In Search of Entrepreneurial Innovation in the Australian Outdoor Hospitality Parks Sector

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Goal and objectives of the dissertation

Goal

To understand the manner in which innovation contributes to the management and growth of Australian Outdoor Hospitality Parks, and in so doing, understand the challenges and realities associated with implementing entrepreneurial innovation in the context of tourism focused small businesses and organizations.

Objectives

To address the following key question: To what extent is passive, reactive, strategic and creative innovation, as defined by Tidd and Bessant (2009), a component in the planning, operation, management and marketing of Australian OHPs. This overarching question leads to four sub-questions:

1. How does the Australian OHP sector define innovation?
2. Are there strategic and creative OHP operators, as defined by Tidd and Bessant's (2009) taxonomy?

3. If so, what are their characteristics?

4. How do they differ from the mainstream operator and manager?

The research sought to identify the innovative actors within the Australian OHP industry, and on what basis they were deemed to be innovative. Specifically, the research was striving to understand the nature of their innovations, i.e., what new products, services, processes, managerial / organizational and / or marketing techniques had they introduced and to what extent were they 'new' or 'revolutionary'. It also sought to understand the reasons behind the drive to make the proactive changes. In other words, what was the motivation to assume the risk of introducing an idea prior to industry peers? These overarching questions provided the framework for discussions with 30 industry personnel who were deemed to be innovative by their peers, and follow-up interviews with six operators and managers.

Methodology

The study employed qualitative methodology, conducted in two phases in New South Wales, Queensland and Victoria in 2009. A qualitative framework was determined to be the most appropriate method to address the investigation's exploratory nature. Phase 1 involved 30 semi-structured interviews with Australian OHP personnel, deemed to be "innovative" by their peers. Six of these individuals were re-interviewed in Phase 2 as they displayed strategic and creative innovation (Tidd and Bessant, 2009) characteristics.

Consistent with quantitative inquiry, no specific theories or hypotheses were developed prior to interviewing the participants. However, it was necessary to explore the emerging management literature on innovation and entrepreneurship in order to generate the broad research questions that were used in the interviews. Fifteen questions were prepared to direct the research conversation. The questions focused on defining innovation, factors that contributed to and inhibit innovation, the most radical innovation recently introduced within Australian OHPs, and future trends impacting the industry. The questions were influenced primarily by the entrepreneurship and innovation literature.

This study did not impose a definition of innovation during the field research, but rather invited industry leaders in New South Wales, Queensland and Victoria to identify those operators who they believed were innovative. Škokić and Morrison (2010) suggest that understanding entrepreneurship can be enhanced if theories are contextualized within a specific setting and industry sector. The same approach, i.e., of allowing the industry to define the concept of innovation, was further utilized during Phase 1 semi-structured interviews. In each case, the first question posed to the operator was to define the innovation concept. As a result, various concepts were identified. The common theme was that innovation represents being new and / or different from industry norms. Therefore, using their terms, the study ultimately determined the extent of new and different approaches to the planning, operation, management and marketing of

OHPs, as viewed through the lens of 30 operators and industry managers.

Results

The study has discovered three distinct levels of entrepreneurship exist within 'innovative' OHP operations. The most common approach is the mainstream level, whereby attention and effort is primarily paid to day-to-day operations of the individual parks and / or the organization. The resultant short-term thinking is reactive, relying on incremental improvements to address feedback from existing customers and in response to competitive actions by other operators. This approach reflects the OHP operator's risk-averse, conservative nature.

Several factors, contribute to the reluctance to operate in a strategic entrepreneurial manner. Tidd and Bessant (2009) suggested a lack of resources, including skills and knowledge, cause operators to stick with what they know, rather than venture into new territories. However, this study uncovered several additional reasons that contributed to a closed system. A key issue within the Australian OHP sector is the level of complacency, brought about by the financial 'success'. The introduction and evolution of cabins accommodation provided higher profit margins compared to traditional camping and caravan sites. This additional profit was reinvested in additional upgrades, enhancing the overall OHP product. The changes, along with aggressive promotional campaigns, were sufficient for more Australians to discover the value proposition of an OHP, i.e., family vacation options within a reasonable commute of most major urban areas, during the recent economic slowdown. The increased business was sufficient to satisfy the majority of OHP operators who are more concerned with lifestyle than profit and growth orientation. As a result, there is a lack of desire to further grow their business.

The complacency is further enhanced by little competitive pressure from the corporate OHPs who purchased and operate 82 OHPs. At that time, several operators expressed concerns with the impact corporate operators would have on their business, discussions that continue

today. Yet, in retrospect, the level of disruption was minor in comparison to what had been anticipated. Rather than undertaking further capital development, the corporates realized that they overpaid for their investments, and, coupled with an economic slowdown, were not in a position to invest further in the parks. They were forced to manage their OHPs to the best of their abilities. One large corporate investor has already fallen into receivership, signaling others to exercise caution.

The lack of entrepreneurial thinking within Australian OHPs can be further attributed to the control held by a small group of industry veterans who serve as industry trade association and marketing chain board members and chairmen. The resultant lack of fresh thinking, recycling of traditional ideas, and control over the industry's image act as a deterrent to future growth. One operator noted the "fuss and bother of some older [industry] members who get quite upset about [someone] having the audacity to change a pricing mode, given that it's always been done that way".

