Abstract: The tourism industry contains many small and medium-sized enterprises (SMTEs). Furthermore, the tourism industry is often said to be less innovative than other industries and SMTEs’ lack of motivation, knowledge and resources are often claimed to be the reasons why the industry is not very innovative. At the same time, though, rich and thick data on SMTEs and innovativeness is lacking. In order to contribute to the filling of this knowledge gap, this paper draws on a case company (a Danish caravan site) that has been innovative. The study reveals a series of reasons why this specific enterprise has been innovative and further, the paper suggests how these findings may transcend the case company.

Keywords: Entrepreneurship; Innovation; Hospitality; SMTEs; Case study.

Resumen: La industria del turismo está conformada por muchas pequeñas y medianas empresas (PI-MES). Además, la industria del turismo a menudo es menos innovadora que otras industrias PIMES y la falta de motivación, conocimientos y recursos son, a menudo, las principales causas por las que la esta industria no es muy innovadora. Al mismo tiempo, sin embargo, existe un vacío en cuanto a datos en relación com las PIMES y la innovación. Con el fin de contribuir a la provisión de esta carencia de conocimiento, el presente documento se basa en el caso de una empresa innovadora. El estudio revela una serie de causas que la han llevado a obtener esta característica y, además, sugiere cómo estos hallazgos pueden trascender el caso de la citada empresa.

Palabras clave: Emprendeduría; Innovación; Hospitalidad; PIMES; Caso de estudio.
Introduction

Undoubtedly, innovation is one of the longest standing business mantras. But why is innovation so important? Innovation has to do with doing things differently (and hopefully better) and thus, innovation is a key that unlocks growth (Heskett, 1986; Sundbo, 2009; Voss & Zomerdijk, 2007). Although we might want growth to be sustainable, ethically and morally correct, or going in a specific direction, most destinations want their tourism industry to experience growth. As such, many destinations want more tourists and/or tourists that spend more while visiting the destination and hence, status quo becomes a term with negative connotations and decline is to be avoided altogether. And innovation (to successfully bring inventions into the market) is the mean to the desirable growth (Hjalager, 2009; Sundbo, 2009). Accordingly, one of the worst lines of criticism any industry can be subject to probably is that it lacks innovativeness (or that it is less innovative than other industries). However, industries are not – per se – innovative. Instead, most innovations are introduced by individual companies (i.e. the innovators, first movers, or rule breakers as they are often labeled) and subsequently, such innovations – if successful – are adopted, or copied, by competitors. In the words of Sundbo (2009) the entrepreneur is an *individual* agent of change. Innovation is furthermore dynamic in nature (even patents will expire some day) and competitive first-mover advantages will be eroded – or at least so the textbooks say. Accordingly, creative destruction (Hjalager, 2009; Schumpeter, 1934) created by innovators is what unlocks the growth potential of individual enterprises and – at a more aggregated level – of industries. The purpose of this paper is to contribute to our understanding of (lack of) innovation and growth in the tourism industry by means of an in-depth study of innovation at the smallest level of aggregation – i.e. in one entrepreneurial enterprise.

Although an unambiguous definition of entrepreneurship does not exist, most researchers agree on Drucker’s (1985: 27) suggestion that “innovation is the specific instrument of entrepreneurship”. In the same vein, Sundbo (2009:438) argues that “innovation requires entrepreneurship through which somebody struggles to realize the idea as a business idea”. Entrepreneurs are often described as people who ‘do something new’ and thus create new value (Wickham, 2004) and growth (Ioannides & Petersen, 2003). Hence, the basic idea is that entrepreneurs create *new* wealth because their innovative efforts challenge ‘the old order’ (Wickham, 2004). This approach to entrepreneurship dates back to the works of scholars such as, for example, Kirzner (1979) and Schumpeter (1934). According to Kirzner (1979) the entrepreneur is someone who is alert to profitable opportunities. Furthermore, Schumpeter (1934) argued that the entrepreneur is an innovator, i.e. a person that brings about change by means of new processes and/or products. Curran and Stanworth (1989, p. 12) state that entrepreneurship “refers to the creation of a new economic entity centered on a novel product or service or, at the very least, one which differs significantly from products or services offered elsewhere in the market”. Accordingly, a central tenet of entrepreneurship is that it involves innovation (regardless of whether this is radical or only incremental) and the start-up of a ‘new’ enterprise. Due to the emphasis on ‘newness’ of the enterprise, studies on entrepreneurship (apart from those focusing on ‘intrapreneurship’) typically focus on small enterprises. However, as Wickham (2004: 102) reminds us: “The size of a business is a poor guide as to whether it is entrepreneurial or not”. Accordingly, a small enterprise may not be entrepreneurial at all. On the contrary, Wickham (2004) argues that some critical issues separate the entrepreneurial venture from other small businesses. These issues are that the entrepreneurial enterprise goes beyond other small businesses in terms of growth potential, strategic objectives, and innovation. In practice, this means that a small business (for example the 37th bed & breakfast operation established in a specific area within the last 7 years) may not be entrepreneurial at all if it is operated and organized in the same way as the other 36 B&Bs: if it does not
offer customers anything ‘new’ compared to the offerings of the other B&Bs; and if it is only initiated in order to make an additional income by means of renting out existing, spare rooms. Gaining knowledge on this 37th B&B will not advance knowledge on innovation and entrepreneurship in tourism. Instead, we need to identify and investigate the truly entrepreneurial SMTEs if we wish to further research. Emphasizing the differences between SMTEs in general and entrepreneurial and innovative SMTEs, the aim of this paper is to further knowledge on innovativeness and entrepreneurship in tourism by means of a single case study of one SMTE that is entrepreneurial.

