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From “Fair Trade Tourism” to “Fair Trade Holidays” – A Tourism Innovation Based on a Sustainability Standard

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List of abbreviations

CBT	Community-based tourism
FLO	Fairtrade International
FTT	Fair Trade Tourism
FTTSA	Fair Trade in Tourism South Africa
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
GSTC	Global Sustainable Tourism Council
GVC	Global value chain
ICT	Information and communications technology
ISO	International Organization for Standardization
ITB	Internationale Tourismus-Börse
ITC	International Trade Centre
IUCN	International Union for the Conservation of Nature
MNE	Multinational enterprise
NGO	Non-governmental organisation
R&D	Research and development
RT	Responsible tourism
SECO	State Secretariat for Economic Affairs
SME	Small and medium-sized enterprise
TIES	The International Ecotourism Society
TRW	Travel retail and wholesale
UN	United Nations
UNEP	United Nations Environment Programme
USP	Unique selling proposition
WTO	World Tourism Organization

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1 Introduction

1.1 Introduction to the topic

Tourism is one of the largest and most booming industry sectors around the globe. It accounts for 5% of global GDP, 6% of the world's total exports, 30% of world's exports of commercial services, contributes approximately to 6 to 7% of total employment and has an industry value of about 1 trillion US-Dollars per year. In 2010, almost 1 billion international tourists were registered. Especially in the case of developing countries, tourism represents a major export earner and the most important source of foreign exchange (UNEP 2011, p. 414). However, from a social and spatial perspective, not everyone benefits from prospering worldwide travel. Global tourism entails both positive and negative effects (HOPFINGER 2007, p. 724). On the one hand, tourism can be a very effective way to reduce poverty in developing countries since it generates employment and revenues, mitigates social and geographical disparities and brings foreign exchange as mentioned above (VORLAUFER 2003, p. 5). On the other hand, negative social, economic and ecological impact caused by the flood of tourists is inevitable. These include ecological harms due to the consumption of land and resources and the emission of greenhouse gases, as well as social issues such as the loss of cultural identity in local communities of the host country (SCHMIED et al. 2009, p. 1). To maximise the positive effects and minimise the negative aspects of travelling, the vision of sustainable tourism has emerged (MAHONY 2007, p. 394). Tourism service providers such as hotels and airlines, but particularly tour operators, are in a position to contribute to a sustainable development with innovative products and services that consider social and environmental concerns (SCHMIED et al. 2009, p. 1). Changes in consumer behaviour and an increasing awareness of sustainability among tourists from the so-called global North call for new products of sustainable travelling (e.g. STAMBOULIS & SKAYANNIS 2003; FONT 2006; BRAMWELL & LANE 2012).

In line with that and under external pressure to demonstrate commitment to sustainable endeavours, sustainable standards and certification systems have spread across the tourism industry. Their aim is to increase credibility, trust of customers and good reputation (e.g. FONT 2003; DODDS & JOPPE 2005; LUND-DURLACHER 2007). Keeping with this trend, approved outbound tour operators from Europe have been offering so-called Fair Trade

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Holidays or Fair Trade Travel Packages¹ to South Africa since 2010, which are certified travel packages meeting certain requirements to enhance sustainable development in the destination (FAIRUNTERWEGS 2010c). This concept was launched by Fair Trade Tourism (FTT), a South African-based tourism NGO which has been certifying tourism service providers in southern Africa since 2003 as the first fair trade label in tourism (FTTSA 2012, p. 10). FTT represents a very innovative service standard including a strong focus on social issues (STRAMBACH & SURMEIER 2013, p. 736). While FTT has been regarded as an approach to improve operations on the local level in the framework of national strategies, the initial fair trade concept from Europe referring to commodities was established with the focus on trade practices and agreements that ensure fair trade relationships (MAHONY 2007, p. 400). This is the point where the Fair Trade Holiday approach comes into play since it puts emphases on fair trading relationships along the whole value chain. Tourism business owners and workers in southern Africa are supposed to benefit from this concept by guaranteeing:

- A fair share of the profits from tourism
- Fair wages and working conditions
- Long-term trading security
- Community development opportunities
- Access to new markets

Indeed, Fair Trade Holidays represent the first realised attempt to implement such a system for international trade in tourism services (FAIR TRADE TOURISM 2015b). The concept of Fair Trade Holidays is innovative in two respects: 1. It is the first attempt to certify an entire service as it has been done already with commodities such as agricultural products (e.g. bananas or coffee). 2. It represents an initiative stemming from the South being implemented by actors from the North. Usually, it is the other way around.

1.2 Purpose of this thesis

In this thesis, the development and practical implementation of the Fair Trade Holiday concept including the standard for travel retailers and wholesalers (TRW), which is coupled with this approach, will be analysed. In the first step, the genesis of the concept will be examined from a Schumpeterian-based perspective in innovation research. Schumpeter's theory regards innovation as an outcome of innovation performance which means the creation

¹ Both terms are synonymous.

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of new knowledge or new compositions of existing knowledge: “*Innovation, understood as performance, is a visible result of the ability to generate knowledge, and its utilization, combination, and synthesis for the introduction of products, processes, markets, or new types of organizations or substantially improved ones*” (SCHUMPETER 1934, quoted from CAMISÓN & MONFORT-MIR 2012, p. 777). The aim is to sketch the development of the Fair Trade Holiday approach, its creation in time and space, focusing on when and how the key actors contributed to the development process. After that, the implementation of this concept in private businesses will be examined, including the motivation of tour operators to join this movement and the problems and challenges they are confronted with.

Hence, the research question, which combines theoretical and conceptual approaches from both innovation and standard research within the framework of sustainable tourism, can be formulated as follows:

How are sustainable innovations, facilitated by a standard system, developed and spread in the tourism sector using the example of Fair Trade Holidays?

The following guiding questions are set up to answer the core issue:

Who are the involved key actors and how do they contribute to the conceptualisation of Fair Trade Holidays?

What is the motivation for developing and launching Fair Trade Holidays?

What are the main problems and challenges in developing and launching Fair Trade Holidays?

What are the internal and external effects for tour operators by offering Fair Trade Holidays?

1.3 Structure of this thesis

The first part of the theoretical-conceptual discussion deals with innovation in tourism. This comprises innovation behaviour among tourism actors, characteristics and different types of tourism innovations and their creation process including the driving forces, determinants, knowledge sources and channels. The final chapter of this part stresses the need for innovations in tourism against the background of changes in consumer behaviour and the shift towards sustainability which leads to the next issue: sustainable standards and certification in tourism.

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In this section, the definition, function and the impact of standards are illustrated. In particular, the primary focus is on the motivation of companies to participate in a voluntary certification programme, benefits and problems that are related to this topic, the global spread of standards and their function in (tourism) value chains.

The next section describes the methodological approach that has been applied and that is mainly based on the concept of innovation biographies. This section explains which research instruments have been used to gather relevant information.

Subsequently, the empirical findings are presented in a hierarchical approach (from the first idea and the conceptualisation of Fair Trade Holidays to its implementation in businesses and the consequences).

Finally, the empirical findings are summarised, evaluated and commented against the backdrop of the theoretical framework. This includes a critical appraisal of the Fair Trade Holiday approach.

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In the following course, tourism innovations including its emergence, diffusion and characteristics are illustrated. Yet, research on innovation and its practical implementation including knowledge management and transfer within the tourism industry is very limited and still in its infancy. The research field dealing with that issue is characterised by conceptual papers rather than empirical studies (PETERS & PIKKEMAAT 2005; SØRENSEN 2007; SHAW & WILLIAMS 2009; HALKIER 2010; HJALAGER 2010). Anyway, the term of innovation has been increasingly used in recent years to describe and explain behavioural structures of touristic enterprises, destinations and other agents in the tourism sector (HJALAGER 2002, p. 465).

2.1 Innovation: Definition, classification and the innovation process

Definition

First of all, it is crucial to point out that there is no consistent, generally applicable and accepted definition of innovations in science so far (KONRAD & NILL 2001; HALL & WILLIAMS 2008; SPRINGER GABLER VERLAG 2014). The term of innovation is based on the Latin word “novus” which means “new”, so basically, an innovation can be a novelty, a

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renewal, an improvement or a relaunch (WIESEKE 2004, p. 26). It comprises the emergence of a new idea and its implementation into a new product, process or service. Thus, an innovation cannot be seen as one-time event, but as a cumulative process which encompasses several organisational decision-making processes, from the generation of a new idea to its launching phase (URABE 1988, p. 3). This is also the fundamental difference between an invention and an innovation, although both terms are often used synonymously in everyday language. An invention only constitutes the generation of a new idea or solution, whereas an innovation denotes the whole process from the first idea to the market implementation (KAISERFELD 2005, p. 2). The concept of innovation describes the process of “*developing an invented element for practical and commercial use and of ensuring that the introduction of the element is accepted*” (SUNDBO 1999, pp. 19 f.). While innovations are conceived as something new, they are only a conglomerate of new and already known elements. According to that, innovations cannot differ from their predecessors in every aspect. This is the reason why researchers often refer to a “relative novelty” (KONRAD & NILL 2001, pp. 5; 32). Another complicating factor concerning the definition of innovation is the fact that innovations are perceived and evaluated very differently by individuals. Some people might see a product as innovative while others deny the novelty in it. Hence, an innovation is generally subjective and it is not really possible to measure it objectively (VOBKAMP 2002, p. 64). As a leading theoretician of innovation, Schumpeter was the first who tried to formulate a pragmatic definition of innovation (DECELLE 2004, pp. 1 f.; PETERS & PIKKEMAAT 2005, p. 2). Aside from new products or new processes, he also defined the access to a new market as innovation, as well as the development of a new source of supply and the creation of a reorganisation (SCHUMPETER 1926, pp. 100 f., quoted from KONRAD & NILL 2001, p. 22).

Classification of innovations

There is a common distinction in literature between radical and incremental innovations, thus there exists a distinction depending on the degree of novelty. Radical innovations are characterised by a very high degree of novelty and can lead to rigorous change. On the contrary, incremental innovations are slight changes or improvements which occur continually (SUNDBO 1999, p. 21; KONRAD & NILL, pp. 27 f.). However, there is a lack of clearly defined criteria and rules to place an innovation in one of the two categories (BURR 2003, p. 24).

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Another classification of innovations refers to the content of an innovation. The classic technology-based approach distinguishes between product and process innovations (UTTERBACK & ABERNATHY 1975). A process innovation is a new combination of factors in order to produce a certain commodity more safely, quickly, economically and with higher quality. In line with this, the primary objective of a process innovation is to increase efficiency. Product innovations make it possible for users to fulfil new purposes, or to fulfil existing purposes in a new way (HAUSCHILDT 1997, p. 9). OECD & EUROSTAT (2005, p. 47) name marketing innovations and organisational innovations additionally to product and process innovations.

Innovation process and the systems of innovation approach

As already illustrated, an innovation is a process divided into several steps. The structure and nature of this process can be very different depending on the type of innovations. By now, a lot of different process models have been created, so there is not one single standard model (CLAUSEN & LOEW 2009, pp. 33 f.). Schumpeter set important milestones in economic literature about the innovation concept, also concerning conceptual distinctions in the innovation process. Among others, the common fragmentation of the innovation process into three phases is based on his writings (SCHUMPETER 1939, quoted from KONRAD & NILL 2001, p. 9):

- 1) Invention
- 2) Adaption
- 3) Diffusion

Most of these schemes implement a linear model as a basis for the innovation process, whereas in recent years, a more complex comprehension of innovations has been established (KONRAD & NILL 2001, p. 9). According to this, innovation is rather seen as a complex social activity which includes learning processes and the articulation of interests. The involved agents, including their variety of knowledge and skills, are of crucial importance, as well as the flow of information between them. In addition, the process of innovation is assumed to be rather iterative than linear, with agents who interact in a network with each other (WILLIAMS & EDGE 1996, p. 875). The system of innovation approach “*emphasises the importance of the transfer and diffusion of ideas, skills, knowledge, information and signals of many kinds. [...] Innovation is viewed as a dynamic process in which knowledge is accumulated through learning and interaction*” (OECD & EUROSTAT 2005, pp. 32 f.).

2.2 Characteristics of tourism products and innovations

Tourism products

Before exemplifying the key features of innovation and innovative behaviour in the tourism sector, it is necessary to highlight the specific characteristics of touristic products². As WEIERMAIR (2004, p. 3) underlines, production and marketing of tourism products differ substantially from industrial products. They include certain attributes which create constraints or problems regarding innovative activities. Tourism as a service system is highly complex and consists of many different components from different suppliers like accommodation, transportation, gastronomy, natural and man-made attractions or shopping facilities, which are also used by locals for non-touristic objectives such as commuting or education (HALKIER 2010, p. 235; HJALAGER 2002, p. 470). Tourism develops and sells entire product bundles composed of heterogeneous services as "experiences" which are intangible, so they cannot be stored. One central feature is the simultaneous production and consumption, the so-called "uno-actu-principle". Thus, the consumption of tourism products requires and implies the active participation of the client (WEIERMAIR 2004, p. 3; SHAW & WILLIAMS 2011, p. 33). The uno-actu-principle contains a notable constraint: It is not possible to store unused offer like empty plane seats or hotel rooms and resell them the next season. This makes the efficient utilisation of capacity a major problem in tourism which affects all activities along the value chain (HALKIER 2010, p. 239).