Australian OHPs focus on the current moment without due consideration to what may happen in the future. Operators and organizations thus tend to ask the following questions:

- Which customers are currently being served?
- What channels are presently used to reach customers?
- Who are the existing competitors?
- What are the current competitive advantages?
- Where do existing margins come from?
- What capabilities are unique at this point?
- Who are the existing markets? (Hamel & Prahalad, 1994).

This short-term focus is not solely an OHP issue, however. Balan and Lindsay's (2010) study of innovation within Australian hotels found that the key improvements / changes were implemented primarily to differentiate a hotel from its competitors, to respond to perceived customer preferences and trends,

and to comply with new regulations. In other words, innovations were implemented for reactionary reasons, as opposed to a proactive stance based on anticipating future scenarios.

The research discovered that not all OHP operators and organizations focus solely on their own situations and short-term horizon. A small number of operators and managers showcase a different level of leadership and innovation, characterized by an ability to look past their own situation to consider the 'greater good of the industry', periodically introducing new products, processes, management or marketing approaches which are new to the industry, but may already be in place in other jurisdictions and industries. Most changes were minor improvements, but periodically, a strategic innovator introduced a new product, service or marketing approach novel to the industry. Strategic innovators competed for market share by striving to be different from the norm, without trying to change the industry's core boundaries, i.e., they refrained from introducing radical innovation. Nonetheless, in keeping with Rogers (1962) diffusion of innovation theory, the new concepts were soon emulated by the mainstream. For example, a small group of OHP operators are beginning to put in water park features (water sprays, water slides), with the investment ranging from \$200,000 to \$800,000, depending on the attraction's size. The feature may become a common attraction in much the same way the jumping pillow has become standard fare.

These innovators essentially remain replicative entrepreneurs (Baumol et al., 2007). They leverage their broader network to confidently bring in new features, realizing that their mainstream peers may emulate the idea within the near future. What is missing from this typology is the entrepreneurial innovator who introduces revolutionary ideas that stretch the sector's boundaries. The research did not uncover any industry personnel who fill the role of revolutionaries, i.e., those who have the confidence, tools, and concepts required to challenge the preferred status quo approach. During the field research, all thirty participants were unable to address any question related to the future. The questions included:

- What novel opportunities could caravan parks offer that are new to the caravan park industry?
- How could the caravan park industry provide new value to attract new / different buyer groups?
- What specific area of the caravan park industry do you envision will change the most by 2020?
- What caravan park industry product will be a norm in 2020 that is not in place now?
- What caravan park industry process will be a norm in 2020 that is not in place now?

The most common response was initial silence, followed by broad comments of “not knowing ... you’ve got me stumped on that one”... to potential scenarios which all focused on extensions of current products and practices. Accordingly, no one in the Australian OHP industry is able to predict potential changes that may impact their industry. Yet these qualities are found in a Schumpeterian entrepreneur. That individual would ask the following questions:

- Which customers could be served in the future?
- What new channels would be best used to reach future customers?
- Who will be the competition in the future, both direct and indirect?
- What will be the basis of future competitive advantage?
- Where will the margins come from in the future?
- What unique skills or capabilities will be in demand in the future?
- Which markets should be focused on in the future? (Hamel & Prahalad, 1994).

The revolutionary entrepreneur not only asks the noted questions, but seeks answers to them. The OHP industry needs a visionary leader, one who can see new ideas that do not currently exist, similar to Hal Sperlich, the visionary engineer behind the development of

the mini-van. While periodic forays on study tours are opportunities to gather ideas, a regular inflow of fresh ideas is needed, rather than the current sporadic efforts of a few with the resources to travel.

Practical application of the dissertation

Surprisingly little research has been conducted on the OHP's contribution to tourism, given camping and caravanning's international popularity. Hospitality research has traditionally focused on hotels while overlooking the perhaps more simplistic ‘outdoor hospitality park’ sector. In that sense, this research has disrupted the traditional norms of hospitality research, by strategically focusing on a sector that has thrived (in Australia) during the recent global economic crisis, and which could grow even further, given visionary leadership.

While the study was exploratory in nature, it delved into key business tenets of entrepreneurship, innovation and strategy, and applied these to the Australian OHP sector, while recognizing that each component must be considered in the context of the industry itself (Škokić & Morrison, 2010). The study found that while no visionary innovation currently exists within the Australian OHP sector, there are examples of strategic innovation level in new product offerings (e.g., cabins, jumping pillows, ensuite washrooms, water park features); new service offerings (e.g., personalized familiarization tours); new processes (e.g., online reservation systems); organizational innovations (e.g., strategic partnerships); and marketing approaches (e.g., capitalization on social media) which were new to the Australian OHP industry. The search for entrepreneurial innovation thus uncovered the key level of ‘strategic innovation’ within a tourism enterprise, a significant insight overlooked in the literature.

The study has therefore made a contribution to the academic literature and to the tourism industry by focusing upon the Australia OHP industry, its current and potential use of innovation and entrepreneurship. The sector could, and perhaps should, make a greater contribution to Australian tourism industry long-term sustainability.