Small Tourism Enterprises and Innovation

The tourism industry is often said to be less innovative than other industries (Hjallager, 2002, 2009; Tetzschner & Herlau, 2003). Furthermore, many tourism businesses comply with ‘standard’ definitions of small businesses because they are small in terms of both number of employees (usually less than 20) and market share (Getz & Carlsson, 2005). Many tourism businesses even qualify as that which Bolin and Greenwood (2003) label ‘micro businesses’ (i.e. businesses with less than four employees). Lack of innovativeness in tourism is often argued to be the consequence of the type of enterprises this industry is comprised of (i.e. micro, small and medium-sized enterprises – onforth referred to as SMTEs) (Buhais & Cooper, 1998; Getz & Carlsson, 2000; Getz & Petersen, 2005; Hjallager, 2002; Jacob & Groizard, 2003; Morrison et al, 1999; Orfil-Sintes & Mattson, 2007; Shaw & Williams, 1990). Although Ioannides and Petersen (2003) as well as Shaw and Williams (1998) argue that research on tourism entrepreneurship is fragmented, the argument that SMTEs are less innovative than larger tourism enterprises is corroborated by a series of empirical studies on entrepreneurship and SMTEs. For example, Morrison et al (1999) found that many SMTEs are ‘passive entrepreneurs’. Furthermore, the tourism industry has proven to be a fertile environment for family businesses (Getz & Carlsson, 2005) as well as for lifestyle oriented entrepreneurs (Ateljevic & Doorne, 2001). Shaw & Williams (1998) identified both ‘non-entrepreneurs’ (i.e. (semi)retired in-migrants to the destination) and ‘constrained entrepreneurs’ (i.e. younger entrepreneurs constrained by minimum business skills and shortage of capital). Furthermore, both Stallinbrass (1980) and Morrison et al (1999) argue that many SMTEs are run by lifestyle entrepreneurs, who are driven by self-employment as a way of life, not by economic motives. Accordingly, rejection of growth objectives by these SMTEs qualifies as a deliberate decision. In the same vein, McDaniel (2000) argues that most SMTEs are happy to run operations in the same way as competitors do. These findings are also supported by Ioannides & Petersen (2003), who argue that many SMTEs qualify mainly as additional sources of income during the summer season: that lifestyle motivation predominates: and that most SMTEs are family-owned micro-business. Across these different studies, a key finding is that few SMTEs exhibit innovative traits and that only a minority of SMTEs is organized and/or operated to capitalize on growth opportunities. As such, it seems that only a small fraction of SMTEs are innovative and entrepreneurial whereas the majority of SMTEs are lifestyle and autonomy oriented (Getz & Petersen). Accordingly, research on SMTEs that are innovative and entrepreneurial is needed insofar we wish to uncover the attitudes and actions that foster innovation in a SMTE context.

Shaw and Williams (1998) argue that many SMTEs lack the resources to pursue growth opportunities even when they wish to do so. However, resource limitation is not a problem that only SMTEs face. When all comes to all, all companies have limited (or even scarce) resources (Barney, 1996; Penrose 1959; Peteraf, 1993; Rumelt, 1984; Wernerfelt, 1984). Consequently, a key managerial task is to make the best possible use of the available resources (and in a service context, especially of man hours). Hence, no matter what a company chooses to do it endures opportunity costs (Palmer & Raftery, 1999) in the form of things the company is not able to do. In service companies (and especially the smaller ones), man hours are first and foremost dedicated
to service encounters (Bitner et al., 1990; Edvardsson & Olsson, 1996) with present customers. Accordingly, for these companies ‘competing for today’ (Abell, 1999) means that you serve the customer currently waiting for his/her service encounter at the front desk and that you pick up the phone and answer any emails with requests from customers before you do anything else. According to Edvardsson & Olsson (1996: 147) a service company “does not sell services but opportunities for services”. Furthermore “the service system constitutes the resources that are required by or are available to the service process in order to realize the service concept” (Edvardsson & Olsson, 1996:148). Typically, the system is comprised of staff (both owners and employees), the physical/technical environment (premises, facilities, computers etc.) and the organizational structure. Thus, after having devoted man hours to service encounters, most SMTEs turn towards maintenance and fine tuning of the extant service system (e.g. updates of websites and online booking systems or renovation of facilities). Only thereafter, ‘competing for tomorrow’ (ensuring future business by means of innovation – Abell, 1999) becomes an issue. The literature shows that many owners of SMTEs work extremely long hours during peak season (McKercher & Robbins, 1998) and furthermore, most (in some case all) of these working hours are dedicated to service encounters and maintenance of the existing service system. As a consequence ‘competing for tomorrow’ (engaging in innovative efforts) easily becomes a task that is postponed. Accordingly, research on SMTEs that actually dedicate resources to ‘competing for tomorrow’ is needed if we wish to suggest how SMTEs can be(come) more innovative and hence, truly entrepreneurial.

Innovation is a multidimensional concept and, as Drucker (1985) reminds us, an innovation does not have to be ‘a thing’. On the contrary, many innovations are not tangible products. This may be particularly true for tourism enterprises. Hence, whereas Schumpeter (1934) differentiated between innovations in the form of new or improved products; process innovation; opening of new markets; new sources of input; and changes in industry organization, contemporary tourism research emphasizes types of innovations such as process, management, logistical and institutional innovations (Hjalager, 2002). Furthermore, authors such as Voss and Zoerndijk (2007) as well as Shaw and Williams (2009) emphasize experiential innovations.

In the same vein, Hjalager (2009) distinguishes between the following types of innovations: Product/service, process, managerial, marketing and institutional innovations. Nevertheless, all of these types of innovations seem to better fit the operations of larger enterprises than those of SMTEs. For example, Hankinton (2004) argues that marketing innovations change communication with customers and how relationships between customers and service providers are built and withheld. However, SMTEs communicate with customers in different ways than large corporations – simply because the manager-owner often communicates directly with guests – both prior to and during their visit. Accordingly, to the manager-owner of a micro tourism business withholding relationships with customers may mean something completely different than it does to the large corporation that draws on mass communication, loyalty programs and/or branding campaigns in order to maintain customer relationships. Accordingly, it seems highly relevant to assess which types of innovations entrepreneurial SMTEs especially introduce.