Tourism is a composite sector which embraces various sub-sectors (SHAW & WILLIAMS 2011, p. 33). During a visit to a certain destination, the tourist does not usually consume only one product from one supplier, but a whole bunch of services from different providers which requires vertical cooperation since the consumer's satisfaction and quality judgement depend on a cumulative quality perception. Tourism services are personal which consist of an internal factor (supplier) and an external one (consumer). On several tiers of the tourism value chain, there are personal interactions between suppliers and consumers, for instance in a travel agency (WEIERMAIR 2004, p. 3).

The intangibility of tourism products include a high degree of risk and uncertainty from the tourist's perspective since the "*intangible product cannot be tested before being produced*" (HALKIER 2010, p. 239). Hence, the tourist does not know what to expect in the destination the moment he books the trip. Therefore, the reduction of risk and uncertainty through various measures is a central challenge for suppliers in tourism (WEIERMAIR 2004, p. 3). In the first

² In this paper, the terms product and service are used synonymously in the context of tourism.

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place, this refers to market communication or place branding as methods to position a certain product or destination in the market (HALKIER 2010, p. 239). In this regard, global tourism groups are in a better position since they offer standardised products under well-known brands (SHAW & WILLIAMS 2011, p. 33).

Tourism innovations

In general, tourism innovations can be very diverse and appear on different scales and in different branches. They permeate all sectors in the tourism system, *“whether it is the small hotel that creates its first web site, the restaurant that introduces new dishes to appeal to an emerging tourism market, or the individual tourist who creates new ways of holidaying for himself or herself”* (HALL & WILLIAMS 2008, p. 3).

When talking about new touristic products or travel packages, central problems are intangibility and the simultaneous production-consumption nexus. They are the main reasons why most of the innovations in tourism are very easy to imitate, thus they cannot ensure a competitive advantage in the medium to long-term for the innovating firm. Due to this circumstance, it can be expected that tourism firms do rather not invest in expensive product developments (WEIERMAIR & WALDER 2004, p. 93; SØRENSEN 2007, p. 26). In contrast to the manufacturing industry, the implementation of patents, licences and copyrights is hardly feasible. Consequently, a new touristic product is characterised by a very short life cycle (NEUHAUS-HARDT 1980, p. 29; POON 1993, p. 272).

Although innovations in the tourism industry are supposed to be essential and significant, it is impossible to measure their impact like in other economic branches (HJALAGER 2005, p. 58). Furthermore, existing literature has shown that the level of formalised R&D in tourism is rather low, so it can be assumed that innovative activities in tourism are not closely related to R&D investments (HALKIER 2010, p. 233; CAMISÓN & MONFORT-MIR 2012, p. 787). Related to the nature of being intangible and easily imitable, tourism innovations travel well and are easy to systemise and export what makes them increasingly global (HJALAGER 2010, p. 9).

Regarding the literature, it becomes obvious that innovations in tourism are mainly incremental. Changes in product offerings can be rather described as cosmetic modifications. Hence, there is an apparent lack of radical innovations in the industry and the innovation rates are low (WEIERMAIR 2004; PETERS & PIKKEMAAT 2005; CAMISÓN & MONFORT-MIR 2012). There are massive behavioural and structural factors which constrain and hamper innovations

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in tourism. These characteristics include the heterogeneity (which often results in standardised products), a lack of quality standards, the highly fragmented nature of the industry and the propensity to buy technologies from outside the industry (CAMISÓN & MONFORT-MIR 2012, pp. 781 f.). Several studies have shown that firm size plays a fundamental role considering innovativeness: *“The larger the firm, the more innovative it is”* (SUNDBO et al. 2007, p. 103). Small-scale enterprises which account for a high number in the tourism sector show a tendency towards free ride behaviour and a late and safe adoption of novelties.

Basically, as it is confirmed by a series of research studies, *“true innovation in tourism businesses is nebulous and often inspired by external forces such as changing customer needs, demographics, technology, government policy, environmental conditions or social imperatives”* (LIBURD et al. 2007, p. 3). Furthermore, *“innovations in tourism and leisure are predominantly (but not exclusively) linked to innovations in the other sectors supplying it with products and services”* (HJALAGER 1997, p. 40). Therefore, innovative activities in the industry are expected to be dependent on knowledge imported via implementation of new technologies and organisational structures from other sectors (SØRENSEN 2007, p. 39; HALKIER 2010, p. 233). For instance, the emergence of air charter holidays in the 1950s is partly attributed to investments in new military technologies during the Second World War (HALL & WILLIAMS 2008, p. 4). Especially new ICT and the industrialisation of services in tourism have brought radical change and have contributed to make the whole travel industry more innovative (DECELLE 2004, p. 3). For example, there are new forms of interaction between customer and destination through new ICT like web-cams or discussion forums on the internet (STAMBOULIS & SKAYANNIS 2003, p. 41). The tourism industry itself should not be seen as the incubator for innovations since supplying and regulating sectors play a crucial role in this regard.

Innovations, notably in tourism, are often consequences of significant global development trends (HALKIER 2010, p. 234). For instance, economic crisis and climate change are frequently indicated constraints and barriers concerning growth in the industry, whereas those global extensive trends *“may also contain the impulses for product and process innovation and institutional changes that are crucial for a regained competitive power in a new economic prosperity cycle”* (HJALAGER 2010, p. 9). New developments in society like the demographic change or the growing individualisation require new products in tourism. In particular, new values and principles determine the reasons for going on holiday nowadays and they constitute the foundation for current tourism innovations (WEIERMAIR & WALDER

2004, p. 94). So the customer demand in tourism is influenced by broad societal trends. Analysing new trends objectively, a manager is certainly better prepared to take a leading role in tourism, instead of being trapped in a defensive position (FACHÉ 2000, p. 359).

2.3 Typologies of tourism innovations

As previously elucidated, there is no consistent definition and classification of innovations in literature, so there is none for the tourism sector in particular either. No matter how innovations are classified, they can appear in a combination of several categories. In addition, innovations are often bundled what makes a precise classification impossible. DECELLE (2004, p. 4) addresses possible approaches to differentiate between innovations in tourism: between technological and non-technological innovations; between product, process, organisational, market or “ad hoc” innovations (according to the nature of each innovation); between radical, incremental or architectural innovations (according to the intensity of discontinuity). Inspired by the work of Schumpeter, HJALAGER (2002, pp. 465 f.) presents a categorisation of innovations taking place in tourism with following types: Product, process, management, logistics and institutional innovations.

Product innovations: Product innovations are completely new or modified products or services (the latter account for the lion’s share). They basically encompass innovations that assemble physical components in a new way (SØRENSEN 2007, p. 23). Furthermore, they must be perceived as a novelty, either for the whole industry as never seen before, or at least for a certain firm or destination. By being noticeable for (potential) consumers, those product innovations may become a crucial factor regarding the purchase decision (HJALAGER 2010, p. 2). Among others, STAMBOULIS & SKAYANNIS (2003, p. 36) and WEIERMAIR (2006, p. 61) address the tendency in tourism to sell entire product packages. In this regard, HJALAGER (2010, p. 2) points out: “*When bundled intelligently, and when applied to new issues and new market segments, it may be possible to talk about product innovations [...].*” All-inclusive packages represent a classic example for these kinds of innovations (SCHMUDE & NAMBERGER 2010, p. 31).

Process innovations: As in all business sectors, process innovations intend to raise the efficiency and thus to achieve a higher performance of existing operations and activities. Most often, they are based on new or improved technologies or a restructuring of the whole production line. In some cases, they are linked to or result in product innovations (HJALAGER 2002, p. 466). There are many examples of process innovations in tourism which are based on

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new ICT like automatic check-in systems or computerised management and monitoring systems. All in all, process innovations are widely spread in the sector.

Management innovations: Managerial/organisational/management innovations affect the organisation and structure of internal collaboration, new job profiles, staff motivation and work compensation. Major challenges and goals of these innovations are keeping staff, ensuring flexibility and controlling costs (HJALAGER 2010, p. 3). However, they also may be aimed at increasing staff satisfaction as well as developing and fostering internal knowledge (SHAW & WILLIAMS 2009, p. 328).

Logistics innovations: Computer reservation systems and Internet marketing, as well as the augmentation of hub systems in aviation or the vertical integration in the restaurant industry, can be classified as logistics innovations. They are characterised by a restructuring of external linkages along the value chain.

Institutional innovations: The last category in this framework defines institutional innovations which go beyond single enterprises in the industry. Institutional innovations are collaborative or regulatory structures which exceed public and private sectors and impose rules for all affected agents on different scales (HJALAGER 2002, p. 466). In particular, networks are assumed to be a substantial factor for innovative activities. Franchising and licencing arrangements are certainly appropriate examples of radical institutional innovations. Labelling and certification systems can also be named referring to this category of innovations. They contain independent bodies and agencies that control, support and market those certification programmes and the enterprises belonging to them (HJALAGER 2010, p. 4).

Marketing innovations: In a further modification, HJALAGER (2010, pp. 2 f.) adds marketing innovations as another category. This type describes concepts that are used to tap new customer groups or to strengthen the brand. According to WEIERMAIR (1993, p. 17), a huge share of tourism innovations are developed in the marketing sector. As it is much easier for service companies to implement marketing or organisational innovations in terms of best practice copying, tourism enterprises incline to concentrate on these kinds of innovations (CAMISÓN & MONFORT-MIR 2012, p. 784).

Another approach to classify tourism innovations is basically a transfer of the work from ABERNATHY & CLARK (1985), who classified innovations in the automotive industry depending on their degree of market-consumer linkages and the degree of retention versus

breaking up of competence used for production, to the tourism sector. Depending on the configuration of implications with regard to knowledge and external linkages, innovations can be categorised into four types: Regular, niche, revolutionary and architectural innovations. Although the model is criticised for being very descriptive and inflexible (e.g. an innovation may start as a niche innovation with a specialised market and become an architectural innovation subsequently), it is easily applicable to other branches and enables a deeper understanding of innovations and their characteristics and diversity (HALL & WILLIAMS 2008, pp. 7 f.).

Regular innovations: In this model, regular innovations describe incremental or minor changes whose impact, however, might become appreciable after a longer period of time. This category includes upgrades in quality and standards, elimination of problems and shortcomings by using new technologies or improved procedures, internal training that leads to better and faster services or new opportunities in the production offering, access to new markets by using existing methods and investments in new or additional facilities.

Niche innovations: Opportunities and potentials in the field of niche innovations receive most attention from researchers and operators. These innovations do not embody remarkable challenges for existing competence, but regarding linkages to other actors. The following phenomena belong to the type of niche innovations: entry of new firms acting as supplements or suppliers for existing enterprises in the tourism market or destination; new market alliances; involvement of minor tourism resources; new compositions of existing products and services.

Revolutionary innovations: In contrast to niche innovations, revolutionary innovations leave external collaborative structures unaffected, but imply drastic effects on existing knowledge. In general, the distribution and subsequent implementation of new technologies in businesses evoking radical changes concerning staff activities can be seen as a revolutionary innovation. For instance, electronic marketing requires new skills and competencies in comparison to the distribution of pamphlets while suppliers and clients may remain the same.

Architectural innovations: They represent the most incisive type of innovations in this conceptual approach since they affect both external linkages as well as existing expertise in a radical way and tend to influence overall structures, settings and rules in tourism. This category encompasses the exploitation of a new touristic resource as well as the creation of centres of excellence in order to gain and diffuse new (operational research based) knowledge (HJALAGER 2002, pp. 466 f.).

2.4 Driving forces and determinants of tourism innovations

Innovations are determined by a range of internal factors (corporate culture, structure and strategies) as well as external ones (social, legal, technological and economic components). This is a general finding from the manufacturing industry which can be transferred to the tourism sector (WEIERMAIR 1993, p. 15). However, literature on tourism innovation has not generated a comprehensive understanding of the driving forces and stimuli so far (HJALAGER 2010, p. 4).

In general, innovation research deals with two basic mechanisms that induce innovative activities and determine their characteristics and features: push and pull factors. Push factors contain new technologies or methods enabling to achieve a higher efficiency in the production process or to provide a more successful and appealing product for customers, whereas pull factors reflect market demand (i.e. they reflect customer needs and wishes) (HJALAGER 2002, p. 466). Pull factors in terms of market demand lie in the focus of attention in mainstream tourism research since they are considered as the most critical driving force for new products or services in tourism (HJALAGER 2010, p. 4). It is even assumed that more than 80% of overall innovations are caused by market pull, so the lion's share of innovative activities is customer driven (WEIERMAIR 2006, p. 61). In this regard, PORTER (1990, p. 79) stresses the character and quality of demand as important aspects. He observed that sophisticated and demanding customers pressure firms to improve and innovate. Concerning tourism, it can be said that travellers are much better informed and increasingly experienced nowadays. This feature makes them increasingly demanding and critical and the pressure on tourism companies becomes higher and higher (FACHÉ 2000, p. 356).

