Success Factors of Implementing Innovation in the Alpine Tourism Industry

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1 Abstract

In many Alpine regions in Switzerland, Austria and Italy, tourism is the most important industry. In Grison / Switzerland for example, about one third of GDP is provided by tourism based activities. However, several studies suggest that the Alpine tourism industry lacks innovativeness. Among the reasons are a fractured destination structure, the small size of the average business, a lack of cooperation and a deficiency of knowledge regarding innovation management, i.e. instruments and methods to implement new ideas effectively. Based on qualitative best-practice research, this paper investigates success factors of innovation implementation in the Alpine tourism industry. Our findings suggest that there are some critical key factors, which are applied to a high degree by outstandingly successful touristic innovators across the Alps.

Key words: entrepreneurship, rural regions, competitiveness, SMEs, innovation, tourism, cooperation, processes, methods

JEL classification: L26, M20; O31; O32; O38; R11

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2 Introduction

There are multiple factors which have an influence on the overall tourism competitiveness, among which is innovation within the industry. The high impact of innovation on economic prosperity is a widely accepted fact. However, several studies come to the conclusion that Alpine tourism industry's innovativeness is below-average compared to other industries. While, for example, the engineering and pharmaceutical industries are very innovative, the Alpine tourism industry is not (Ziltener & Forster 2010, Pikeemaat 2012). The lack of innovativeness in the Alpine tourism is significant because of the importance of the industry: Tourism and its associated generated revenue are of vital importance to many Alpine regions in Switzerland, Austria, Italy and France. Several regions are heavily dependent on tourism, such as south-eastern part of Switzerland that receives roughly 30% of its GDP from tourism based activities and a significant part of jobs is provided by the tourism industry.

There is a series of reasons that influence the overall innovativeness of Alpine tourism (Seco 2010, Einicher 2012): The industry is highly fragmented. Both the Alpine accommodation industry and service sectors are primarily made up of Small and Medium Sized Enterprises (SMEs) consisting of micro and family owned businesses (Boniface & Cooper, 2009; Macchiavelli, 2009). This not only causes management and organizational problems, but also leads to destination inefficiency as it pertains to management and productivity. Unlike most of their North American winter tourism destinations counterparts, which are traditionally managed by corporations of businesses, the tourism industry in Alpine regions is based on a community model of destination organization. Thus, the organizational structure of the destination is facilitated through more politically driven management styles. There is less collaboration as a whole - most of the destinations are made up of independent owned businesses and service providers, resulting in a problematic situation (Flagestad & Hope, 2001). Unlike in the corporate driven destinations with a fully incorporated firm where a dominant corporate player governs (Flagestad & Hope, 2001), firms in community-modeled destinations have limited resources which lessens the overall innovation capability of the area.

While the organizational aspects between Alpine destinations are comparable, the price levels are not: Three-star hotel guests in the Austrian Alps pay three times less than in the Swiss Alps. Moreover, for the same product, guests pay five times less in the Italian Alps than in Switzerland (Boniface & Cooper, 2009; Macchiavelli, 2009). That leads to tough competition and pricing pressure between Alpine destinations, especially in Switzerland.

Another aspect of the problem is that some Alpine destinations heavily dependent on winter tourism revenues. Some destinations have accomplished to implement all-year-round attractions and touristic offers. Evidently, those destinations are on average more successful than their winter-only competitors concerning guest-nights and turn-around development.

There is a general consensus that adaptation is needed for the tourism industry to flourish in future. One possible adaptation strategy being proposed is the diversification of winter revenue to reduce the dependency on winter tourism through new business models (Abegg, Agrawala, Florence, & de Montfalcon, 2007). For this to be attained, the use of innovation can be implemented in transforming businesses – and even whole destinations. While innovation activities seemingly demand high financial, managerial, and planning commitment (CIPRA info, 2006), it has been a tool used to maintain competitive edges in the tourism industry (Weiermair, 2005).

3 Review of Literature

3.1 Strengths and Weaknesses of Alpine Tourism

Strengths and weaknesses associated with Alpine tourism industry are subject to a wide range of studies (i.e. Blanke & Chiesa 2013, Einicher 2006, Seco 2010, Held et al. 2011). Even though there are differences between Austria, Italy and Switzerland, they propose some common strengths. In particular, the following ones are being proposed:

- stable political environment
- efficient and reliable public transport
- Outstanding health and hygienic standards
- Highly qualified employees
- High standard of touristic infrastructure
- Wide variety of cultural resources
- Intact nature and beauty of mountain scenery

However, there are some significant weaknesses of the Alpine tourism industry in Italy, Austria and Switzerland, namely the following ones: (Seco 2010, Einicher 2006, Neff 2011):

- Size of destination management organization: Many destinations are too small to operate efficiently, have small marketing budgets and hence no real marketing power
- Fractured industry structure: There is a predominant majority of small businesses in the Alpine tourism, whereas „big players“, such as hotel chains, are rare. Small businesses lack synergy and scale effects, hence are often not profitable. Estimates suggest that up to 21% of Swiss hotels are economically unviable (University Berne / GastroSuisse 2009, cit. Seco 2010).