Apart from types of innovation, a critical question to be raised is how entrepreneurial SMTEs generate innovative ideas. In the quest to be innovative, many different sources of innovative ideas can be activated. Hence, apart from intra-organizational sources (predominantly the owners themselves as well as staff), the innovative company can also draw on a series of external sources such as e.g. suppliers, customers, competitors, other industries, and/or universities (Baker and Hart, 2007). As Weiermair (2003:5) reminds us, “customer orientation plays a fundamental role in service innovation” and thus, interactions with customers (especially during the service process or experience act) can provide valuable information to draw upon during innovation processes. However,
apart from customer input, cooperation, alliances and/or networks are also seen as important vehicles for innovation within tourism (Hjalager, 2002; Weiermair, 2003). As a result, gaining knowledge on the sources of innovation that entrepreneurial SMTEs draw upon is critical.

**Research Objectives and Questions**

Nearly 50 years ago, Levitt (1960) argued that there is no such thing as a growth industry. Instead "there are only companies organized and operated to create and capitalize on growth opportunities" (Levitt, 1960:7). In a tourism context – and 50 years down the road – this means that SMTEs are not less innovative than larger enterprises because they are smaller, but because they are not organized, nor operated, to create, nor capitalize on, growth opportunities. This line of reasoning is corroborated by Hjalager (2009:12), who argues that “entrepreneurs in tourism are often found to start off with scarce business skills, and their innovativeness is limited". However, if we wish for tourism to be an innovative/growth industry, we have to try to understand what it is that hinders or facilitates that SMTEs become enterprises that are truly entrepreneurial. Hence, it seems that generation of in-depth knowledge on organization and operation of innovative and entrepreneurial SMTEs as well as knowledge on their attitudes towards growth is needed if we – in the end – wish to produce normative theory that suggests how innovativeness in SMTEs could be increased. This claim is supported by Roberts and Hall (2001: 206), who argue that “paucity of information on the behavior of small tourism firms means that entrepreneurial activity in the tourism sector is poorly understood". This paper offers an incremental step towards generation of knowledge on entrepreneurial activity of SMTEs. Particularly, the paper draws on a single case study because case studies “are deemed important in innovation research, as they contribute at various stages of the research process with insights and explanatory value that cannot be produced with quantitative data” (Hjalager, 2009:7). In order to contribute with insights and explanatory value, the single case study accounted for in this paper centers on the answering of the following questions:

- Does the innovative SMTE accounted for in this paper differ from other SMTEs in terms of growth objectives?
- What is the definition-in-use of innovation and innovativeness of this particular SMTE?
- Which types of innovations characterize this particular SMTE?
- Which sources of innovation predominate?
- Is innovativeness independent or does it rely on networks and collaborative efforts?

In the next section of the paper, the case and methodology are introduced and thereafter, answers to the questions above are offered.

**The Case**

The place consists of more than 100,000 square meters of land, most of which is rented out in small lots to people, who pay a fee to put their caravans there for a limited period of time (often a week or two). Most of the caravans contain a small kitchen, tables, benches/chairs, beds, and – perhaps – a toilet or even shower facilities. Attached to the caravan is usually a ‘tent section’, but most of the time (when the weather allows for it), around comfortable garden furniture and a barbeque placed on the grass is where people sit and talk and have their meals. Apart from people, who bring their own caravans, guests include people who bring tents or camplets (camping trailers) as well as people who rent a cabin for a week or two. Apart from areas devoted to accommodation (i.e. caravans, tents, cabins etc.), the place contains a reception area, a grocery shop, a small cafeteria, kitchen and bathroom facilities, a pool area and a number of playgrounds. In addition, the place offers mini golf, pony rides, put and take fishing, tennis, a wellness room and – on occasion – parties or other social events that the guests can participate in if they wish to do so. During peak season - if it does not rain - there are people everywhere you look – people sitting in front of their caravans, tents or cabins, people watching their small children at the playgrounds, people having fun in the pool.
area or lazing around it, people having a beer, children eating ice-cream, people going to, or from, kitchen and bathroom facilities, people simply walking around, and lots of children everywhere. All of these people are dressed very casually (shorts, tank tops, summer dresses, and clip-clappers all around you). However, albeit the place is fairly crowded, no one seems stressed or in a hurry, and people smile at you – perhaps saying hello. The place in question is a caravan site in Denmark – a site that did not exist 35 years ago. Instead, at that point in time, this place was a small farm and no one had expected that the green pastures inhabited by cattle only would later become a spot visited by around 10,000 tourists (60,000 person nights) a year.

A key reason why this case is interesting is that most Danish caravan sites not only function as accommodation. Hence, although these caravan sites function as places to sleep, previous research (Blichfeldt, 2005; Blichfeldt & Kessler, 2008; Jantzen et al, 2007; Southerton et al, 1998) has shown that caravan sites also act as experiencescapes (O'Dell, 2005) and/or even as attractions in themselves. Hence, within a single caravan site, customers may find many different activities and experience products. For example, at the case site people can rent boats or canoes and spend the day at the river running by. Or they can partake in pool parties or sing-along events on Saturdays. Or they can rent a fishing root and go fishing in the put & take lake. Or they can find a nice spot and sit there reading a book or having a chat. On top of these experiences come all the experience offers available beyond the gates of the caravan site. Consequently, due to their unique blend of accommodation, nature and man-made experience products, caravan sites seem to qualify as especially fertile contexts for innovation of many different kinds.

