1. Lack of financial resources
   - Cash flow
   - Human resources
   - Timing and speed of the process
   - Income from customers
   - Bootstrapping methods
   - Government support

Task: idea realisation
Observations about the journey  Task: idea realisation

Bootstrapping techniques

- Infrastructure costs
  - Run the business from home
  - Share business space with investor firm
- Marketing related
  - Peer economy business model
- Joint utilization
  - Joint utilization of employees
  - Free trials
- Human resources into the company
  - Engaging partners without salary
  - Outsourcing
- Founders related
  - 3Fs: Friends, family, fools
  - Salary (Withhold or non-market salary)
- Bootstrapping methods
  - Working in other business

Provision of own resources
Observations about the journey

Task: idea realisation

Sources of funding and the challenge of traversing the Valley of Death

- Personal resources
- 3 Fs: Friends, family, and fools
- Work from home
- Salary withhold, non-market salary
- Engaging partners, students without salary
- Joint utilization
- Outsourcing
- Mk and technology techniques to sell the innovation (growth hacking)
- Free trials
- Customer-related and delaying payments bootstrapping?

External funding
Private investors
Start up accelerators
Professional investors or business angels
State loans (first round)
State loans (second round)
In the search for professional private investors
Revenue from customer income

Success
Survival
Failure

Valley of death
Bootstrapping
Division between external and funding internal

Early venture
Development
Commercialization

Formal organizational emergence
Observations about the journey  
Task: transfer and diffusion

Market-related obstacles linked to perceived innovation attributes

Technology-laggard sectors barriers to adopt:
1) Emphasis on the innovation low complexity and compatibility
2) Co-production with customers

Barriers to new entrants:
1) Free trials
2) Added value
Conclusion

1) Innovation by “in-migration” and technological innovation.

2) The journey is fraught with a series of obstacles that cumulate in the Valley of Death.

3) Bootstrap - is often ad hoc and opportunistic

4) The journey is irregular and non linear

5) Distinctive groups of entrepreneurs: future research agenda.
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## Methods

Entrepreneurial attributes acquired by education

Complementary skills and knowledge of the entrepreneurial team

Previous work experience connection with new venture

Previous entrepreneurial experience

Team networks

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<tr>
<th>Name</th>
<th>Education</th>
<th>Field of knowledge</th>
<th>Previous work experience</th>
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</thead>
<tbody>
<tr>
<td>Entrepreneur</td>
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<tr>
<td>Founder 1</td>
<td>University of Girona</td>
<td>Artificial intelligence/Computer Science</td>
<td>2010-Present Founder of Firm 12, Scientific and Technological Park at University of Girona</td>
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<td></td>
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<td>2010-2019 Founder of Firm X, Scientific and Technological Park at University of Girona</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>2008-2010 Lecturer and researcher at University of Girona</td>
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