- High fluctuation: In the Alpine tourism, there is a higher percentage of new market entrants than in other industries, but also significantly more businesses that give up every year. The risk of insolvency for gastronomy enterprises is 2,3 times higher than the average industry in Switzerland (Dun & Bradstreet, 2013).
- Tourism industry's innovativeness is below average in industry comparison.
- Many destinations depend heavily on winter tourism. The portfolio of many destinations is unbalanced over the year and the potential of summer tourism is not yet exploited.

3.2 Importance of Innovation in General

Innovation is widely accepted as an important driver of economic prosperity. Innovative industries create jobs every year, whereas not innovative ones register cutbacks (Meier 2007). Innovation has also a huge impact on the economic wealth of nations: Several studies suggest a strong correlation between the innovativeness and GDP (i.e. European Innovation Scoreboard, 2005-12).

European nations and the European Community (EC) recognize innovation as a key success factor for economic prosperity in general and support innovative projects with different instruments of subsidies and aid money on a national basis as well as EC-wide.

According to worldwide rankings (i.e. Innovation Union Scoreboard 2013, Global Innovation Index 2012) Switzerland is the most innovative country in the world. But even in Switzerland, some deficiencies can be observed. The Swiss confederation's innovation promotion agency (CTI, 2011) poses the following challenges in the context of innovation:

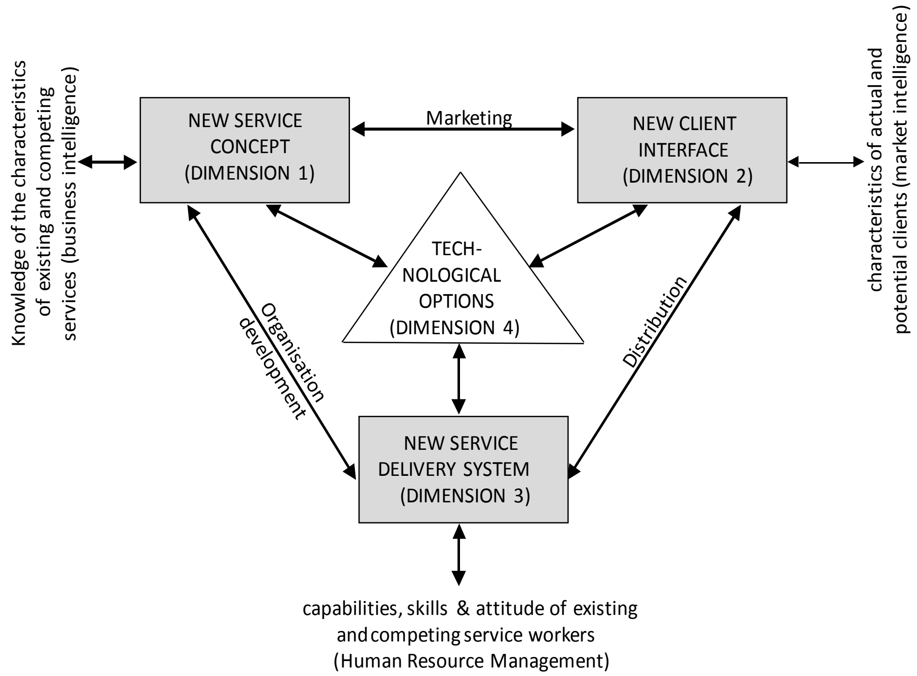
- Too little service innovations
- Deficit of entrepreneurial culture
- Too week knowledge and technology transfer to SME
- Lake of inhouse R&D

3.3 Service Innovation

A basic characteristic of services is their immateriality, and also the integration of external factors for their production. In accordance with the "Uno-actu" principle (in a single act), the production and consumption of a service occur at the same time, or the provision of a service is coupled with material goods. A service innovation can then be created, either by changing the process or by generating a new service (Müller-Prothmann & Dörr, 2009). The following definition of a service innovation will be used throughout this paper:

"A service innovation is a new or considerably changed service concept, client interaction channel, service delivery system or technological concept that individually, but most likely in combination, leads to one or more (re)new(ed) service functions that are new to the firm and do change the service/good offered on the market and do require structurally new technological, human or organizational capabilities of the service organization." (Van Ark et al. 2003).