WEIERMAIR & WALDER (2004, p. 95) emphasise the importance of competition as basic driver. Some of the most well-known and powerful innovations in tourism are shaped by strong competition (SHAW & WILLIAMS 2009, p. 327). Globalisation and deregulation have reinforced the competition process, because they have enabled international economic activities and a new transparency of offers (via Internet). Further competition for the mainly small and medium-sized tourism enterprises occurred in the form of multinational tourism groups, which led to a severe price war. In this highly complex and competitive market, especially smaller firms are struggling with the challenge of shorter product lifecycles due to financial problems and a lack of synergy benefits. On the other side, too much competition may be also counterproductive in reference to innovation activities, which can be explained with high product development costs. So all in all, both too little and too much competition is

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likely to have a negative impact on the innovation behaviour of tourism companies (WEIERMAIR & WALDER 2004, p. 95).

The key to success may lie in the concept of “co-opetition”, a balanced mixture between competition (on the marketing level) and cooperation (on the innovation and production level) (DECELLE 2004, p. 11). As RØNNINGEN (2010, pp. 193 f.) states, several studies have demonstrated that private companies can benefit from various forms of collaborative relationships. The interaction with others may enhance the flow of information and the transfer of knowledge and competence. Since the tourism industry is mainly shaped by SMEs which often do not possess the required qualifications and resources to use complicated or “non-focused” knowledge in order to develop and implement appropriate new products, cooperation plays expectably a crucial role in this sector. Collaborative work contains both horizontal cooperation (firms of the same branch) and vertical cooperation (firms of different branches along the tourism value chain) (WEIERMAIR & WALDER 2004, p. 96). Respecting the role of cooperation, HJALAGER (2004, p. 4) refers to the concept of innovation systems, in particular to the work of MARSHALL (1920) about industrial districts. One of Marshall’s main observations is the fast diffusion and implementation of innovations due to geographical proximity and social networks within such a district.

Moreover, WEIERMAIR & WALDER (2004, pp. 99 f.), SUNDBO et al. (2007, p. 91) and PAGET et al. (2010, p. 843) underline the fact that the mainly small tourism businesses are often managed by only one entrepreneur who combines operative and innovative units and activities. As a consequence, skills, capabilities and the personality of the entrepreneur are determinative for the successful implementation of innovations.

According to RØNNINGEN (2010, pp. 194 f.), the tour operator has a key function regarding tourism innovations, particularly concerning small-scale businesses. The following reasons support this assumption: Tour operators may give small-scale firms access to new markets since they develop and sell travel packages by combining services of various suppliers and thus constitute a central distribution channel. Additionally, small firms may benefit from tour operators in terms of knowledge transfer embodied in new technologies. Since they most likely have the competence to examine market trends and changes in demand as well as the capacity and skills to transform knowledge into new ideas, tour operators may also act as important drivers of innovation for the supplying businesses. Furthermore, since a tour operator markets and sells packaged holidays which compete with other operator’s products, an operator requires suppliers providing high-quality services in order to be competitive.

2.5 Knowledge sources and channels in tourism

According to a notable number of researchers, innovative capacity in general is mainly based on knowledge. Hence, the access to knowledge as well as its creation and transfer are major factors to feed innovation and subsequently to remain competitive (HJALAGER 2002; HOWELLS 2002; STAMBOULIS & SKAYANNIS 2003; EDQUIST 2005; COOPER 2006; SHAW & WILLIAMS 2009; RØNNINGEN 2010). ARGOTE & INGRAM (2000, p. 150) point out that *“knowledge embedded in the interactions of people, tools and tasks provides a basis for competitive advantage in firms.”* Since it is widely assumed that knowledge is created in science and academic research and subsequently transferred to private businesses, the linkages between both sectors have received a growing attention (HJALAGER 2002, p. 468). However, there is still an obvious lack of understanding with regard to knowledge transfer processes in tourism (HJALAGER 2002; COOPER 2006; SHAW & WILLIAMS 2009).

As SHAW & WILLIAMS (2009, p. 328) point out, there are different types of innovations which may also require different degrees and combinations of explicit as well as implicit knowledge. The difference between the two types of knowledge lies in the degree of formalisation. While explicit or codified knowledge can be conveyed in a formal, systematic language (e.g. in form of a blueprint or manual) and does not require physical presence, implicit or tacit knowledge cannot be codified and requires direct experience and face-to-face interaction. In other words, tacit knowledge represents “know-how” - learned behaviour and actions acquired via informal ways (HOWELLS 2002, p. 872; COOPER 2006, pp. 52 f.). As it is stressed by SHAW & WILLIAMS (2009, p. 328), the knowledge receiving organisation also needs the capacity and capability to capture and utilise knowledge. According to COOPER (2006, pp. 56 f.), the model of absorptive capacity³ is extremely relevant for tourism. In particular, it is pivotal for small and medium-sized enterprises and underlines the proposition that these businesses might gain advantages from cooperation in terms of networks, clusters, alliances or franchises.

As mentioned in chapter 2.4, cooperation can be very beneficial for tourism enterprises since it enables and strengthens the flow of knowledge and experience (RØNNINGEN 2010, p. 193). Especially the network perspective has received growing attention. The participation in such a network is supposed to have a high potential through access to external resources and knowledge sources for innovating firms (SHAW & WILLIAMS 2009, p. 329). SØRENSEN (2007, pp. 26 f.) elucidates that rather the strength of individual relationships than spatial proximity

³ It means that firms have to respond to information input which depends on the existing knowledge stock and other factors like size and structure of the receiving enterprise.

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is an important determinant regarding knowledge transfers, as well as the diversity of knowledge that is both localised and non-localised. Nevertheless, he emphasises that there are other, if not even more important sources of information and knowledge such as employees and guests (ibid., p. 42).

In attempting to understand the knowledge transfer into the tourism industry and recognise the relevant push and pull factors, the institutional framework that includes essential channels of knowledge transfer has to be taken into regard. HJALAGER (2002, pp. 471 ff.) developed a model consisting of four different channels for knowledge transfers into tourism enterprises, namely the technological system, the regulation system, the infrastructural system and the trade system:

Technological system: The technological system entails competences like certain equipment and technologies that stem from segments outside the actual tourism sector. New technology which embodies implicit knowledge may act as a push factor and enable new products or processes in the tourism sector. In fact, “*tourism firms are more reliant on external knowledge sourced from suppliers than on the internal creation of knowledge [...]*” (SHAW & WILLIAMS 2011, p. 45).

Regulation system: The regulation system determines the behaviour in the industry in form of mandatory actions, restraints and punishments with regard to labour regulations, safety control and environmental issues among others. For instance, in case that “*the authorities require higher hygienic standards, this will necessitate an immediate learning process in the enterprises concerned*” (HJALAGER 2002, p. 473). In this case, knowledge from academic bacteriological research would be crucial.

Infrastructural system: Natural sights and resources, man-made attractions, cityscapes or transport and traffic systems are “free goods” that constitute the infrastructural system on which tourism is highly dependent. A public or private organisation representing one of these resources (e.g. a museum) may be a sub-unit of the tourism system, but constitute more than that at the same time. A crucial aspect in this context is that administrators of free goods (most often public authorities) have a much higher capacity and capability to absorb knowledge from academic research than single tourism businesses.

Trade system: In compliance with Hjalager’s model, the fourth channel of knowledge transfer is the trade system. A national trade system which mainly consists of trade associations, organisations and unions, may convey knowledge to the tourism industry in terms of market surveys and studies, often conducted together or in competition with

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academic researchers. For instance, the increasing attention to environmental topics led to a series of associations working in the field of certification and labelling. In doing so, these organisations have to acquire distinct knowledge and apply it in terms of standards and methods.

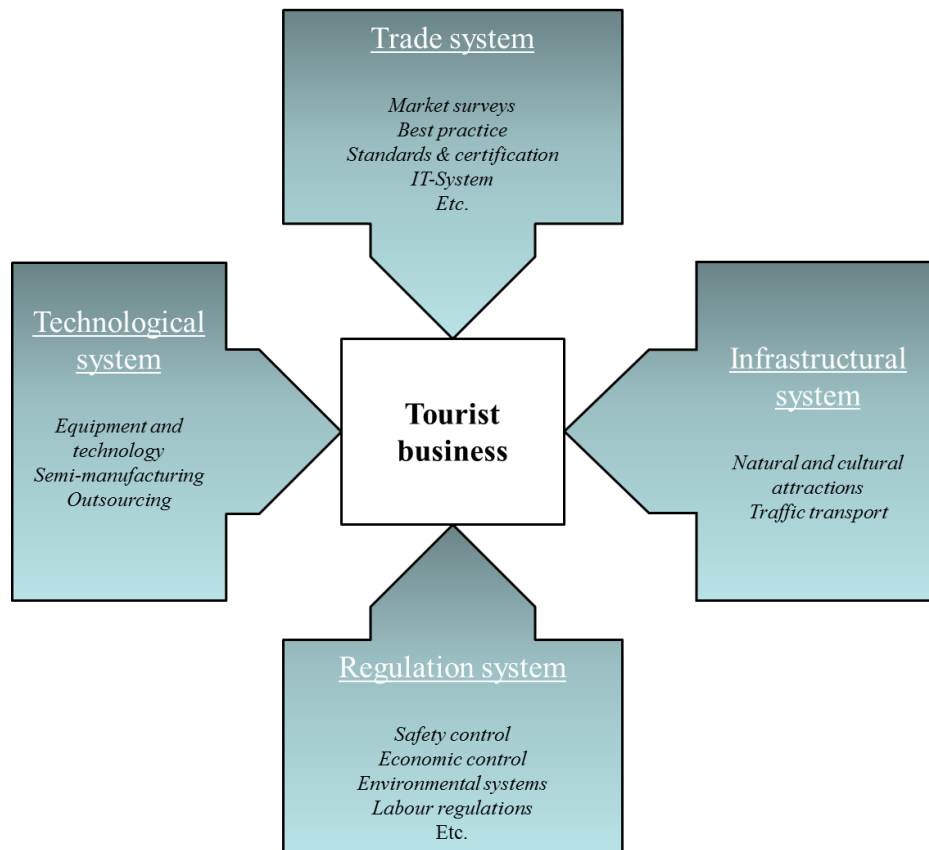


Fig. 1: Knowledge transfer channels to tourism businesses (Source: Own diagram based on HJALAGER 2002, p. 471).

2.6 Current trends and the need for tourism innovations

First of all, it must be clarified that the tourism industry definitely requires innovations since it is a heavily saturated market in which clients are able to choose products worldwide. Therefore, new services and products or attractions are necessary strategic tools to sustain growth and economic success and to remain competitive in the long-term (WEIERMAIR 2004; PETERS & PIKKEMAAT 2005; SØRENSEN 2007; SUNDBO et al. 2007; INNERHOFER 2012). However, as it is the case in other industry sectors, tourism businesses tend to be conservative, which means they continue doing “business as usual” unless they have to face emerging threats or challenges (HJALAGER 2002, p. 466).

Rise of alternative, individual and authentic tourism

As elucidated in chapter 2.2, tourism innovations are inspired and distinctly influenced by broad external influences such as changes in demographics, social imperatives and customer needs (LIBURD et al. 2007, p. 3). Therefore, the tourism industry is forced to react to those changing consumption patterns, especially since tourism has transformed from a seller's market to a buyer's market where power is asymmetrically distributed in favour of the demand side (HOPFINGER 2007, p. 726). While large tour operators have promoted mass tourism by offering cheap holidays particularly to the Mediterranean Sea since the 1970s, they are now facing more experienced and sophisticated Western travellers who are looking for less commercialized and more authentic travel products to be satisfied (FONT et al. 2006, p. 51).

SCHMUDE & NAMBERGER (2010, p. 66) point out that today's tourist is characterised by following attributes:

- **Increasing competencies:** greater travel experience, more quality awareness, greater learning ability, special interests
- **New lifestyles and values:** greater individuality, greater flexibility and risk tolerance, experience orientation, high degree of emotionality, wish for authenticity, high level of health and environmental awareness
- **Changed demographic conditions:** flexible working hours, more leisure time, aged society, small households, higher incomes
- **Changed consumer behaviour:** hybrid and multi-optional tourists, openness for new technologies, changed booking behaviour, lack of brand loyalty, need for freedom of choice

New forms of travelling which tend to move away from conventional tourism have been emerging (FONT et al. 2006, pp. 51 f.). These new alternative or thematic forms of tourism are related to certain tourist tastes, interests or ideologies (STAMBOULIS & SKAYANNIS 2003, p. 36). In line with that, tourists see themselves rather as individual and independent travellers. This has led to an increasing number of new specialised tour operators that offer more flexible, innovative and customised packages, and a growing number of traditional operators integrate those alternative options in their holiday packages. Special holidays like city trips, trekking tours, pilgrimages or adventure journeys are on the rise and hold on a considerable and stable market share (STAMBOULIS & SKAYANNIS 2003, p. 36; DÖRRY 2005, p. 5). These new tendencies towards flexibilisation and differentiation of travel packages have created a

variety of market niches. Similar to the transition from Fordism to post-Fordism, travel packages can be assembled from a kit of service fields as requested by only one or two clients (SCHAMP 2007, p. 148). Moreover, travel packages still play a major role in the tourism industry despite the trend towards individualisation. For example in 2008, 43% of all booked trips in Germany were entire packages (ADERHOLD 2008, p. 69).

