



## Product and Market Development

### Commitment 5: Businesses innovate to improve or upgrade their offering to enhance visitor experience

#### What does this mean?

- Innovation is the process of translating new ideas or inventions into a product or service that customers are willing to pay for and thereby creates value for your business.
- Inventing, reinventing and listening to your customers is what makes a company innovative.
- The process of innovating can result in new products that nobody else offers, or in redesigning an existing product to differentiate your business from the competition, and increase the customer appeal of your products and services.
- Equally, innovation can involve reducing costs or improving systems or processes while delivering the same or better visitor experience.
- This commitment focusses on innovation becoming a driver of New Zealand's tourism industry to provide outstanding experiences to our visitors, and to continue to attract the kind of visitors that we and our host communities are happy to welcome to our country.

#### How does this benefit me?

- Innovative products and services are a significant point of differentiation for your business so you can stand out amongst your competition. Studies confirm that the majority of customers are actively seeking to purchase innovative products for their holiday experiences.
- Innovations that enhance your visitors' experience will increase the happiness of your customers which in turn will result in better online and word of mouth reviews. Happy customers are your most powerful marketing tool and will lead to increased value and future bookings.
- By innovating your products and services, you will very likely improve your financial performance as visitors are willing to pay more for a better experience and your costs reduce as a result of the innovation.
- By regularly applying an innovation approach of reviewing, rethinking and redesigning your products you will be better able to meet the ever-changing needs of customers or improve your competitive positioning.
- Innovation is how you get a little 'funk' or 'spark' into your business – this is critical for differentiating yourself.

### **Actions for your business**

- Innovation starts with listening to your customers, understanding their needs and expectations, and responding to them with new or improved products and services.
- Innovations can be entirely new products or may be introduced in specific areas such as technology, processes, customer interaction, human resource management, marketing, advertising, being successful with a limited budget, or community engagement.
- Tune into the latest trends that are relevant to your business. What are the current market trends such as the shared economy or experiential tourism, what are the growth markets, what attracts high value travellers, etc.
- Only you can know where and how to innovate as your knowledge of your products, processes and customers is the key. Consider the following four scenarios to guide your innovation process:
  1. Existing customers/existing products. Innovating these products presents the lowest risk strategy but it may not be suitable to attract new markets and grow your business significantly.
  2. New customers/existing products. This is a slightly more risky approach but you will still be utilising your proven core competencies to reach new markets.
  3. Existing customers/new products. New products require careful planning and offer the potential to differentiate yourself. Make sure that your new products meet the needs of your existing customers and do not alienate them.
  4. New customers/new products. This is true growth strategy. It entails more risk than the others while offering the potential to significantly grow and diversify your business, and to make it more resilient and sustainable.
- Whichever approach you choose, remember that your chosen path will determine the resources you will need to successfully follow them through.

*Become an inspiration for others!*

*We would love to share your contribution to creating a sustainable New Zealand tourism industry. Email us at [info@tia.org.nz](mailto:info@tia.org.nz) with your sustainability success stories and inspire others across the industry.*

**Additional information, resources and useful links can be found on [www.sustainabletourism.nz](http://www.sustainabletourism.nz)**