We can then distinguish the four dimensions of service innovation represented below:



Four dimensions of service innovation (den Hertog & Bilderbeek 1999)

Service companies seldom have their own research and development departments and, in many cases, innovation management is treated as secondary to the functional tasks (Djellal & Gallouj, 2001). With regard to service innovation processes, three types are distinguished (Gallouj & Savona, 2009; Gadrey et al., 1995; Cooper, 2008; Toivonen & Tuominen, 2009):

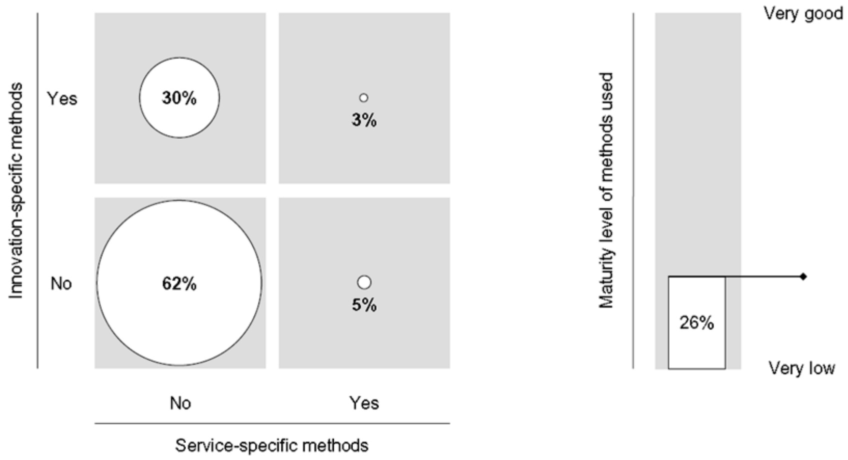
R&D-based process: This is always relevant when service companies transfer the innovation activity to one of their own organisational units. The development and implementation of a prototype takes place outside of the market, and the service innovation is not then marketed in the same way as a new product development until it reaches the maturity phase. As these projects often require substantial resources, top management is generally actively involved.

Ad hoc process: In this innovation process, new ideas are continually developed and implemented directly alongside the provision of services. These projects are accordingly also integrated into the existing organisational structures and processes, and multiple groups of employees and customers participate in their development.

Practice-oriented process: The innovations resulting from this process are not immediately recognised as such. These innovations are manifested retrospectively as customer-specific modification of existing services. They are substantially integrated into the general service portfolio, and are only later marketed as a new service, as a result of further development and standardisation.

Where a service company does decide to be active in the area of innovations, its success is, among other factors, significantly dependant on these innovation development processes. A study by the Fraunhofer Institute (Fähnrich et al., 1999) showed that it is services that have a formalised and documented service development process that predominantly achieve success. By contrast, companies not using this process tend to be less successful. Furthermore, the study showed that the use of methods and tools and the involvement of customers at an early stage in the development process have a positive influence on the success of service companies (Fähnrich et al., 1999). This makes it all the more surprising that only relatively little research has been carried out in the area of service innovation. There is a particular lack of knowledge about how companies with different strategic directions differ from each other in their specific innovation processes (Ettlie et al.,1984).

In the summer of 2011, the Frauenhofer Institute investigated whether service companies from three selected industries (industrial services, information-based services, and health services) use specific methods in their innovation processes, and to what extent these methods have been developed. It is not surprising to find that the methods used were judged to be much undeveloped.



Classification of service innovation methods (Burger et al., 2011)

As a criticism of this study, it must be noted that it does not provide information about which methods fall under which categories. This would be entirely relevant, as isolated methods can be assigned to different categories. In addition, the four categories of method are not clearly defined. Separation into the four method categories is maintained throughout this paper. As it is not always possible to make a strong distinction between the categories or precisely assign the individual methods to the method categories, the following explains how the four method categories are defined.

Business economics methods

Business economics methods should form a basis for decision-making. They help companies to analyse actual conditions and form possible prognoses for the future (Weber et al., 2008). The methods in this category are specifically tailored to the industry and do not count among either the service-specific or the innovation-specific methods (Burger et al., 2011). These methods usually contribute indirectly in a supportive way to the structuring of the service and are used within the framework of the general management of the company. Examples of such methods would be SWOT analysis, financial calculations, competition analyses, etc. (Opitz, 2008). Business economics methods are used particularly frequently in the phases of generation and evaluation of ideas, and requirements acceptance (Fähnrich, 1999).