These developments possess enormous challenges, in particular for tour operators. According to FONT et al. (2006, p. 52), the need for more authentic and fulfilling experiences go hand in hand with the principles of sustainability since tourists' awareness for this topic has grown and is expected to be part of the perceived quality: *“Tour operators must behave ‘sustainably’ to remain competitive: this industry must sell dreams that fit the trend in society, and the current wow factor is not a full English breakfast in Costa de Sol, but the discovery of cultures and amazing unspoiled places.”* This aspect will be outlined in the following paragraph.

Shift towards sustainability

All in all, a more sustainable form of tourism has found its way into the industry. There is a series of certain tendencies within this framework. According to BOLUK (2011, p. 28), the terminology comprises “alternative tourism”, “responsible tourism”, “sustainable tourism”, “ecotourism”; “ethical tourism” and “just tourism”, which all follow similar goals with different focal points. When the negative ecological impact of mass tourism became apparent in the 1970s, a growing debate took place. In the 1980s, ecotourism or nature-based tourism began to thrive as a market niche (EPLER WOOD 2001, p. 11). According to TIES, the core objective of ecotourism can be defined as follows: *“Ecotourism is responsible travel to natural areas that conserves the environment and sustains the well-being of local people”* (UNEP 2001, p. 5). Apparently, these approaches are particularly concerned with the impact of tourism in developing countries. With focus on impoverished local people in developing-country destinations, the approach of pro-poor tourism was added to the agenda. It is defined as *“tourism that generates net benefits for the poor. Benefits may be economic, but they may also be social, environmental or cultural. [...] Pro-poor tourism is not a specific product or sector of tourism, but an approach to the industry”* (ASHLEY et al. 2001, p. 2). There are significant overlaps of pro-poor tourism with ecotourism and community-based tourism (CBT), but they are not synonymous with each other. CBT is primarily focused on the socio-culture of the destination and aims to increase participation of local people in tourism, which

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can be seen as a component of pro-poor tourism since it embraces more than only the community focus (ASHLEY et al. 2001, p. 3; SCHMUDE & NAMBERGER 2010, p. 106). Since the 1987 “Brundtland Report” and especially the 1992 “Earth Summit” in Rio, the principles of sustainable development including its triple bottom line of environmental (conservation of natural resources etc.), economic (durable economic growth, satisfaction of basic needs etc.) and sociocultural (protection of cultural heritage, codetermination of local people etc.) issues have been stressed and discussed in the tourism industry (ASHLEY et al. 2001, p. 2; VORLAUFER 2003, p. 12; SCHMUDE & NAMBERGER 2010, pp. 109 f.). Apparently, the market potential for sustainable tourism products is fairly high: *“More than a third of travellers are found to favour environmentally-friendly tourism and be willing to pay for related experiences. Traditional mass tourism has reached a stage of steady growth. In contrast, ecotourism, nature, heritage, cultural, and ‘soft adventure’ tourism are taking the lead and are predicted to grow rapidly over the next two decades”* (UNEP 2011, p. 415).

In connection with the rise of sustainable tourism, voluntary certification has gained growing importance in tourism. Their objectives include the increase of transparency, initiation of environmental measures, generation of market advantages and the development of tourism innovations which will be realised by all service providers in terms of sustainable product offerings. The awarding of labels and seals⁴ is closely linked to CSR in tourism enterprises, which defines the voluntary commitment to engage in social and environmental issues beyond legal requirements (SCHMUDE & NAMBERGER 2010, pp. 113 f.).

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Continuing the discussion in the previous paragraph, the development and spread of sustainability standards in the tourism industry are addressed in the following course. Primarily, the benefits and problems of standards and certification programmes are stressed, as well as its functions in the value chain. This comprises the motivation for implementing voluntary standards.

⁴ The terms label, seal, trademark and certificate are used synonymously in the following course.

3.1 Standards and certification as institutions: Definition, function and typologies

Definition and function of institutions

The term of institution is not easy to define: It comprises very different phenomena, from the national state and marriage to language and the monetary system. In general, all institutions have one common key feature: they are manifestations of organised human interaction (GÖBEL 2002, p. 1). They can be described as “rules of the game” of society with varying degrees of formalisation (BRAUN & SCHULZ 2012, p. 133). Their main purpose is the reduction of uncertainty by establishing a stable social organisation where the range of options of each individual is limited (NORTH 1992, p. 6; RICHTER & FURUBOTN 2010, p. 7). Human interaction is organised in manifold ways, for example by norms, traditions, habits, laws or commands. Institutions mean a whole set of rules and the systems of action based on them. In addition to that, institutions remain stable over a long period of time and they are valid for many people. However, to be followed by people, institutions must be established which means compliant behaviour must be rewarded and/or non-compliant behaviour must be penalised. This can be achieved through various instruments, from the mere speculation that non-compliance will be frowned, to the threat of imprisonment (GÖBEL 2002, pp. 1 ff.).

Standards as institutions

Basically, it is reasonable to differentiate between two types of institutions: formal and informal rules or norms (RICHTER & FURUBOTN 2010, p. 7). Informal institutions are uncodified traditions, habits, customs and practices that are culturally embedded and relatively resistant to direct political influence, whereas formal rules (laws etc.) can be changed immediately by politics (NORTH 1992, p. 7). Apparently, a standard is a formal and deliberately planned institution as it is “*a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose*” (ISO n. y.). NADVI (2008, p. 325) defines standards in the following way: “*Standards are commonly accepted benchmarks that transmit information to customers and end-users about a product’s technical specifications, its compliance with health and safety criteria or the processes by which it has been produced and sourced.*” They also entail credence about a product’s characteristics or how it has been produced. In order to ensure that a business, product, process or service meets the required criteria of a standard, it must undergo certification. Certification describes the voluntary procedure which comprises the audit procedure and gives written assurance about

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compliance. Approved businesses or products/services that meet or exceed the minimum standard criteria are awarded by a third party (i.e. the awarding body) with a marketable logo (FONT 2002, p. 202; BIEN 2003, p. 7). By conveying credence and adding value to products, standards may “*provide a basis to differentiate markets and competitive niches*” (NADVI & WÄLTRING 2002, p. 4). Hence, they can be used as marketing tools to stand out from competitors. In many cases, their main purpose is the communication of compliance and reliability to gain legitimacy. For example, environmental labels signalise a careful handling of natural resources within a company (WALGENBACH 2006, p. 377).

Typologies of standards

“Standards take many shapes. They include company specific codes of conduct, sector specific standards and labels, as well as generic international standards that apply to product specifications, safety concerns, as well as to issues of process organization covering social, environmental and ethical concerns” (NADVI 2008, p. 326).

First of all, there is a distinction between product and process standards. Traditional product standards refer to size, function, safety impact etc. of a certain good, whereas process standards concentrate on management practices in the production process (NADVI & WÄLTRING 2002, pp. 6 f.). Process standards are more complex than product standards, because they not only include the achievement of certain outcomes (e.g. the minimum wage of employees), but also entail the documentation of procedures along the value chain (KAPLINSKY 2010, p. 4). In some cases, like for instance when dealing with organic food, standards concern both process and product characteristics, thus a distinction is not feasible (NADVI & WÄLTRING 2002, pp. 6 f.).

Criterion	Types
Geographical reach	National, regional, international
Function	Social, labour, environment, quality, safety, ethical
Key drivers	Public, private (business, NGOs), public-private
Forms	Management standards, company codes, labels
Coverage	Generic, sector specific, firm/value chain specific
Regulatory implications	Legally mandatory, market competition requirement, voluntary

Tab. 1: Typologies of global standards (Source: NADVI & WÄLTRING 2002, pp. 10 f.).

As presented in the list above, standards encompass a number of sub-categories. Here the boundaries are often quite hazy, e.g. when referring to the distinction between standards, codes and labels. Codes of conduct and labels are commonly defined as sub-categories of standards. While codes of conduct are usually assumed as company-specific criteria of accepted practices which are relevant for all stakeholders, labels rather constitute sector-specific standards which are focused on particular issues. From the consumer's perspective, labels allow for a fast and simple way of getting information about product features or the conditions of production, so they may have an influence on the purchasing decision (NADVI & WÄLTRING 2002, p. 7).

3.2 Implementation and diffusion of global standards

The process of globalisation and the extensive diffusion of global production caused a growing attention on global standards which “*address a wide range of issues, including labour conditions, health and safety norms, quality management procedures, and the environmental impact of production*” (NADVI & WÄLTRING 2002, p. 3) across borders. Nowadays, international standards play such an essential role that non-compliance may lead to exclusion from certain markets (NADVI 2008; KAPLINSKY 2010; OUMA 2010; PEREZ-ALEMAN 2012). They present a new type of (non-tariff) trade barriers, after national regulatory governance declined and other trade barriers were reduced or disappeared due to deregulation and liberalisation of worldwide trade (NADVI & WÄLTRING 2002; KAPLINSKY 2010; OUMA 2010). These standards can enable higher efficiency through the whole value chain, contribute to shift attention to social and environmental issues and they may provide a

foundation for new upcoming marketing niches as previously mentioned (NADVI 2008, p. 326).

To formulate and define complex global standards and to give them credibility and legitimacy, networks composed of a variety of actors from different backgrounds are required. Actors who may be engaged in defining and setting standards include MNEs, global trade associations and certification firms on the business side, global NGOs and international trade union federations from civil society, as well as international and regional organisations from the public sector (NADVI & WÄLTRING 2002, p. 9).

The development, implementation and performance of standards is generally a one-sided process, determined solely by the buying lead firm or country, while the producers usually have only little influence on the standard itself (KAPLINSKY 2010, p. 1). As noted by NADVI & WÄLTRING (2002, p. 3) and NADVI (2008, p. 330) among others, despite being supposed to comply with international standards, most governments and firms in developing countries have little say in the development of these standards and consequently remain being “standard takers” rather than “standard setters”. As it has been suggested by previous studies, global standards are often developed in response to consumer demands and civil society organisations in the advanced economies and thus can be regarded as attempts to impose “Northern” values on developing nations in the South (NADVI 2014, p. 138). In order to secure the ability to meet high-quality demands by high-income customers in advanced countries, lead firms introduce standards in their value chains. Related to high incomes and wealth, awareness towards ethical and environmental issues has increased in society and resulted in a growing number of standards responding to these matters (KAPLINSKY 2010, p. 12). For suppliers in developing countries, it is often a prerequisite to comply with global standards in order to get access to attractive global markets at all (NADVI 2014, p. 141). Compliance with a standard is often a costly matter which especially affects SMEs in these countries. Consequently, stringent global standards primarily prevent small-scale firms and poorer producers from participating in global markets (PEREZ-ALEMAN 2012, p. 12344). Additionally, many standards require explicit coordination which may be difficult to accomplish for these firms. On the other hand, many producers develop capabilities that increase their efficiency and capacity and thus their productivity, by the progress to achieve standards (KAPLINSKY 2010, p. 1). At least, as some research papers have stressed, there are indications for the pro-active participation of public and private actors in the so-called “Rising

Power” economies⁵ “*in a number of areas, from socially responsible consumption behaviour, environmental standards and international social standards to labour standards and labour inspectorate regimes [...]*” (NADVI 2014, p. 147).

The increase of global standards has led to a proliferation, which has become a central problem in this context. The vast and rapid accretion of number and types of standards has caused massive confusion and complexity (NADVI & WÄLTRING 2002, p. 3; NADVI 2008, p. 326).

3.3 Global rise of tourism certification programmes

Driven by changing consumer behaviours and increasing awareness for sustainability, voluntary standards and certification schemes have also emerged in the tourism sector as non-governmental, market-based mechanisms for businesses to expose their commitment to social and environmental issues (e.g. CONROY 2002; FONT 2003; MEYER et al. 2004; LUND-DURLACHER 2007; STRAMBACH & SURMEIER 2013). The major part of the sustainability standards and certification schemes has been focused on environmental aspects, but in recent years, social and developmental issues have gained more and more attention from these programmes (FONT & HARRIS 2004; MEDINA 2005; MAHONY 2007). The increase of labels and standards has led to a proliferation as in other industries as well. So there may be a huge diversity of certification systems, but this circumstance also entails a lot of confusion (e.g. FONT 2002; MEYER et al. 2004; MEDINA 2005; LUND-DURLACHER 2007; MAHONY 2007; FONT et al. 2010). Researchers have detected about 250 voluntary standards or other initiatives within tourism around the world, including “*codes of conduct, awards, benchmarking, best practices, and some 70 eco-labelling and certification programmes offering logos or seals of approval*” (HONEY 2001, p. 28). The majority of them have been developed in Europe. 68% of those certification schemes are addressed at accommodation providers, 18% at destinations, 7% at tour operators, 5% at sports and leisure facilities and 2% at transport companies (FONT & BENDELL 2002, p. 24). Hand in hand with the proliferations of standards, criticism of greenwashing in sustainable tourism has aroused (FONT & HARRIS 2004, p. 986). Initiators and supporters of certification programmes encompass NGOs, governmental organisations (tourism or environmental authorities), financial institutions and tourism associations (FONT 2003, pp. 7 f.; LUND-DURLACHER 2007, p. 147). According to HONEY (2002, p. 374), the creation of tourism certification schemes is supposed to be a

⁵ The term “Rising Powers” refers to emerging economies such as China, India or Brazil (NADVI 2014, p. 137).

participatory, multi-stakeholder process in which all interests of the named parties are considered. However, most of the programmes could not survive without governmental support (funding, marketing etc.) (FONT & BENDELL 2002, pp. 11 f.).