35 years ago, this particular caravan site was started by Paul, who’s main motivation for start-up was that he wanted to take over his parents’ farm: albeit he had no wish to be a farmer. So, he had to find alternate use for the farm and he picked up the idea of converting the farm into a caravan site. The reason why Paul decided to make a caravan site was that people canoeing often made a stop at the farm and asked whether they could put up their tents and spend a night there. Paul really enjoyed meeting these tourists and henceforth, he found the idea to make a living out of such encounters very appealing. Soon after start up, Paul (on a small scale) started to hire in people. One of these first employees was Marge, whom Paul fell in love with and later married. By 2008, the caravan site had become the site described in the beginning of this section and at this point in time, Paul and Marge sold the site for a price around 3 million Euro. After the caravan site was sold, Paul and Marge embarked on the next phase of their life (a phase which ended up becoming one of start-up of a new business – but this is a story that is not told in this paper). At this point in time, the researcher conducted in-depth interviews with Paul and Marge. However, before doing these interviews the researcher had detailed knowledge on the caravan site, its growth, innovations, history and – especially – the owners’ enactment hereof as the researcher has previously done research relating to this particular site (Jantzen et al, 2007; Blichfeldt, 2005). Although one could argue that the researcher’s prolonged engagement with the case could hamper quality of research, such hampering effects seem of minimal importance as the purpose of the case study is to reveal the family owners’ reflective enactment (Burrell & Morgan, 1979; Pfeffer, 1981; Weick, 1979) of (reasons for) innovativeness of this particular site. Hence, the goal of the study is not to reveal the ‘objective truth’ about the case. Instead, the goal is to do interpretive research that uncovers what the owners were thinking, why they acted as they did, and what they wanted to accomplish (Smircich & Stubbart, 1985): especially in relation to innovative efforts. As such, the primary objective of the interviews is to understand the informants’ stories about their experiences and activities and henceforth, to let these stories be the locus of theoretical advancement (Seymour, 2006; Thompson, 1997). In practice, the researcher conducted a series of in-depth interviews with Marge and Paul during the year 2008. The first interviews were highly exploratory and the aim of
these interviews was mainly descriptive; i.e. to establish the history of the enterprise and to produce a record of innovative efforts. Afterwards, interviews focused predominantly on Marge’s and Paul’s feelings, attitudes and enactment of key themes (e.g. innovation, entrepreneurship, growth, hospitality). Finally, during the last interview Paul and Marge were confronted with the researcher’s preliminary interpretations and findings and accordingly, the end result of this interview was a series of findings that were corroborated (or refined or revised according to comments made by) Paul and Marge. The next sections account for these findings and thus for innovation in one SMTE – as enacted by the owners of this SMTE.

Findings

The case site has always evolved and grown. Furthermore, growth has not happened by accident. On the contrary, Marge and Paul have always deliberately pursued growth. Hence, when Paul was asked if he – when he started the caravan site – had anticipated that it would grow into the business described above, his prompt response was as follows:

“Yes! Yes, I did, I actually did. I did apply for a permit for the entire 100,000 square meters of land from the start and I knew that I would create something new every year. I always knew that I wanted to make something that kept growing. I didn’t just want to start it up and then leave it at that. I always knew that I wanted it to continuously grow and then it would, eventually, end up being big. And I also knew that when the day came when it became so big that I would run out of ideas or we couldn’t cope with it, then we would sell the site”

Wickham (2004) argues that what especially separates the entrepreneurial venture from other small businesses is that the entrepreneurial enterprise transcends other small businesses in terms of growth potential, strategic objectives, and innovation. As indicated by the quote above, from the very start, Paul wanted the enterprise to grow and accordingly, he had strategic objectives well beyond that of an ‘average’ small tourism enterprise. Accordingly, the case study corroborates that entrepreneurial ventures are characterized by ‘bold’ growth objectives from the start. Furthermore, to Paul and Marge innovation has always been a critical part of the way they operated the enterprise, or, as Marge put it:

“It has always been critical to us to keep abreast of things. To be amongst the very first, who did things differently. For example, we were amongst the very first caravan sites in Denmark to introduce bake off – there were only 2 other caravan sites that started doing that around the same time. But also in respect to that, we were amongst the very first – I mean, today everyone is doing the bake-off things. But we’ve always tried to stay at the cutting edge of things – to make something that others didn’t make”

Drawing on an empirical study of recreational caravanning in the North West of England, Southerton et al (1998:5) conclude that caravan site owners’ interests in maintaining (or increasing) the income generated from a plot of land licensed to accommodate a fixed number of caravans “does not leave a lot of scope for inventive entrepreneurial activity, but owners can and do manipulate the image and popularity of their site through advertising and/or by improving the facilities on offer”. As such, Southerton et al (1998) actually argue that innovativeness and entrepreneurship of caravan site owners are both limited in scope (improvement of extant facilities and advertising) and in degree. However, the case upon which this paper draws is characterized by innovativeness well beyond that found by Southerton (1998) – both in terms of scope and degree. In fact, over the years, the value of the case site has – on average increased with around 70,000 Euro a year – a growth in value especially attributable to (1) dedication to continuous innovativeness and (2) customer franchise caused by both positive word-of-mouth and revisits of extremely satisfied customers. Accordingly, the case study suggests that innovation is the means to growth that entrepreneurs activate. The subsequent section offers knowledge on both types and degrees of the Innovations that characterize the case company.