Service-specific methods

Service-specific tools are methods that have been designed especially for services and pay particular attention to the roles taken on by the customers and employees during the service (Burger et al., 2011). Process models are frequently used here, since services exhibit a specific chronology (Opitz, 2008). Examples of service-specific methods are complaint management, customer events, and customer and employee surveys.

Service-specific tools are still very rarely used by companies and, moreover, are often unfamiliar to companies (Bullinger & van Husen, 2006). The study by Burger et al. (2011) supports this statement. Only 8% of the methods described by experts and practitioners were assigned to the service-specific methods category.

Innovation-specific methods without focus on services

Innovation-specific methods are methods that focus on product invention and product improvement. However, not all methods that are used in the innovation process are innovation-specific. Business economics methods (such as market analyses and break-even calculations) lay the foundation for the development of new products in the innovation process. Innovation-specific methods are those that are used for the generation, selection, and implementation of new solutions to problems. They attempt to break existing patterns of thinking in companies in order to find creative new solutions (Gassmann & Sutter, 2008). Examples here would be creativity methods, innovation portfolios, Quality Function Deployment (QFD), and Failure Modes & Effects Analysis (FMEA). Knowledge levels and the degree of application of innovation-specific methods are also low in SMEs (Vorbach & Perl, 2007; Lewrick & Ziltener, 2011). This statement is again supported by Burger et al. (2011). Only 33% of the methods specified which were designated as suitable for the development of services by surveyed experts and practitioners were identified as innovation-specific methods.

Innovation-specific methods with focus on services

Innovation-specific methods with a focus on services are understood to be the methods that have the objective of developing or improving services. They are used for the generation, selection, and implementation of new solutions to problems, and have either been created purely for the service sector or specifically adapted for it. They are characterized particularly by their focus on the cooperation between customers and employees (Burger et al., 2011) or on the process of interaction (Opitz, 2008). Typical examples here are the service blueprint, SERVQUAL, or the Kano method. According to the study carried out by Burger et al. (2011), however, these make up only 3% of the existing methods. Here in particular, there is a greater need for action in the development of new methods (Burger et al., 2011).

3.4 Innovativeness of Alpine Tourism Industry: Status Quo

Tourism is a widely integrative activity that has potential for innovations along the whole value chain. Pikkemaat & Peters (2006) describe the following types of innovation that can be found in tourism:

Type of Innovation	**Description**	**Example**
Product Innovation	New product and / or services for guests, competitors, suppliers or for an enterprise	- Events - New infrastructure project
Process Innovation	Increases overall-efficiency and / or effectiveness of processes, usually trough restructuring and/or the use of new technologies	- Self-service technologies - Automation of processes - Lean Management program
Organizational Innovation	Organizational changes regarding to hierarchy, internal cooperation, job description, responsibilities, incentives, etc.	- Empowerment programs - Decentralization of Management - Incentives and awards for innovative behavior of employees
Logistic innovation	Changes of vertical or horizontal relationships to customers and suppliers	- vertical integration of food supply and gastronomy - Using Social Media for communication, feedback and sales
Institutional Innovation	Relates to tourism networks, such as townships, destinations or political structures.	- Reformation of financing destination management organizations (DMO) - Destination-wide information technology systems

According to Pechlaner et al. (2007) the main focus of touristic innovators is a) on infrastructure (i.e. wellness facilities), and b) the bundling of services for specific target groups (i.e. hiking package). Process and organizational innovations are less common. The necessity to innovate arises from the general market dynamics that prove to be challenging for both, individual SMEs and touristic regions: First of all, customer attitudes are changing fast. The last decade shows that the average customer is characterized more and more by being less loyal, booking at shorter notice, using other information and communication channels and – most important – by changing customer needs (Leitl, 2007). Secondly, Alpine tourism industry is further under pressure by new market entrants (new destinations and business models) and by faraway holiday destinations that become more and more an alternative to close-by Alpine destinations due to inexpensive transport costs.

However, the level of innovativeness in Alpine tourism is seen as comparably low (Pikkemaat 2007, Ziltener & Forster 2010, Ziltener & Forster 2011). Regarding touristic offers and products, a me-too attitude prevails where imitations, not innovations, play a major role. That leads to a lack of differentiation between touristic offers. Even though labor productivity in Alpine tourism is relatively low the industry doesn’t stress process or organizational innovations (Held et al. 2011, Eichinger 2006, Pikkemaat 2007).