3.4 Reasons for certification and its objectives

As mentioned earlier, voluntary tourism standards and certification are methods to demonstrate responsible and sustainable performance that goes beyond legal requirement. Therefore, it has been regarded “*to be a source of competitive advantage that allows a small number of firms to stand out from the average*” (FONT 2003, p. 2). They are a useful way to show “*best practice and industry leadership*” (FONT & BENDELL 2002, p. 30). Smaller specialised tour operators have recognised sustainable tourism as a niche market and contemplate sustainability as a competitive strategy (MEYER et al. 2004, p. 3; FONT 2006, p. 55). According to FONT (2003, p. 3), “*the overall aim is that the label of this certification programme will be recognised by consumers or distribution channels, and considered as added value that leads to its acceptance in the marketplace, to support the marketing of companies that meet standards.*”

Furthermore, certification systems provide guidelines for tourism service providers to improve their operations. They are supposed to motivate businesses to implement and advance social and environmental measures so that tourism companies contribute to a sustainable development (FONT 2003, p. 2; LUND-DURLACHER 2007, p. 143). In addition to that, they provide guidance for tour operators to choose their suppliers in the context of a sustainable supply chain management (LUND-DURLACHER 2007, p. 144).

Nevertheless, sustainability standards in tourism are not just a minuscule niche phenomenon. Their number has increased significantly in recent years, as mentioned above. From a neo-institutional perspective, the spread of certification schemes can be explained with the concept of institutional isomorphism which describes the process of alignment of different organisations (private firms, parliaments, unions, associations etc.) within an “organisational field”, i.e. a certain sector (GÖBEL 2002, pp. 4 f.; WALGENBACH 2006, pp. 368 f.). WALGENBACH (2006, pp. 369 f.) and BRAUN & SCHULZ (2012, pp. 135 f.) identified three types of isomorphism which are results of certain mechanisms:

- 1) **Coercive isomorphism:** In this case, isomorphism may occur because of pressure on organisations from other organisations they depend on, which leads to an aligned

behaviour. Relating to coercive isomorphism, the state is of central importance since it constraints and determines the possibilities of action in terms of legal regulations and consequently limits diversity. With regard to MNEs, it can be observed that practices and structures that are compatible with the parent company are imposed on the subsidiaries.

- 2) **Cognitive or mimetic isomorphism:** Isomorphism due to mimetic processes describes the imitation of other organisations which are (perceived as) very successful. This basically results from a high degree of uncertainty and ambiguity. Promising structures, methods and procedures are adapted by other organisations to be on the right track (follow the leader-behaviour). Because many organisations emulate the most successful or outstanding organisation within their field, their strategies and structures become more and more aligned. In spite of attempts to stand out from the rest, isomorphism takes place since there is only a very limited diversity of variations.
- 3) **Normative isomorphism:** Isomorphism due to normative pressure is primarily a consequence of the increasing professionalisation of certain occupational groups who embody particular convictions, attitudes and conducts and “import” them into their business operations. As a result of this, different attitudes and ways of thinking tend to become unified. Key actors in this context are universities and other training facilities where the basics are laid for a common self-conception.

3.5 Benefits, problems and challenges of tourism certification

Benefits

To measure the benefits of tourism standard and certification systems, Green Globe⁶ conducted a research among certified enterprises. The majority of these companies (about 90%) could achieve considerable cost savings, mainly in energy and water supply, due to certification. This positive effect is also affirmed by other studies. Additionally, many of these businesses state a positive impact on staff motivation (LUND-DURLACHER 2007, pp. 149 f.; MAHONY 2007, p. 405). Although most certified enterprises could not raise the number of guests, a lot of them claim higher customer satisfaction and an increased probability to have repeat customers, thanks to the achieved improvements to become certified (FONT 2003, p. 9). Moreover, capacity building might occur in the efforts to comply with a standard (LUND-DURLACHER 2007, p. 150).

⁶ Green Globe has been the first sustainability standard in tourism (GREEN GLOBE n. y.).

Problems

Lack of certified businesses: Although sustainability standards have gained rising importance in the tourism industry, the average number of certified businesses per programme is only about 50, while the expansion rate is low. Particularly the costs for certification are an essential hurdle, especially for small firms in developing countries that are likely to be excluded since being audited and labelled is quite expensive (FONT 2003, pp. 9 f.). Since the number of certified tourism providers is small, *“tour companies that would be willing to support certified establishments do not have enough products to choose from”* (MAHONY 2007, p. 396). Due to the absence of a critical mass, certification schemes have been criticised for having only a minor impact on sustainable development in tourism (ibid., p. 404).

Low customer demand and recognition: As several researchers point out, there is hardly any demand in the market for certified (sustainable) tourism products at all, although a large number of studies have highlighted the rising interest for responsible forms of travelling (FONT 2003; LUND-DURLACHER 2007; MAHONY 2007). This circumstance indicates that sustainability labels have failed to gain acceptance as effective marketing tools (LUND-DURLACHER 2007, p. 150). PLÜSS (2003, p. 10) affirms that *“so far, the many labels that exist have not really become criteria in the decision-making processes of consumers when booking their holidays.”* According to MAHONY (2007, p. 394) and SCHMUDE & NAMBERGER (2010, pp. 70 f.), tourists may be influenced by the opportunity to choose sustainable products in theory, but in practice they are determined by a complex set of travel motives where social and environmental responsibility represents only a minor component. The key determinants in the decision process to book a holiday trip are factors such as price, quality, destination, weather, activities, health and safety (FONT 2002, p. 203; MAHONY 2007, p. 394). Following this, factors that are directly perceptible for travellers are much more important than aspects that do not influence the perceived quality of a holiday directly. In sum, rising awareness for social and environmental concerns and the positive attitude towards sustainable tourism products are not reflected in the purchasing behaviour. Moreover, sustainable certificates, labels and seals have a very low degree of recognition in the tourism sector. Since many aspects of a sustainable travel package cannot be directly experienced or seen by customers, tour operators have only few incentives to put emphasis on the communication of their sustainable products (LUND-DURLACHER 2007, pp. 150 ff.).

Transition and challenges

It is a central issue that sustainable certifications programmes are not market led and thus have only little impact (FONT 2003, p. 11). Therefore, labels have to put the focus more on marketing and branding. As mentioned above, aspects like quality and price have to be satisfied before customers consider social and environmental issues. Thus, sustainability must be communicated as elementary part of high quality (FONT et al. 2006, p. 52; LUND-DURLACHER 2007, p. 155). As it can be observed in other industry sectors, marketing of sustainable standards will be more directed towards travel agents, tour operators etc. than tourists, due to the low consumer demand in the market. The demand from tourism enterprises for certified products might grow, as tour operators fear the risk of having a negative image and take consumers' rising awareness for sustainability into account (LUND-DURLACHER 2007, p. 157). One key to success is seen in the harmonisation and cooperation of different standard criteria and their labelling. This measure is supposed to decrease proliferation and consumers confusion. The situation in recent years has been characterised by cooperation and internationalisation of certification programmes, as well as concentration processes (ibid., p. 156). To increase motivation among tourism enterprises for implementing sustainability standards and joining certification programmes, incentives set by public and private actors are assumed to be a valuable measure. Potential incentives comprise tax reliefs for certified businesses, a better placement of labelled products in guidebooks or infrastructural advantages (RUSSILO et al. 2008, pp. 16 f.).

3.6 Function of standards in tourism value chains

The concept of global value chains

Value chains or value-added chains describe the intertwined activities within the whole production process, from material and labour input up to the sale and marketing of the final product, as illustrated in figure 2. In the era of globalisation, global value chains (GVC) connect locations in different countries in a specific manner that has a manifold impact on production sites, especially in the global South (SCHAMP 2007, p. 148).

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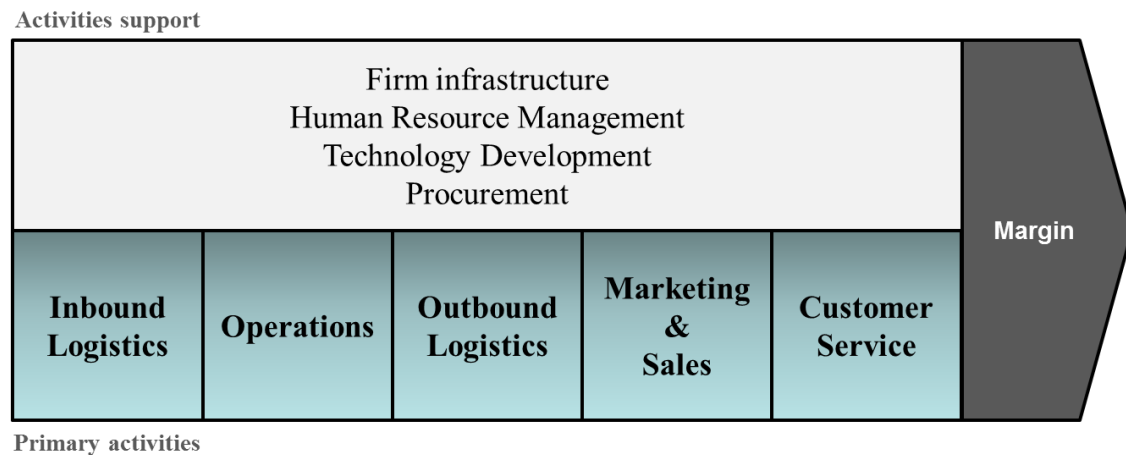


Fig. 2: Structure of a value chain (Source: Own diagram based on GABLER VERLAG n. y.).

“Governance” is a key element within the conceptualisation of GVCs. Without governance, value chains would be only a succession of independent market relationships. The governance-approach refers to inter-firm relationships and the parameters which are set by certain firms and determine the work of other agents along the chain (HUMPHREY & SCHMITZ 2001, p. 20). These parameters are set by so-called lead firms which exercise power on their local suppliers and influence the conditions of other activities in the chain (NADVI 2008, p. 331). Usually, those lead firms are retailers or brand-name companies located in the developed world (HUMPHREY & SCHMITZ 2001, p. 19; GIBBON et al. 2008, p. 316). For instance, a large supermarket chain in the UK might stipulate the way how fresh vegetables from Africa are produced and traded (GEREFFI et al. 2005, pp. 92 ff.). Depending on the nature of the product, a distinction between producer-driven and buyer-driven value chains can be made: *“In producer-driven chains, the key parameters are set by firms that control key product and process technologies, for example in the car industry. In buyer-driven chains, the key parameters are set by retailers and brand-name firms which focus on design and marketing, not necessarily possessing any production facilities”* (GEREFFI 1994, quoted from HUMPHREY & SCHMITZ 2001, p. 22). A more sophisticated distinction can provide deeper insights into the governance structures of GVCs: While market transactions and vertical or hierarchical integration represent the two extreme forms of value chain governance, there are some forms of network relationships in between (NADVI 2008, p. 331). According to GEREFFI (2005, pp. 83 ff.), three types of networks can occur beside markets and hierarchies: Modular value chains, relational value chains and captive value chains. Based on these five categories, Gereffi developed a theoretical approach to ascertain which governance structures of GVCs appear under certain circumstances. In this approach, three key factors determine the pattern

3 Sustainable standards and certification in tourism

of the value chain: the complexity of the required knowledge and information for a certain transaction, the ability to codify the transferred knowledge and information and the capabilities of actual and potential suppliers. These factors determine the required degree of explicit coordination and the level of power asymmetry which characterise the five different types of GVC governance, as it can be seen in the figure below:

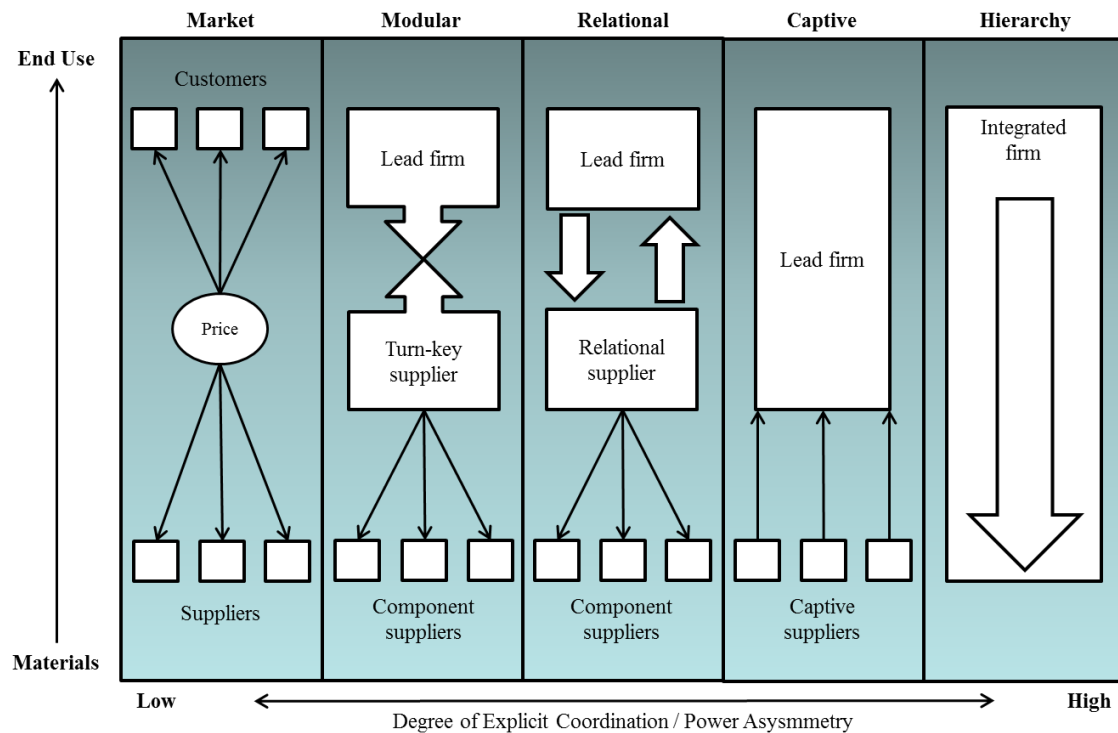


Fig. 3: Different types of GVC governance (Source: Own diagram based on GEREFFI et al. 2005, p. 89).