Levels of innovativeness vary considera-
bly – stretching from truly ‘new to the world’ innovations through ‘new to the company’ albeit not to the world’ to only incremental levels of newness (Hjalager, 2009). As for the more incremental innovations, maintenance and improvement of existing facilities predominates for most caravan sites (Breen et al, 2006; Southern et al, 1998). Hence, as most facilities (and especially kitchen and bathroom facilities as well as cabins) are used by many people during the peak season, a critical task is to continuously maintain the current standard of these facilities. However, Marge and Paul very explicitly argue that it is not enough simply to maintain and/or improve existing facilities:

P: “You have to offer something new every year”
M: “Yes, although it doesn’t have to be something big every year”
P: “No, not at all”
M: “But there has to be something that is new”

In order to offer something ‘new’, every year – after the closing of the season – Paul and Marge quite deliberately both devoted time to maintenance of existing facilities and to development of new products and services. Consequently, to them innovation has always been an integral part of the preparation for the next season. Furthermore, after they made a webpage for the enterprise, every winter this webpage was continuously updated with information (both pictures and text) on the new products and services, they were working on. When asked why they posted such information on the web, they replied as follows:

“But we do that in order to give our guests the opportunity to have something to look forward to and to form expectations about. Not that we want them to form too high expectations, but so that they know what we are doing. To keep them informed: to show them that we care”

As this quote indicates, both the facts that Paul and Marge engage in innovative efforts during the winter and communicate on these efforts relate to a wish to keep in touch with their customers – also during the time of year, when the site is closed for the public. This issue seems to be highly interrelated with Paul’s and Marge’s business philosophy as it came across in the following fragment of one of the interviews:

P: “It’s important to make something, to add something to the place”
M: “Yes, it also has to do with giving people something in return for their money. We don’t want them to simply pay – we want them to feel that they get something back”
P: “Yes, it has to do with our having a clean conscience”
M: “Yes, we don’t just want to make money in the summer and then do nothing during the winter. We want to spend the winter reinvesting so that there is something new for our guests next year”.

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<tr>
<th>Product/facilities innovation</th>
<th>Process innovation</th>
<th>Interactional’ innovations</th>
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<tr>
<td>Put and take fishing lake</td>
<td>IT based reservation system (first in Denmark)</td>
<td>Children’s camp fires</td>
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<tr>
<td>Cabins</td>
<td>Networking and collaboration with other caravan sites in the area</td>
<td>Happy Hour</td>
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<tr>
<td>New bathroom and kitchen facilities</td>
<td>Processes concerning communication with guests prior to visit, payment etc</td>
<td>Team competitions</td>
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<td>In door pool area</td>
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<td>Luxury cabins</td>
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<td>Games for children</td>
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<td>Wireless internet access</td>
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<td>Bonfire event leading to inclusion in Guinness World of Records</td>
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Table 1. Examples of different kinds of innovations.
Although Paul and Marge’s line of business is characterized by seasonality, they define their work as something that takes place throughout the entire year. Hence, to them seasonality predominantly means that one part of the year is devoted to encounters with guests, whereas the remainder of the year is devoted to preparations for successful encounters with guests – and especially preparations in the form of ‘making something new’. Most of the innovations Marge and Paul have introduced can be categorized into three main categories. First, a series of innovations are quite tangible in nature and relate to new, physical, facilities. Secondly, the case company is also characterized by a series of process innovations – both IT related innovations and changes in the service delivery system that increase effectiveness and efficiency of processes. Finally, over the years there have been many innovations in the form of new ways of meeting and interacting with the guests.

As for the product innovations, these are hardly ‘new to the world’. On the contrary, most caravan sites introduce products such as better bathroom facilities, a pool or new cabins. However, Paul and Marge have always tried to make product innovations that are – in one way or another – different from the ones introduced by competitors. For example, when it was time to make new bathroom and kitchen facilities, Paul found the state-of-the-art type of such facilities in Holland and had it sent to Denmark in order to offer the guests the very best facilities available at that point in time. In the same vein, when they decided to make a wellness area, they scanned the European market for different products and services, that could be part of this offering and ended up importing not just a sauna, but a concept that included both a sauna, a ‘cold water shock shower’ and a ‘rainy area’. In relation to the quest to introduce product innovations that are different from what competitors have to offer, Paul made the following comment:

“For us it isn’t enough to install a sauna. We want our guests to have an experience they can’t get elsewhere. So when we made the sauna product, we made it differently”

Although many of the case’s product innovations – at the surface – resemble those of competitors, whenever possible they have an ‘edge’ that is different from competing offerings. Accordingly, Paul and Marge have always, deliberately, tried to heighten the level of newness of new products and facilities in order to make these new offerings ‘as new as possible’ compared to industry standards. Hoelzl et al (2005) argue that ‘creative imitation’ is a special mode of innovation in tourism. However, what is interesting about Marge and Paul is the explicit and deliberate attempt to always minimize imitation and maximize creativity. Accordingly, the case suggests that entrepreneurial SMTEs – across various types of innovations – seek to increase levels of innovativeness (albeit none of these innovations qualify as systemic or radical innovations).

Albeit Paul and Marge have introduced a host of both product and process innovation, it seems that the case especially differs from other caravan sites in relation to the ‘interactional’ innovations. From the very start this type of innovation was a fundamental element of the site’s offering:

“We’ve tried to do things differently – especially when it comes to these gags, events, different kinds of entertainment and efforts to bring people together. We did that kind of thing from the very start. Back then, I had camp fires with the children every Saturday with singalongs and games and that kind of things”

When asked why these kinds of initiatives are so important, Paul and Marge argued as follows:

“We’ve almost always been the ones doing the entertainment ourselves. We’ve always been part of the entertainment. We’ve prioritized that a lot. Not just for the sake of the guests, but also to give ourselves the opportunity to get to know our guest and get a feel of whether they like it here”

One year, Paul and Marge brought in a professional firm to do the entertainment and events. However, although this partner came up with a series of very interesting events, too few guests signed up for these events. The dependency on the owners is
the key reason why these innovations are labeled ‘interactional innovations’. Hence, it seems that the owners’ active engagement in these events is much more important than the event itself and that what guests want is interaction with the owners and other guests. Apart from the fact that guests seem to favor events that Marge and Paul participate in, Marge and Paul suggest the following positive effects of their being involved actively in the various activities and events:

“It is crucial to stay at the cutting edge if you want to offer something new and not simply follow the others. A caravan site has to do with experiences. And of course, some guests might want to experience the same things over and over again. But if people want a new experience they have to go places that offer something different. When you have a caravan site you always have to keep in mind that the guests, who visit you, pay to visit you and you should give them something – and the thing we have to offer is experiences. Experiences – that’s what we sell – so you have to offer experiences. If we don’t do anything, then they won’t experience anything. Of course, they can have a cosy time in their caravan or their tent – of course they can – but the best things is if we can offer something they can’t experience elsewhere. I mean, the playgrounds and the barbeque, they can have that everywhere – in relation to that it doesn’t matter what caravan site they are at. But they can’t experience our Happy Hour sing along events elsewhere. To experience the owners and the staff entertaining them with singing and so – that’s a different experience.”

In comparison with Schumpeter’s (1934) as well as Hjalager’s (2002) different types of innovation, the case is characterized by greater emphasis on ‘softer’ innovations, the purpose of which is to build experiencescapes, in which guests and hosts have encounters with an experiential content beyond that of simple transactions. Hence, the case study paints a picture of SMTE innovation that especially relates to more intangible, experiential and interactional innovations.

As mentioned previously, entrepreneurs may draw on many different sources of innovative ideas. Concordant with Breen et al’s (2006) findings relating to sources of innovative ideas in the tourist park sector, customer suggestions is a key source of innovative ideas for Marge and Paul:

“We’ve always done that a lot: Listening to the guests and their wishes. We listen a lot to the guests. But we don’t necessarily do something because one guest comes with a good idea. That’s not enough. We listen and when we’ve heard it enough times, then there must be something to it and then we start looking into whether it is feasible and what will it cost. And off course we screen out ideas that are unrealistic. But if they say it enough times, then we look into it and evaluate the potential of the idea – look into costs both short and long term and what extra guests it would bring in. But we also look at whether we can give it an edge – if we can do it differently or a bit more existing”

Guests thus qualify as a key source of new ideas and furthermore, such ideas are subject to screening that aligns with extant theory (e.g. Baker & Hart, 2007). However, Marge and Paul also draw on other sources of innovative ideas and they are highly aware of the fact that inspiration from a multiplicity of sources is needed in order to ‘stay at the cutting edge’. For example Paul and Marge get inspiration from ‘state-of-the-art’ caravan sites in Denmark; and – during the winter – they take inspirational tours (sometimes arranged with/by suppliers); they keep an eye out for new ideas on their own vacations in the winter time; and they collaborate with peers. Hence, Paul and Marge look for inspiration not only within the industry but also with a broader perspective. The case study thus corroborates the claim that innovative enterprises draw on many different sources of new ideas and especially on the source ‘keeping in touch with customers’ (Breen et al, 2006).

Paul and Marge were very explicit about exactly which elements made this specific caravan site an entrepreneurial tourism enterprise. The factors they emphasized were: Innovation; differentiation; growth; hospitality; and collaboration with other caravan sites in the area. To Paul and
Marge a critical factor is innovation; i.e. to reinvest in order to offer something new to guests every year. Furthermore, the criticality of innovation is highly interrelated with differentiation due to the fact that it is crucial that innovations are more than simple imitations and hence, that they incorporate something that guests cannot have elsewhere. In the same vein, they emphasized acceleration of growth as an eagerness to always want to ‘do more’ and not be content with status quo. As such, the case corroborates Drucker’s (1985) claim that innovation is the specific instrument of entrepreneurship. As for hospitality, undoubtedly, the key differential advantages of the case company relate to family branding and interactional innovations. As such, Marge and Paul have used themselves and their personalities to interact with their guests in ways that transcend mere service encounters. The final success factor is collaboration. According to Marge and Paul, continuous growth and innovation depend on collaboration with a series of different actors. One type of collaboration that they find contributes extensively to development and growth is collaboration with other caravan sites in the area. In regard to start up of such collaboration, Paul explained as follows:

“I persuaded the others that it was better if we collaborated. So every winter we met 3, 4 or 5 times and we really got around camping and caravanning. In the beginning there were 5 of us, but eventually more caravan sites joined in. So we talked a lot about caravanning and we made a brochure and started to go to exhibitions, something that was unheard of at that time. I mean, we were at exhibitions in Holland – something not even VisitDenmark [the national DMO] did back then”

Apart from collaboration with competitors, Paul and Marge mention a host of other networks and partners that have contributed to their success over the years. For example, the (at the time being) state-of-the-art IT based reservation system was developed as a student project. Furthermore, they mentioned that because the local residents have always been welcomed at the site, the caravan site has always had the support of the local community:

“If we had been more ‘up tight’, we would probably have experienced more conflicts with the locals, e.g. because of the traffic to and from the site. But because we have always been very open and hospitable towards the locals, we’ve always had their support”

Concordantly with Pikkemat (2008), the case study thus suggests that SMTEs that actively partake in business networks are more innovative than those who do not. However, Marge and Paul expand the notion of networks to also encompass relations with the local community. In conclusion, the success factors mentioned by Paul and Marge are well-known to researchers familiar with entrepreneurship theory. Hence, the case study accounted for in this paper – once more – corroborates the criticality of these issues for any SMTE that wishes to grow and evolve. However, compared to traditional conceptions of SMTEs the case study also offers some new insights. Especially, the case study reveals that some SMTEs are actually very growth oriented and engage heavily in innovation in order to facilitate high growth rates. Hence, in opposition to ‘non entrepreneurial’ small enterprises, it seems that some SMTEs (or at least the one accounted for in this paper) are actually entrepreneurial ventures, the owners of which aspire for continuous innovation and growth. Furthermore, the case study suggests that especially innovation in the form of interactional innovations is crucial for SMTEs such as caravan sites.