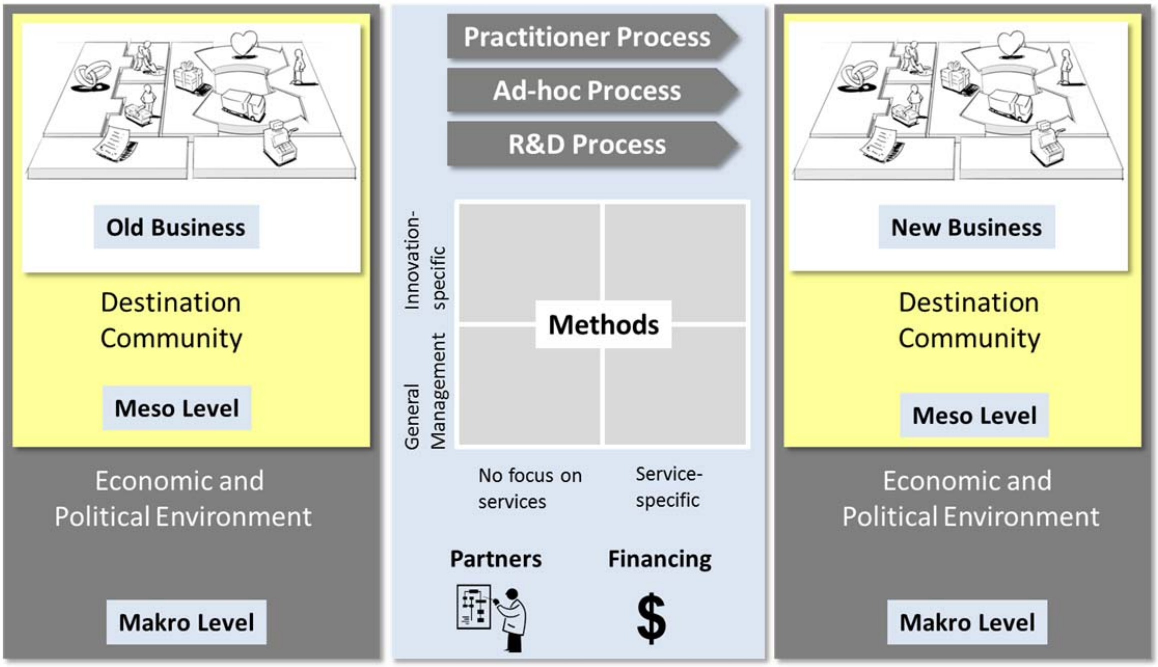
Not only in tourism, but in the service sector in general innovativeness is seen as lower than in the production sector: 71% of the EC-12 nations’ GDP is generated by services (Schibany et al., 2007). Despite the increasing importance of services for the economy, the service sector invests significantly less in innovation than the production sector (Amara et al., 2008; cit. Bruhn & Hadwich, 2001, Arvantis et al. 2010). Different authors (i.e. Einicher 2006, Pikkemaat & Peters 2007) consistently name two main reasons for this situation:

1. Service innovation processes are often managed unsystematically. There are not a lot of service-specific innovation management methods (i. e. service blueprinting, lead-user method, etc.), and they are still in a comparably premature state for an application in practice.
2. There are only marginal possibilities to protect new service ideas, for example by a patent. That leads to a pending risk of imitation, and skimming of benefits by competitors.

4 Research problem and objectives

As described, the Alpine tourism industry struggles with some serious innovation deficiencies. The reasons have been investigated in several studies. Therefore, the main aim of this research was not to explore the cause of the problem any further, but to concentrate on success factors. Designed as a best-practice study, the main aim was to identify, understand and describe cases of outstandingly innovative service providers and destinations in the Alpine tourism industry. Thereby, the focus was on the general success factors in the innovation process, including methods and instruments used, which outstandingly effective service providers and organizations have in common across the Alps. We distinguish between two different perspectives: The level of individual service providers (business level), and the level of innovation networks, such as destinations (meso level). The aim is therefore sub-divided into the following objectives:

- **Focus on individual service providers, i.e. business level**: To learn how SMEs in the Alpine tourism industry plan, develop and implement innovations, i.e. which service innovation methods and processes are being used, how innovations are currently being implemented and what general success factors exist.
- **Focus on destinations, i.e. meso level**: To investigate the dynamics of stakeholder networks (cooperation between touristic service providers, the township, the destination management organizations and other stakeholders) and their collective innovation projects within a destination, i.e. what kind of organizations and persons are crucial to initiate and realize innovations within a destination and what role they play in the collective. Furthermore, to learn more about the significance of cooperation between service providers within destinations, in order to implement new ideas in a network successfully.