Nevertheless, this approach has been criticised by a number of other researchers. For instance, COE & HESS (2007, pp. 11 f.) claim that different forms of governance might exist within one given GVC or production system. Furthermore, they criticise that this approach is very much focused on transaction costs which only refers to inter-firm governance, while intra-firm and political/institutional governance are not taken into account. However, as previously discussed, standards can be set and enforced by external agents such as governments and NGOs. If lead firms demand their supplier for compliance, standards that concern or ensure aspects like safety, quality, healthy, environmental issues or fair working conditions, can impact on the governance structure (HUMPHREY & SCHMITZ 2001, pp. 24 ff.).

Global value chains in tourism

Since tourism demand and supply exist around the globe and tourist services overcome national borders, the concept of GVCs is a reasonable tool to analyse processes and relationships between the involved enterprises and other actors. More precisely, this concept can help to better understand the different steps along the value chain like sale, service creation and consumption of a travel package (DÖRRY 2008, p. 44). In travel packages, outbound tour operators bundle subservices of several providers into one travel product and sell it under their own responsibility (POMPL 1997, p. 29). Other involved businesses in such a value chain encompass inbound tour operators, airlines, hotels, regional transport companies and local businesses like restaurants or sightseeing attractions, as showed in figure 4. However, tour operators only account for about 8% of added value, whereas other tourism service providers such as airlines (37%) and hotels (39%) generate much more value (FREYER 2006, p. 217). Nevertheless, the outbound tour operators act as lead firms in tourism value chains since they have the access to the source markets, while inbound tour operators operate as their important relational suppliers (DÖRRY 2008, p. 44). Latter rather applies to more specialised, small and medium-sized operators since large tour operators such as TUI or Thomas Cook tend to evolve into vertical integrated travel groups which cover several steps along the GVC (e.g. flight, accommodation, inbound agency) (SCHMUDE & NAMBERGER 2010, p. 37). In the case of a large tour operator which does not own other upstream or downstream suppliers, the governance structure is supposed to be captive. Then, local suppliers like hotels are strongly dependent on the travel operator which has firm control and power over the entire chain (SCHAMP 2007, p. 153). The outbound tour operator functions as a node with an inbound agency as sub-node, so the incoming agency is the most important contact of the outgoing operator in the destination country as it is responsible for “ground handling” activities. So the inbound tour operator functions as an intermediary in the destination for the outbound operator. Especially for small tour operators, the most important decision for establishing packaged holidays is the choice of the right inbound partner since they do not have the capabilities to construct and control all activities along the GVC themselves (DÖRRY 2005, p. 9; SCHAMP 2007, p. 156).

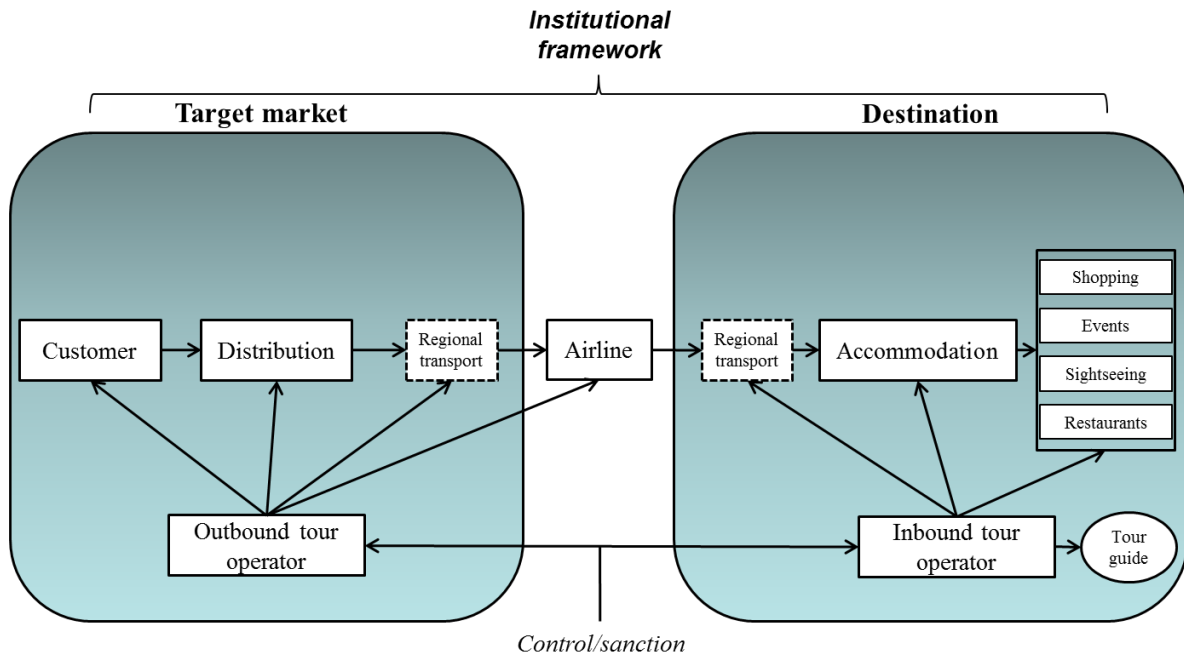


Fig. 4: GVC of a travel package (Own diagram based on DÖRRY 2005, p. 6; DÖRRY 2008, p. 44).

Although the GVC concept has been developed for the agricultural and industrial sector, it can be applied to the tourism sector as well, albeit there are crucial differences as already discussed: the intangible nature and the *uno-actu-principle*. The client has to trust a tour operator's promise of performance since the actual holiday trip begins on a date in the future. Furthermore, the consumer or tourist participates actively in the service production (DÖRRY 2008, p. 45; SCHAMP 2007, pp. 150 f.). While the production site can be exchanged in agricultural or industrial value chains without altering the product, the destination is usually an essential part of a travel package. Thus, the tour operator cannot just change the destination of the offered holiday trip (SCHAMP 2007, p. 151).

A key issue for outbound tour operators is control over services and their quality in the destinations. While medium-sized and larger travel companies can afford to do on-site control visits once a year, small operators have to rely on their inbound agencies. In addition, they use customer feedback as a monitoring tool, as larger travel groups do it as well (DÖRRY 2008, p. 50). Large tour operators do not have to struggle with control issues as SMEs have to, due to internalisation and high market power which allows them to have direct influence on all subservices (SCHMUDE & NAMBERGER 2010, p. 37). Furthermore, the time when the tour operator pays the supplier is an important sanctioning instrument. When suppliers are not paid in advance, it is much easier for the outbound tour operator to deal with shortcomings. However, the agreement on the time of payment depends on the bargaining power in the value

3 Sustainable standards and certification in tourism

chain again. Hence, it can be assumed that SMEs are more likely to pay in advance than large travel groups (SCHAMP 2007, p. 157).

Function of standards in tourism value chains

In general, lead firms expect their suppliers to be reliable, to deliver in time and to supply products in a good quality. In order to ensure that these expectations will be fulfilled by the subcontractors, lead firms set different parameters or standards. However, lead firms do not only exercise pressure on their suppliers. If the gap between the suppliers' capabilities and the required standards needs to be closed, lead firms often invest in their subcontractors and assist them to gain competencies, raise capabilities and improve their business (HUMPHREY & SCHMITZ 2002, pp. 9 f.; KAPLINSKY 2010, p. 1). For instance, if an outbound tour operator is not satisfied with the operational quality of its inbound agency, it is likely that the outbound operator helps its partner instead of recruiting a new inbound operator due to high transaction costs in terms of required time for negotiations about agreements and prices (RØNNINGEN 2010, p. 195). In other words, standards might help to upgrade⁷ suppliers such as inbound tour operators within the tourism GVC.

As addressed by HUMPHREY & SCHMITZ (2002, p. 13), if standards are monitored by third-party certification bodies, lead firms can save money because certification schemes might substitute own control systems. With regard to the tourism GVC, it means that standards represent a cheap and little labour-intensive way for outbound tour operators to monitor their partners in the destination. This applies in particular to smaller tour operators since their own control measures such as on-site checks would be an expensive and time-consuming duty (DÖRRY 2008, p. 50).

As aforementioned, standards reduce risk and uncertainty as they are a certain kind of institution (HUMPHREY & SCHMITZ 2002, p. 10). Tourism products embody a high degree of uncertainty from the customer's perspective due to the simultaneous production-consumption-nexus. Tourists have to rely on quality promises by tour operators. By implementing standards and being labelled, tour operators can reduce uncertainty and gain more credibility and might be the preferred choice of customers. As previously discussed, however, there is no evidence that this is the case in practice yet.

⁷ "Upgrading" of developing-country suppliers describes the improvement of ability to generate greater rents and extract more value from the GVC (GIBBON et al. 2008, p. 331).

4 Methodology

In this chapter, the methodological approach and the used research tools are described. Among others, it is explained why guideline-based expert interviews were chosen to do the examination, which interviewees were drafted and how the interviews were analysed.

4.1 Methodological approach: Innovation biographies

The methodology used in this research analysis is strongly based on the research approach of innovation biographies. This approach allows the empirical recording of knowledge dynamics within innovation processes from a spatial and sectoral view. The ultimate objective of innovation biographies is the reconstruction of an entire particular innovation process (BUTZIN et al. 2012, p. 11). *“Through a specific combination of interviewing techniques, network analyses, and visualisations, it is possible to reconstruct innovation creation from the first idea until its implementation, i.e. to disclose the biography of an innovation process”* (BUTZIN 2013, p. 3). More precisely, the methodological modules of an innovation biography comprise a narrative interview with a key actor referring to a particular innovation, an ego-centred network analysis to identify other involved actors and subsequent semi-structured interviews with them. These instruments are linked to each other in terms of a triangulation. After collecting and analysing the relevant data, a time-space path provides an insightful tool to depict the biography of an innovation (WIDMAIER 2009, p. 5; BUTZIN et al. 2012, p. 15). By the help of triangulation, the researcher is supposed to receive deeper insights into the research topic (FLICK 2011, p. 12). Innovation biographies can be seen as an apposition to innovation research that is based on qualitative methods. Qualitative approaches are supposed to be regarded as supplements rather than alternative concepts to quantitative methods (e.g. patent analyses) (BUTZIN 2012a, pp. 111 f.).

The approach of innovation biographies is based on the cognition that innovations evolve from knowledge-intensive processes which are shaped by different influences, milestones and barriers. According to this, innovations are results of interactive processes where various actors contribute with their specific knowledge and experience (BUTZIN 2012b, p. 128).

The research process of innovation biographies is divided into successive steps, as presented below (ibid., pp. 131 ff.):

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- 1) Selection of a particular innovation
- 2) Appointment for the narrative interview (with a private business or other type of organisation that is known to be involved in the innovation process)
- 3) Document analysis (to get further insights into the company, its network or the innovation process itself)
- 4) Conducting the narrative interview
- 5a) Drafting the first version of the innovation biography (based on the narrative interview; central content is the chronology of events and the involved actors, i.e. the ego-centred network)
- 5b) Naming the ego-centred network (e.g. type of actors and communication channels)
- 6) Conducting additional interviews with further involved actors
- 7) Reconstruction of the entire innovation biography (illustration as time-space path)

In the present study, the research procedure does not correspond strictly to the sequential structure illustrated above. After selecting the innovation - the Fair Trade Holiday concept - the first step was to conduct a comprehensive desk research and document analysis, including primarily annual reports of FTT and media releases about Fair Trade Holidays. Since there is a series of published information about this topic, it was possible to get an extensive insight into the network and its actors being involved in the development of the Fair Trade Holiday concept and the tour operators that have been offering those certified travel packages. Thus, most of the relevant key actors were already known in the run-up to the actual survey, so it was not necessary to conduct a narrative interview first to receive an overview of the development process.