Implications

Case study research has, rightfully, been subject to criticism (Adams & White, 1994). Such criticism especially hinges on the fact that although single case studies generate overwhelmingly amounts of rich and thick data, these data are context-bound to such an extent that they may not contribute much to knowledge generation beyond the case level. Albeit no one would argue that case study researchers should generate statistically generalisable results (Perry et al, 1998), case studies only make scientific contributions insofar they enable us to learn something which transcends the case in question; i.e. if they contribute with
theoretical advancement and refinement (Yin, 1994). Accordingly, the single case researcher has a special obligation to discuss the analytical generalization (Perry et al, 1998) of his/her findings. The purpose of this section is to offer such a discussion and henceforth, to explicate the contributions of the single case study to extant knowledge on innovativeness in SMTEs at a higher level of abstraction than what has been offered in the previous section.

**Growth – Dedication to Innovation?**

The case corroborates Levitt’s (1960) argument that there is no such thing as a growth industry (but only companies organized and operated to create and capitalize on growth opportunities) as the innovativeness of the case company seems to relate far more to the owners’ quest to identify and responsiveness towards growth opportunities than to the industrial context. As a token of this, the case company has actually experienced high growth rates in periods, during which the industry as such has experienced stagnation. In regard to this, Paul and Marge were very explicit about the issues that differentiate small enterprise start up from entrepreneurial ventures, or, as Marge put it:

“Some people don’t want to start a new enterprise. Some people – like the ones putting up a sign with ‘vacant rooms’ – they just want to make an additional income, and that’s not to start a new enterprise”

Hence, to Marge and Paul devoting time and resources to innovation is that which separates the entrepreneurial venture from other small businesses. As such, the case study actually suggests that it is rather simple to identify those new ventures that are truly entrepreneurial: all we have to do is to ask the owners whether they (plan to) continuously engage in innovation. However, as this suggestion is solely based on retrospective self-reporting, future (longitudinal) case studies should question the soundness of this suggestion. Nonetheless, the case study does suggest that continuous dedication of time and resources to ‘competing for tomorrow’ is a key success factor for entrepreneurial SMTEs.

**Hospitality – A Personality Trait?**

Within entrepreneurship studies, a rather persistent belief is that entrepreneurs are, in some way, special kinds of people and hence, that entrepreneurship is especially attributable to some kind of unique personality or personality trait. However, as Wickham (2004:77) rightfully claims “there is no real evidence to suggest that there is a single ‘entrepreneurial personality’”. Concordant with extant empirical evidence, the current study does not suggest that Paul and Marge’s innovativeness and entrepreneurship are attributable to some kind of special personality. However, the case material upon which this paper draws, does suggest that hospitality might qualify as a personal trait that has been decisive for success in this specific case – or at Paul put it:

“Off course it matters that the facilities are nice and clean, but what really matters are the hosts and the staff”

As explicated previously, a key reason why Paul started the caravan site was his profound appreciation of the encounters with strangers that were the end result of his father’s private (i.e. non-commercial) hospitality towards canoe tourists. As such, hospitality and the opportunity to meet people were key drivers from the very start. During the interviews, time and again, Poul and Marge revealed very strong opinions about hospitality and the roles of the host and the guest respectively – as exemplified by the following fragment of one of the interviews:

M: “Is all comes down to the definition-in-use of the service you provide. It is one thing to have the service encounter at the reception and then done! I’ve registered you and you have that specific lot, so there you go – go out and have a cozy time! It is altogether different to see the guests as more than simply customers, to not only want their money”

P: “We’ve also done it because we want a good everyday life ourselves. The next time they come I want them to give me something in return – I mean, it’s not a matter of money. Next time they come, I want them to make a nice comment or something – at least a smile. Actually, I expect that [...]”
35 years. We also wanted to have some nice experiences. If it had all been about checking people in and out and nothing else, without feedback from our guests then it would have been far too boring. And the joy of recognition when they re-visit that’s because we’ve been in contact with our guests. If it wasn’t for that contact, it wouldn’t be worth it. Then there would be no meaning to it all”

A key finding is that Paul and Marge’s definition of hospitality differs from traditional conceptions of commercial hospitality. For example, Lashley (2000, p. 12) argues that because commercial hospitality provision depends on monetary transactions, “both host and guest enter the hospitality occasion with a reduced sense of reciprocity and mutual obligation” and “the exchange of money absolves the guest of mutual obligation and loyalty”. However, Paul and Marge’s definition of hospitality transcends the mere exchange of money for accommodation and further, neither their guests, nor Paul and Marge themselves, are absolved from reciprocity and mutual obligations. On the contrary, Paul and Marge give their guests more than simply service-encounters (e.g. also Saturday afternoon entertainment or campfires for the children) and in return, they expect guests to give something more than just money back – recognition on return, or, a smile at the least.

The saying goes that satisfied customers are the cornerstone of any business. However, mostly customer satisfaction is not an end in itself, but instead, a means to profitability (i.e. satisfied customers are good business because they pay off in terms of positive WOM and repeat business). To Paul and Marge, hospitality and customer satisfaction (also) have another meaning – as explicated in the following quote:

P: “We’ve had so many wonderful experiences with the site – experiences we couldn’t get elsewhere”

M: “We have trunks full of good memories – you get so much back from the guests ... we sacrifice a lot for the sake of the guests during the season, but we get as much in return in the form of their joy and happiness and that they’ve had a great vacation”

Hence, to Paul and Marge hospitality and customer satisfaction also have to do with experiences for the host and hence, to them reciprocity and mutuality of obligations also incorporate the formation of an experiencescape for the host. Traditional innovation theory originates from the manufacturing industry (Hjalager, 2009). However, applying these theories to SMTEs might be insufficient as entrepreneurs such as Paul and Marge are ‘in it’, first and foremost, to interact with their guests. Accordingly, these kinds of motives seem under-prioritized in extant tourism innovation research.