Research Design

5 Methodology

In our qualitative research setting we employed managing directors and owners of 80 SMEs, tourism organizations, and representatives of the local municipality. The aim was to investigate a) the most successful Alpine destinations, and b) the most innovative SMEs and organizations within.

The sampling process was designed in a top-down manner:

First, the most successful destinations were chosen. BAK Basel Economics supports a widely accepted annual ranking of Alpine tourism destinations in Switzerland, Germany, Italy and Austria called “BAK Top Index”, considering the all-year performance of destinations. It proofed to be an ideal basis to identify the best-performing Alpine localities and resulted in a choice of ten destinations in Grison (Switzerland), Vorarlberg (Austria), Tyrol (Austria) and South Tyrol (Italy).

Secondly, the most innovative service providers and organizations within those destinations were identified. In accordance to our research aim, we didn’t focus solely on hotels, but also on other important service providers, such as mountain railways and providers of cultural and sports attractions, as well as destination management organizations and representatives of the local municipality. This broad approach allowed to investigate both, the

- effect of cooperation between major players within a destinations and their impact on the innovative output on the destination level (meso level)
- the efforts of SMEs to initiate and realize innovations on the level of businesses (business level)

In order to extract the most innovative SMEs of the chosen destinations, we used three sources of information:

- Employing major ratings, such as holidaycheck, tripadvisor, etc.
- Interviewing destination managers and experts
- Desk research

We deployed a semi-structured questionnaire. For the purpose of this qualitative data collection process categories were disaggregated and itemized by axial coding. Furthermore, an additional analysis scheme based on Business Model Generation (Osterwalder & Pigneur, 2010) was used to illustrate complex connections and dependencies. The interviews have been recorded and codified “in vivo”.

In addition to the interviews, 15 mystery checks (mostly hotels and mountain railway companies) were conducted. It proofed to be a good instrument to validate the results gained in the interviews.

6 Results

Our best-practice study has given in-depth knowledge of what outstandingly successful Alpine destinations and service providers characterizes, what success factors they have in common, and how innovations are implemented. Our results suggest that there is common ground among successful innovators cross-nationally.

6.1 Innovations on the level of businesses

According to our results, innovative SMEs in the Alpine tourism industry are often characterized by the following:

Company Size:
There is a correlation between the size of a business and its innovativeness. Bigger hotels and service providers usually profit from synergy effects and are hence more cost-efficient. Thus, they are able to invest more into innovation projects. This finding corresponds to the principals of the Profit Impact Market Strategies PIMS.

Clear segmentation:
Especially innovative and successful SMEs often focus very clearly on a specific customer segment (contrary to SMEs with an all-rounder-approach). Thereby, they are able to shape their services according to their customer requirements precisely, and are rewarded with a higher customer satisfaction as a result.

Clear positioning:
Successful innovators often monitor trends, customer needs and competition. On this basis, they deliberately determine their existing and prospective USPs. The intention of innovation projects is often to strengthen their USPs. That leads to a strong differentiation from competitors and a high recognition value for customers.

Entrepreneurship and Leadership:
Successful service providers in the Alpine tourism industry are often managed by highly entrepreneurial personas. They have pioneer qualities, such as

- being open for change and improvements,
- being restless and never entirely satisfied with the status quo. They are driven by looking for better solutions at all times,
- being inspiring to employees and stakeholders, and to induce a high level of trust ,
- willingness to take financial and personal risk whenever they are convinced of a project.

Very often, those entrepreneurs trust their gut-feeling strongly and seem to anticipate trends earlier than others. At the same time, they are often systematic in their analysis of a situation and willing to cooperate with external partners whenever it seems worthwhile, or whenever internal know-how is missing.

Culture of innovation:
Innovative touristic service providers often deliberately stimulate and cultivate a strong culture of innovation in their organization. The main pillars of such a culture are

- free space for employees to engage with new ideas and to explore opportunities aside from daily-business duties
- Employees who show initiative and introduce new ideas meet approval from management. A proactive attitude of the employees is further boosted by incentives – financial ones or awards of some kind.
- Management acts as a role model, i.e. has a mind-set of openness and is willing to challenge the status quo

Innovation process methods:
Innovation-specific methods and instruments, such as service blueprinting or lead-user method, are generally neglected in the Alpine tourism industry. An ad-hoc innovation process is applied in most cases, combined with general business administration tools, such as business plans, budgets, SWOT-analysis, and benchmarking. Client satisfaction surveys are often conducted. However, feedbacks are rarely systematically integrated in an innovation management process.