4.2 Survey instrument

Besides the systemic collection of information from published documents, guideline-based expert interviews constitute the core of the used methodology in this study. Usually, narrative interviews are applied in innovation biographies to gain detailed information about the key actors within an innovation process and the chronology of milestones taking place. Narrative interviews are very open (GLÄSER & LAUDEL 2010, p. 42). The researcher has hardly any scientific concept and develops a theoretical approach only on empirical findings (LAMNEK 2010, p. 349; MATTISSEK et al. 2013, p. 160).

Contrary to narrative interviews, guided interviews contain predefined questions which are supposed to be answered in every interview (GLÄSER & LAUDEL 2010, p. 42). Accordingly,

guided interviews are more structured. They are based on a question-answer pattern that is similar to standardised questionnaires (MATTISSEK et al. 2013, p. 158). However, neither the order nor the formulation of questions is compulsory. Sometimes it is sensible to change the order of questions during the conversation. Hence, the guideline has rather to be seen as a compass comprising the most crucial questions (GLÄSER & LAUDEL 2010, p. 42; BOGNER et al. 2014, p. 29). With respect to the typology of qualitative interviews developed by LAMNEK (2010, pp. 349 f.), the developed guideline in this survey can be ascribed most likely to problem-focused interviews. According to MAYRING (2002, p. 67), this category of qualitative interviews encompasses all semi-structured, open types of inquiries. In problem-focused interviews, the researcher possesses a theoretical concept and a predefined problem, so that he can ask goal-oriented questions to the interviewee. At the same time, this approach provides a relatively broad openness and high flexibility (LAMNEK 2010, p. 350). The interview essentially consists of three components: probing questions (general introductory questions about the topic), guideline questions (central aspects that have to be addressed) and spontaneous ad hoc questions during the course of conversation. Because problem-focused interviews are partly standardised, they facilitate the comparability of several conducted interviews with different persons (MAYRING 2002, pp. 67 ff.).

More precisely, the conducted interviews are adequate to expert interviews which have been acknowledged by recent literature as a special form of guided interviews due to particular framework conditions, the more structural position of interviewees and the specific required preknowledge (e.g. BOGNER et al. 2014). In this context, experts are defined as persons embodying particular knowledge, competencies and (professional) experience in a certain field (MATTISSEK et al. 2013, p. 175).

Since there has been a predefined research question and a theoretical concept, yet a certain lack of information about the research issue and openness to new aspects, it was reasonable to choose guided expert interviews as survey tool in the present survey, also because there have been questions that go beyond the actual innovation biography (e.g. concerning the assessment process within tour operators) that would most likely not have been addressed in a narrative interview. As mentioned above, guided interviews are partly standardised and structured, so they provide comparability and ensure that all essential issues are discussed in every interview. This is very important in the present survey since not every interview was conducted by one and the same interviewer.

4.3 Structure of the guidelines

Basically, there are hardly any general rules for structuring an interview guideline. The central task in drawing up a guided interview is the formulation of questions that are based on the central research question and preliminary considerations in order to work accordingly to the principle of a theory-based procedure (GLÄSER & LAUDEL 2010, p. 115; BOGNER et al. 2014, p. 31).

In this survey, two different guidelines have been developed: one for tour operators and one for NGOs. First of all, attention was paid to structure the applied guidelines in a clear and reasonable way and to formulate comprehensible questions which do not confuse the interviewee. Thematically associated questions were packaged into blocks to reduce disruptions and facilitate an almost natural conversation (GLÄSER & LAUDEL 2010, pp. 144 ff.).

The interview draft for tour operators (inbound and outbound) begins with introductory, general questions about the business demography (if it was not possible to get such information through the previous desk research) in order to draft a characterisation of the interviewed companies. The first part of the actual guideline deals with general questions about South Africa as destination⁸ and the relevance of sustainability for the company in order to create links to later statements and to tune the interviewee into the conversation. Subsequently, there is a list of questions concerning the relationships to the key partners in South Africa or in Europe.⁹ The core of the guideline is about packaging and selling Fair Trade Travel Packages by the surveyed tour operator. This includes the time frame of development, the involved actors, the motivation and barriers. Additionally, it comprises questions about the assessment and certification process. The subsequent part deals with the internal and external effects Fair Trade Holidays have caused. Tour operators which were already involved in the pilot study have been asked additionally about their role in the development process of the concept. The final set of questions is about the opinion of the interviewed businesses on the concept, its implementation and its future prospect.

The guideline developed for NGOs (being involved in the development process, as it will be discussed in the following course) is structured in a similar way, but it is much shorter since a large portion of questions concerning the implementation of Fair Trade Holidays, like the audit process for instance, is not relevant for them. The guideline consists of three parts: The

⁸ Questions were only posed for outbound tour operators.

⁹ Depending on the type of tour operator (inbound or outbound).

4 Methodology

first one is about the role of the interviewed organisation in the conceptualisation process (the contact to FTT, the contributed knowledge etc.). The second part deals with the impact of the concept on the surveyed NGO and on approved tour operators from their perspective. The final part includes a total evaluation and future outlook for Fair Trade Holidays, just like in the guideline prepared for tour operators.

In general, guidelines are changed incessantly during the research process since they are partly based on unexamined presumptions about the research issue (GLÄSER & LAUDEL 2010, p. 150; BOGNER et al. 2014, p. 30). With regard to the survey of this study, there were only minor changes of the guideline since much information could already be gained from the previous document analysis. Concrete adjustments were made regarding fields with certain obscurities, in particular concerning the audit process of tour operators. For instance in interviews with non-certified tour operators, questions related to the compliance to the TRW standard were omitted. Accordingly, there were slight changes in some cases depending on the interviewee.

4.4 Selected interviewees

The selection of interviewees is crucial since they have a significant influence on the quality of information obtained from the conversation. Accordingly, during the preparatory stage, the researcher has to consider who possesses relevant information and is best placed and willing to communicate it (GLÄSER & LAUDEL 2010, p. 117; MATTISSEK et al. 2013, p. 188).

The objective of this research work is to delineate the development process of the Fair Trade Holiday concept and the TRW standard, as well as its implementation in business operations. Hence, the first interview was done with FTT as the leading labelling organisation for Fair Trade Holidays. Based on findings from the desk research, other key actors - mainly NGOs being involved in the conceptualisation process - were recognised and interviewed later on (see table 2). Furthermore, it was important to interview outbound tour operators from Europe since they place these certified travel packages on the market and sell them directly to the customer. According to the FTT annual report from 2012/2013, there were eight European tour operators offering certified Fair Trade Holidays at this time (FAIR TRADE TOURISM 2013b, p. 26). Only three of them could be surveyed as some of them had already cancelled

4 Methodology

their partnerships with FTT, were bought by another company or simply refused the interview request. OTO_4 and OTO_5 are not officially approved Fair Trade Holiday partners. OTO_4 has been approved by FTT, but does not offer certified holidays. OTO_5 was in the approval process at the time of the interview. Both tour operators were mentioned in prior documents or conversations, so they were detected according to the snowball principle (BUTZIN 2012b, p. 133; MATTISSEK et al. 2013, p. 189).

Beside the outbound tour operators, two of the six officially approved inbound tour operators were interviewed. In addition, the executive certification body was asked some questions about this issue and related aspects. All in all, twelve interviews plus one written statement were collected and analysed in addition to the document analysis.

Interview-ID	Date	Duration (in minutes)	Type	Year of approval
NGO_1.1 ^{10 11}	30.04.2014	?	NGO	-
NGO_1.2 ¹⁰	15.09.2014	40	NGO	-
NGO_2	22.12.2014	40	NGO	-
NGO_3	09.01.2014	47	NGO	-
OTO_1 ¹⁰	18.09.2014	34	Outbound tour operator	2011
OTO_2	29.10.2014	35	Outbound tour operator	2011
OTO_3	17.12.2014	40	Outbound tour operator	2010
OTO_4	14.11.2014	41	Outbound tour operator	-
OTO_5	16.03.2015	35	Outbound tour operator	-
OTO_6 ¹²	10.10.2014	-	Outbound tour operator	2012
ITO_1	24.10.2014	41	Inbound tour operator	2012
ITO_2 ^{10 13}	04.12.2014	70	Inbound tour operator	2010/2011
CEB_1 ^{10 14}	03.12.2014	79	Certification body	-

Tab. 2: Sample overview.

Because some of the interviewees insisted on anonymisation, the names of the surveyed organisations or companies are not stated. The three letters in the interview-ID signify the type of organisation: NGO = NGO, OTO = outbound tour operator, ITO = inbound tour

¹⁰ Interviews were conducted by Annika Surmeier.

¹¹ Interview was conducted with the former general manager before the present research work started. It was not explicitly about Fair Trade Holidays.

¹² It explained the reasons for quitting the participation in Fair Trade Holidays in a short written interview refusal, so it was considered in the analysis as well.

¹³ It is both an inbound and outbound tour operator, but it is based in South Africa, so it is considered as inbound operator.

¹⁴ The interview was merely to a certain extent about Fair Trade Holidays, so there was no extra guideline for it.

operator and CEB= certification body. The first two listed interviewees represent both FTT as aforementioned, but to keep it uniformly they are quoted as NGO_1.1 and NGO_1.2.

All selected interviewees are in a responsible position concerning Fair Trade Holidays. Regarding the NGOs' representatives, all of them are general managers or managing directors. The same applies to the surveyed inbound tour operators since they are very small businesses which do not have special product or CSR managers.

In the case of outbound tour operators, the interviewed persons are either in the position of a CSR expert (OTO_1, OTO_3), marketing director (OTO_4), product manager for Africa (OTO_2), managing director (OTO_6), or product manager and managing director at the same time (OTO_5). The surveyed certification body (CEB_1) is represented by two persons: the regional manager for Africa and the Middle East and a tourism project manager.

4.5 Contacting, interview conduct and transcription

To get in touch with the tour operators and organisations, most of them were contacted via phone calls first. Subsequently, a more comprehensive e-mail was sent to the contact person, comprising further information about the research background, the objective of this study and some sample questions from the interview guideline when it was required. When the contacted expert agreed to the request, an appointment was made.

Due to the large spatial distances between relevant businesses and organisations, most of the interviews were conducted via telephone to save time and costs. Only NGO_1.1, NGO_3, ITO_2 and CEB_1 took place via face-to-face communication. The average interview length was about 45 minutes. Depending on the interviewee, the conversation was either in German¹⁵ or English.

All interviews were recorded with the agreement of the surveyed experts. In most cases, two or three recording devices were used to ensure gathering of the given information in a satisfying quality. Although audio recording violates the law of trying to create a natural conversation, it is a judicious method since it guarantees that no information gets lost (GLÄSER & LAUDEL 2010, pp. 157 f.).

After conducting and recording the interviews, they were fully transcribed. Writing transcripts is an effortful process, but it is inevitable for a comprehensive evaluation of interviews

¹⁵ German quotations are translated directly into English in the following course.

(MAYRING 2002, p. 89). The majority of the interviews were transcribed with “f4” which is a special transcription programme to save time since transcription is a very time-consuming procedure. Similar to the draft of interview guidelines, there are no generally accepted rules for doing transcriptions (GLÄSER & LAUDEL 2010, p. 193). The applied transcription system in the present study was inspired by the rules of simple transcription by DRESING & PEHL (2013, pp. 20 ff.). In this approach, the focus is rather on the content than on the way something is told. For instance, phonetic language is ignored and punctuation is smoothed in favour of a good readability.

4.6 Analysis of the interviews

After transcription, the interviews were evaluated with the help of the analytical approach of the qualitative content analysis based on GLÄSER & LAUDEL (2010) and MAYRING (2010). It is a methodological instrument to disassemble text material (e.g. interviews) systematically into several components and analyse them step by step (MAYRING 2002, p. 114). Similar to the quantitative analysis from which the qualitative content analysis emerged, the core of it is a theory-based system of categories. The category system determines the aspects that have to be filtered out from the text. Subsequently, the text material is browsed for relevant information. Selected information will then be allocated to one of the categories (the process of coding). In contrast to the quantitative content analysis, the category system is reviewed and adjusted to the text material in qualitative content analyses (MAYRING 2002, p. 114; GLÄSER & LAUDEL 2010, pp. 197 f.). The definition of categories plays a central role and is very complex. Basically, there are two ways of defining different categories: the deductive method in which categories are set up beforehand based on pre-examination and the developed theoretical concept, and the inductive approach in which categories derive from the text material and become generalised without referring to a previously constructed theory. The latter is regarded as more prolific for the qualitative content analysis since it aims for a very natural and unbiased illustration of the textual material. Referring to the “grounded theory”, this method to formulate categories is called “open coding” (MAYRING 2010, pp. 83 f.). The main objective of the grounded theory procedure is to find new theoretical concepts during the research process through the data already obtained. Accordingly, theories are not the basis of the research work, yet research does not proceed without any theoretical foundation. In grounded theory, the research process is characterised by circularity and processuality since inductive and deductive procedures are combined (MATTISSEK et al. 2013,

p. 210). According to this definition, the applied procedure in the present survey is based on the grounded theory since there was no strict deductive or inductive definition of categories. Before coding, the following guiding categories were formulated based on the interview guidelines:

- *Company profile*
- *Supplier relationships*
- *Concept development*
- *Business implementation*
- *Assessment process and certification*
- *Impact*
- *Total evaluation and outlook*

Based on the guiding categories above, new subcategories were set up inductively while coding. The coding procedure was conducted with the help of “MAXQDA” which is one of the most often used software to do computer-based qualitative content analysis (MAYRING 2010, p. 113). Altogether, more than a hundred subcategories were developed and almost 900 passages were coded.