**Seasonality – More than Simply Bad News?**

In recent years, much has been said about the negative effects of seasonality. Especially, seasonality is considered to be negative because it inhibits the tourism industry from attracting and keeping qualified staff. This problem is especially critical in a Danish context, due to the fact that unemployment is almost non-existing at the moment (or at least by the time this article was submitted). As such, the fact that tourism enterprises subject to seasonality cannot offer employees permanent positions is considered to be a key reason why the tourism industry desperately lacks qualified staff. Although this is true, the case study accounted for in this paper suggests that there are other – more positive – effects of seasonality as well. In accordance with extant literature (McKercher & Robins, 1998), Paul and Marge have always worked extremely long hours (mostly around 16 to 18 hours a day) during the peak season. Furthermore, during peak season almost all working hours were dedicated to service encounters, hospitality and maintenance of the existing service system. As a consequence, concordant with the literature, during the peak season ‘competing for tomorrow’ (initiating innovation) was not a task they engaged in. However, Poul and Marge deliberately used the winter season, during which the caravan site close down to engage in innovative efforts that would enable them to ‘compete for tomorrow’ (or in this case next season). Breen et al (2006) found that long hours for owners lead to lack of time to spend on business development and improvement and thus, they classified long hours as a barrier to
innovation. However, the case study accounted for in this paper suggests that seasonality actually eliminates this barrier as the winter period is devoted to the 'competing for tomorrow' initiatives that there is no time for during the season. Furthermore, seasonality may also affect hospitality positively. When all comes to all, most SMTEs offer services and as a result, emotional labour is an integral part of the business. However, when Paul and Marge were asked about emotional labour, they responded as follows:

“No, we never get tired of the guests. Of course, at the end of the season we get ‘season tired’ – but we never get tired of the guests”

Thus, perhaps the never-ending cycle of seasons and off-seasons is a key reason why Paul and Marge – for 35 years – were able to engage in a kind of hospitality that transcends provision of services in exchange for money? Accordingly, to the owner-managers of a SMTE, seasonality might also be positive because off season (a) allows them to engage in innovative efforts and (b) actually makes them long for next season’s service encounters.

Conclusion, Limitations and Future Research

The purpose of this paper was to make a contribution to our understanding of innovation in a SMTE context. Although the contribution is indeed only incremental, the single case study does offer some interesting pieces to the puzzle on SMTE innovativeness. First and foremost, the case study reveals a series of factors that the owners define as critical to the success of the case company. These factors were innovation; differentiation; pursuit of growth opportunities; hospitality and networks. All of these success factors are well established within the literature on entrepreneurship and innovation and consequently, the case study corroborates the criticality of these factors. However, apart from corroboration of the criticality of these factors, the case study offers a series of additional findings. First, the case study suggests that especially the case company has experienced continuous growth due to the owners’ deliberate search for growth opportunities and their habitualisation of innovative efforts, i.e. that they – every winter – devote time and resources to ‘make something new’. Furthermore, the case study underpins how crucial ‘interactional’ innovation is for SMTEs and how important it is to think in terms of innovative experiencescapes. Finally, the case study indicates reciprocity of such experiencescapes: i.e. that they should create experiences for both hosts and guests. The single case study thus points to some topics that deserve to be better researched in future. For example, the single case study suggests that seasonality might increase innovativeness due to the simple fact that low or off seasons allow SMTEs to spend time and resources on ‘competing for tomorrow’. Furthermore, a contribution of the case study to extant knowledge on innovativeness in SMTEs is that especially the success of the case company hinges on hospitality and further, that hospitality in this context transcends the transaction of money for accommodation. Thus, especially success seems to relate to the definition-in-use of hospitality as mutually beneficial meetings between hosts and guest – meetings that encompass more than guests’ paying for accommodation and hosts’ providing service encounters. However, probably the key contribution of this paper to extant knowledge on innovation and entrepreneurship in tourism is that SMTEs and entrepreneurs are not the same. On the contrary, the study corroborates Wickham’s (2004) claim that size of a business is a poor guide as to whether it is entrepreneurial or not and henceforth, that SMTEs are not – per se – entrepreneurial. This means that we have to be extremely careful before we label small enterprises ’entrepreneurial’ and that we can only expand the pool of knowledge on innovation and entrepreneurship in tourism if we focus on those enterprises that are, in fact, entrepreneurial and not on all small tourism businesses (for example, the 37th Bed & Breakfast operation in a specific area).

As this paper draws on a single case study (and moreover one that relies on retrospective self-reporting) research limitations are profound. After all, the best any single case study can do it to reveal a series of issues that should be subject to investigation within alternate contexts. Accor-
ditorily, as we cannot know whether the findings reported in this paper transcend the case in question and as any suggestions as to causal linkages between actions and success that draw on retrospective self-reporting are, at best, dubitable, this paper cannot and should not stand alone. Instead, the key contribution of the paper is that it points to a series of issues that might deserve to be part of the future research agenda for tourism innovation and entrepreneurship research. Hjalager (2009:12) argues that, within tourism, “many entrepreneurs fail, and turbulence challenges both long-term consolidations and improvements based on experience of business models”. However, single case studies of those, who are truly entrepreneurial and who actually ‘make it’ (or not) could provide us with extensive accounts of best (and worse) cases. Accordingly, although these case studies cannot, and should not, stand alone they could provide us with the outset for conducting large-scale studies of linkages between entrepreneurial activity and business performance.

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