Fit between positioning of destination and SME:
The potential of a new idea is dependent of a match between the positioning of the destination (i.e. family / wellness / wildlife nature, etc.) and the positioning of the SME. The better the match the more promising is an innovation.

6.2 Innovations on the level of destinations (Meso Level)

According to our results, outstandingly successful destinations in the Alpine tourism industry are often characterized by the following:

Cooperation:
Service providers within successful destinations clearly cooperate more. They are willing to join forces, even with competitors, in order to achieve more than they could on their own. They are driven by a give-and-take attitude to their partners, rather than rivalry. This pattern seems to be an effective basis for co-creating innovations in a destination’s network.

Leaders /Enablers:

Almost always, single persons have a huge impact on the innovativeness of destinations. Usually, they are widely accepted personas, have deep roots in the region and a vast network. They are entrepreneurs at heart who think future-oriented, challenge the existing, and constantly strive to improve things. Such leaders are often directors of destination management organizations, owners of leading service providers, or CEOs of mountain railway enterprises. In most cases, such enablers have been appointed to their job for many years. Due to their status, they are able to foster new ideas and enable innovations in a network, even in complex situations.

7 Selection of Best-Practice Examples

The following chapter introduces a random selection of best-practice cases that highlight some oft he findings introduced in chapter 6. A complete report of best-practice examples of Alpine tourism industry, which is the product of this research, will be published in summer 2013.

7.1 Cooperation Behaviour: Dolomiti Superski

Dolomiti Superski is a consortium that represents Europe's largest skiing region, located in the heart of the Dolomites in South Tyrol / Italy. The region is a UNESCO world heritage since 2009. Dolomiti Superski is composed of as many as 12 skiing destinations and 130 privately held companies with 450 mountain railways. Guests are offered one single ticket for the huge skiing and hiking paradise. The consortium offers 3'000 jobs over winter months and is one of the major employers in the region. The consortium is an impressive example of a sophisticated cooperation network: Every single one of the 130 railway companies is self-governed and entrepreneurially independent. The maintenance of their mountain railways as well as investment decisions are up to them. Dolomiti Superski as the overhead-consortium acts as a coordinator: It is responsible for ticketing, sales and marketing. The earnings are allocated to the member companies with a clever distribution key, which is based on visitor frequency, type of railway, altitude and length of slopes. This system of earnings' allocation offers incentives for the member companies to provide a most attractive product: The higher the quality of a railway and the more guests frequent it, the more they profit financially. The cooperation system stimulates a beneficial competition between member companies, which leads to high quality standards. On the other hand, all member companies strive for the same goal: To offer a unique product to guests and to reach both, a quantitative and qualitative differentiation against other skiing regions in Europe. With 130 private companies involved, complexity is high. Here too, the consortium has agreed on a clever decision making process. There are two organizational units: The General Assembly consists of 12 representatives of the 12 destinations involved. They are elected destination-wise by the local railway companies. Then, there is the management board of Dolomiti Superski, which consists of 5 members. Those lean structures result in a fast and effective decision-making process. Innovations, such as the new summer concept „Dolomit SuperSummer“, can be planned and implemented at large-scale.

The conclusion of this remarkable example of cooperation behavior is that it’s made all companies and destinations involved more powerful: Their reached a higher level of professionalism due to the cooperation, their marketing is more effective, their product is unique, and they can implement new ideas more efficiently.

7.2 Clear Segmentation: Cavallino Bianco Family Spa Hotel, Val Gardena

Owner and CEO Ralph Riffeser had taken over his grandfather’s somewhat antiquated hotel in 1993. Soon, it was clear that there was a need for a completely new business model in order to be successful in the future. At the time, several hotels in the Alps had started to focus on the family segment, but always in a low-cost or middle-range category. Riffeser’s own experiences as a parent had been inducing a vision of a recreational holiday environment for both, parents and children, which to that date didn’t exist. So, Riffeser took some considerable financial risks to realize a completely new concept: A five star family hotel. Today, the Cavallino Bianco offers a wide range of attractions and services for children and parents, among them a theater for kids, huge wellness facilities, four restaurants and a series of playgrounds. Kids are cared for by the hotel staff whenever parents want some time on their own.

From the start, Riffeser focused consequently on the top earning family segment. The product was shaped according to this segment’s needs and marketing channels and concepts were adapted. Admittedly, the hotel lost some long-term guests in the beginning, but was soon rewarded with new customers. Today, the business has a remarkable occupancy level of over 90%. Thanks to a unique offer, higher prices could be enforced on the market. The hotel quintupled it’s earnings in the last five years and generates today sales of about 150 million Euro annually.

According to Riffeser the formula for success is simple: A unique concept, a clear segmentation and the consequent implementation of an inimitable business model. In the case of Cavalliono Bianco, that recipe has led to valuable USPs and to a clear differentiation against competitors. It was possible to reinforce a brand on the market, to build a community of fans and to attain some kind of cult status. Furthermore, customer needs can be met with an adequate product, which in return generates high customer satisfaction.

7.3 Entrepreneur- and Leadership: Franz Tschiderer, Destination Management Officer of Serfaus-Fiss-Ladis (Tyrol)

Dr. Franz Tschiderer has been director of the destination management organization of Serfaus-Fiss-Ladis for 24 years now. During that time, he was the initiator for uniting the formerly slumbering Tyrol villages Serfaus, Fiss and Ladis to one destination. He was also an important leader and enabler of a series of innovations and new concepts: Together with local stakeholders, such as hotels, service providers and mountain railway companies, he succeeded in reinforcing a clear positioning as a family destination. He stressed an extension and qualitative upgrade of mountain railways as well as other touristic infrastructure. And he inspired a wide range of activities, events and offers tailor-made to the family segment. Today, Serfaus-Fiss-Ladis is a collective with a sweeping touristic infrastructure. According to BAK Basel Economic's destination rating, Serfaus-Fiss-Ladis ranked always among the top three destinations of the Alps in the last years. The destination excels by featuring an outstandingly high occupancy level, a high earning power and a stable development of demand.

After his studies in economics, Franz Tschiderer started his career by taking over his parents' hotel. Till 2001, he was both, an entrepreneur and director of Serfaus-Fiss-Ladis' destination management organization, until he started to focus on the latter responsibility exclusively. In the eyes of different interview partners, Franz Tschiderer has an aura of credibility and trustworthiness. The combination of his academic background, his professional experience, and his many achievements might have helped that stakeholders in unison attest him know-how. When talking about Tschiderer, people from Serfaus-Fiss-Ladis kept repeating that he is a sensible communicator who is able to bring people together and to inspire. A necessary basis has always been his broad network across the region and beyond, as well as a deep knowledge about the dynamics in his destination.

The conclusions of 8 interviews in Serfaus-Fiss-Ladis with different stakeholders is that Franz Tschiderer has important leadership qualities, such as being extremely respected, being a good communicator and coordinator, having a keen sense for trends, and an analytical way of assessing and solving problems. The deputy major of Serfaus-Fiss-Ladis states that the destination owes Franz Tschiderer a lot. According to him, leaders, such as Franz Tschiderer, can make a huge difference. They are able to induce change and influence the way people think and act.

8 Discussion

The qualitative approach of this case study research clearly calls for discussing the validity of the results presented. The sampling process was based on different sources of information in order to retrieve the most successful alpine tourism destinations and the most innovative businesses and organizations within. The research method has given the opportunity to gather first-hand information from face-to-face interviews with 80 entrepreneurs and innovators in three different countries. This approach resulted in rich data and in-depth insights into innovation behavior of businesses and destinations in Alpine regions. However, the number of cases was too small to derive general conclusions. Yet, we believe that our findings have certain relevance for the practice insofar that they can inspire service providers with many cross-national best-practice cases that show exemplarily some of the key success factors of innovators in the Alpine tourism industry. Our results enable to learn from the best. The knowledge can be applied to future innovation projects, both from single SMEs and in cooperative projects on the destination level.

Still, we recognized a huge lack of entrepreneurship in sense of understanding tourism industries as scalable business model. Almost all interviewees think and act in their domestic market. That’s probably the reason why they don’t see any opportunities in copying their existing and profitable business model to other destinations of even internationalize it. Also we recognized that this industry has very low experience with sophisticated process and methods of innovation management, while already empirically proven the use of them has an impact on entrepreneurial success (Ziltener, 2013). In addition we give rise to the suspicion that in the tourism industry exist a kind of under qualification for quite some time, what has an impact on the attractiveness of this specific labor market. That’s why career opportunities are much lower than in other industries (e.g. financial services) and so high-potentials get out of the way.

We suggest complementing our results with further studies that investigate innovation-related success factors in Alpine tourism regions with a quantitative approach.

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