4.7 Weaknesses of the methodological approach

Although it is possible to get deeper insight into the research issue by the use of the methodological approach described above, which is mainly based on the concept of innovation biographies, this research design and its practical execution incorporate particular weaknesses and problems.

In contrast to quantitative methods, intersubjective verifiability cannot apply to qualitative research since it is impossible to replicate such non-standardised approaches. Referring to qualitative methods, intersubjective comprehensibility is more appropriate (STEINKE 2010, p. 324). In addition, due to the small sample size of thirteen examined units, this survey does not meet external or statistical validity and is not representative in a statistical sense. Hence, generalisation of the empirical findings is problematic (BORTZ & DÖRING 2006, p. 53).

Since qualitative social research considers humans as cognitive subjects and not just as research units, it cannot satisfy objectivistic research in a scientific sense. Likewise, the researcher has certain expectations, so he influences the research process subjectively (LAMNEK 2010, p. 30). Accordingly, an exact representation of reality is not possible.

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Furthermore, referring to the practical execution, most of the interviews were conducted via telephone. Telephone interviews are beneficial since they save time and costs and grant higher flexibility for the interviewee. On the other side, only the spoken word can be captured, but no visual information such as facial expressions or gestures. Additionally, it is assumed that direct face-to-face communication creates a more trustful and pleasant atmosphere (GLÄSER & LAUDEL 2010, pp. 153 f.).

Retrospectively it can be said that doing comprehensive desk research, finding and approaching experts, conducting interviews with them including subsequent transcriptions and evaluations was quite a time-consuming and labour-intensive procedure.

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After introducing to the theoretical-conceptual framework including tourism innovations and standards in this industry, and outlining the methodology that has been applied, the empirical findings will be presented and commented on in the following chapters.

5.1 Background: History and principles of Fair Trade Tourism

Back in the mid-1990s, the post-apartheid government in South Africa recognised sustainable tourism as an efficient tool to contribute to poverty reduction and overall equality, especially in favour of the historically disadvantaged black population (BOLUK 2011a, p. 238; STRAMBACH & SURMEIER 2013, p. 743). As a consequence, the tourism White Paper which was published in 1996 defines responsible tourism as a key guiding principle for the development of tourism in the country. It regards responsible tourism as a necessary requirement for South Africa in order to be a competitive destination on an international scale (MAHONY 2007, p. 397).

In 2001, “Fair Trade in Tourism South Africa (FTTSA)” was initiated by the “International Union for the Conservation of Nature (IUCN)¹⁶” (PLÜSS 2003, p. 3; FTTSA 2012, p. 3). The core objective of FTTSA is to enhance a sustainable socio-economic transformation within South Africa’s tourism industry by following and actively engaging international best practice and fair trade standards. Accordingly, the focus is on social and developmental issues relating

¹⁶ “IUCN is the world’s oldest and largest global environmental organisation” (IUCN 2014).

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to tourism development (MAHONY 2007, p. 399). Their concrete field of operation encompasses “*awareness raising, research, advocacy, capacity building and the facilitation of a voluntary certification programme that awards the use of the FTTSA certification mark [...]*” (FAIR TRADE TOURISM 2008, p. 2).

In 2002, FTTSA was officially launched in South Africa. It was the first time in the history of the fair trade movement that a label or trademark was developed for the tourism industry (MEYER et al. 2004, p. 2; BOLUK 2011b, p. 31). One year later, FTTSA began to audit and certify tourism businesses (FTTSA 2012, p. 10). Basically, products have to comply with six FTT core values to become certified (SPENCELEY 2005, pp. 3f.):

1. Fair share
2. Democracy
3. Respect
4. Reliability
5. Transparency
6. Sustainability

In 2004, FTTSA became an independent organisation from the IUCN but remained donor-funded and endorsed by national and international NGOs.

In the beginning of 2012, FTTSA became the first African certification body and one of only ten worldwide being recognised by the Global Sustainable Tourism Council (GSTC)¹⁷ (STRAMBACH & SURMEIER 2013, pp. 744 f.).

In 2013, FTTSA changed its name into Fair Trade Tourism (FTT) in order to signal its intention to develop into a certification scheme not only for South Africa, but for the entire region including Madagascar, Mozambique and Swaziland among others. They also changed the brand logo and outsourced the audit function to an independent certification service provider (FAIR TRADE TOURISM 2013e).

In 2014, 68 tourism enterprises (mostly accommodation providers) were FTT certified (FAIR TRADE TOURISM 2014a, p. 24).

¹⁷ GSTC is a UN-founded initiative which aims to promote the principles of sustainable operations in tourism around the globe (STRAMBACH & SURMEIER 2013, p. 745).

5.2 Conceptualisation of Fair Trade Holidays

5.2.1 The development process - Milestones, actors and their contributions

Preliminary considerations

About thirty years ago, the fair trade movement was initiated aiming to achieve a more equitable distribution of incomes from global trade so that in particular small-scale producers from the disadvantaged global South are able to secure their livelihoods and to live in security and dignity. After the first Third World import store opened in the Netherlands in 1969, a number of European countries followed this and by now, fair trade products represent a huge current trend and generate a multi-billion turnover. However, fair trade is not a registered trademark, nor has it been patented (PLÜSS 2003, pp. 3 f.). Comprising more than a thousand products, fair trade labels are quite diverse, but they usually entail common criteria such as fair prices, fair working conditions and environmental standards (MAHONY 2007, p. 399).

The considerations of applying fair trade principles to tourism are based on iniquitous conditions in tourism, propelled by the price war of big tour operators which pass on the pressure for lower prices on the destination countries. As a consequence, poor countries suffer under forced down prices and do not earn sufficiently from tourism (PLÜSS 2003, pp. 1 f.). Accordingly, the fair trade concept has established as a critique of mass tourism and other forms of travelling that cause negative social and environmental impact on destinations (MAHONY 2007, p. 399). The idea of certifying and labelling a whole travel package as a product according to fair trade criteria already arose in the 1990's, pushed by tourism NGOs like Tourism Concern and Arbeitskreis Tourismus und Entwicklung (Akte), several years before the feasibility study began in 2006, which will be outlined in the following course of this chapter (PLÜSS 2003, p. 7; FAIRUNTERWEGS 2010b).

According to NGO_3, the meaning of fairness in tourism has always been one of their central topics and it has been inevitably linked to the question of company and product certification. Besides NGO_3, NGO_2 was involved in this process from the beginning. Both collected case studies and worked towards the setup of a fair trade in tourism. These considerations were already related to the official Fairtrade¹⁸ International standards in the early stages of the discussion. *“For a certainty, there were preliminary considerations. I mean such a project does not fall from the sky [...]. I think the first time we also stressed this topic was on the ITB in 1999 or 2000 with a picture of fair trade bananas and the slogan: don't you want to buy*

¹⁸ Fairtrade International (FLO) is the largest and most recognised fair trade system in the world (FAIRTRADE INTERNATIONAL 2011).

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fairly traded travels as well (NGO_3)?” With regard to the recognition of the fair trade mark in Western source markets and the potential demand for fair trade certified holidays, those deliberations were quite reasonable. Fair trade products in the food sector are enjoying increasing popularity throughout Europe (NGO_1.2; NGO_2; OTO_3). Hence, a credible label for travel packages could be an important marketing tool. Eventually, all innovative projects that aim for fair conditions in tourism have to find its place in the market (PLÜSS 2003, p. 7). For instance, about 90% of the UK population recognise the fair trade label, such as 87% in Switzerland, 85% in the Netherlands, 72% in Germany, 63% in the US and 60% in Canada (FTTSA 2012, p. 8). In a representative survey taking place in Germany in 2007, 37% of the polled long-distance travellers said they would book a fairly traded travel product, if those products were offered in a trustworthy way. The interest might be even higher in Switzerland. According to conservative estimates, 14 to 18% of Swiss travellers could already be interested in booking fairly traded holidays. This would imply a market potential of 67 to 86 million Swiss francs (FAIRUNTERWEGS 2010b).

However, yet in 2003, fairly traded travel packages were not in prospect since service industries are new territory for the fair trade movement, as mentioned by PLÜSS (2003, pp. 9 f.). Furthermore, she stresses that labelling entire holiday packages would not be advisable, at most single components such as accommodation or guided tours.

2006 - 2009: Feasibility analysis

The actual development process of the Fair Trade Holiday concept began back in 2006: FLO launched a study to evaluate if the development of a global fair trade label for the tourism industry is viable. Subsequently, a number of various actors started to advise FLO in this evaluation process. The core group of this advisory board consisted of FTT from South Africa, Akte from Switzerland and TourismWatch from Germany (FAIRUNTERWEGS 2010a). In the initial phase of this feasibility study, the advisory board also comprised further fair trade and tourism organisations from France, England and other countries, but they decided to disembark from this project quite early, so they did not play a critical role in the whole process (FAIRUNTERWEGS 2010b; NGO_2; NGO_3).

Arbeitskreis Tourismus und Entwicklung (Akte), founded in 1977, is a Basel-based tourism NGO that is focused on the awareness-raising for social and ecological concerns in tourism and stands up for fair and sustainable practices in the industry. For instance, they do educational work, public relations and operate their own web portal (AKTE n. y.). Akte is a

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long-time partner of FTT. They were already involved in the mid-1990s, when apartheid was abolished in South Africa and the government began to promote tourism as a measure to support historically disadvantaged individuals. They contributed to the standard-setting process of the TRW standard with their background knowledge about the impact of tourism, about the meaning of fair wages and environmental responsibility or about the meaning of respecting human rights in tourism. Moreover, they helped in terms of their connections to tour operators with whom they have been collaborating for years (NGO_2).

The role of TourismWatch, a tourism NGO located in Berlin, was very similar to that of Akte (NGO_2; NGO_3). TourismWatch is a department of Brot für die Welt - Evangelischer Entwicklungsdienst (EED), an aid organisation established by the Protestant church in Germany. It was founded in 1976 and became institutionalised later on. The cooperation with FTT in South Africa started in the beginning of the new millennium. Two topics connect both organisations: Firstly, the protection of children from sexual exploitation in tourism (FTT is the official Local Code¹⁹ Representative for South Africa). Secondly, the setup of fair trade relations in tourism by the use of certification schemes. Like Akte, TourismWatch is also specialised in awareness-raising and political work with respect to sustainable tourism, particularly in developing countries. They have experience-based knowledge about sustainability dimensions in the travel industry, for instance regarding child protection, climate justice and human rights (NGO_3). Both TourismWatch and Akte already had experience in the certification of tour operators before starting the pilot since TourismWatch is one of the co-founders of TourCert²⁰ in which Akte is also involved (NGO_2; NGO_3). Additionally, TourismWatch established the contact to SKR Reisen which became the first officially approved tour operator in Germany offering Fair Trade Holidays. Concerning the role of Akte and TourismWatch, OTO_3 states: *“The NGOs brought in the developmental component. They made sure that there is no dilution of the standards.”*

After the feasibility study was initiated in 2006, the climax was reached in 2008. In the beginning of 2009, FTT offered to take leadership of a pilot in South Africa to design and test auditing procedures (FAIRUNTERWEGS 2010a). Until then, the project was managed by FLO since the goal was to see what the existing Fairtrade standards would imply in tourism. *“Until 2008, this was the main focus, but during the process it became clear that it is not practicable to apply the existing fair trade standards in tourism since tourism has its very own criteria*

¹⁹ “‘The Code’ is an industry-driven responsible tourism initiative with a mission to provide awareness, tools and support to the tourism industry in order to prevent the sexual exploitation of children” (THE CODE n. y.).

²⁰ Germany-based TourCert is a non-profit certification body awarding sustainable tour operators with a CSR label (TOURCERT n. y.).

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which are necessary to ensure fair trade relations. Then, the process was assigned to FTT, because we as the advisory board made clear that the relevant indicators must be determined by the tourism industry itself” (NGO_3). Consequently, FLO decided not go any further as they considered it to be not feasible (CEB_1).

2009 - 2011: Pilot study

Subsequently, the pilot started in 2009 under the leadership of FTT with financial support by SECO, the State Secretariat for Economic Affairs in Switzerland. Hence, their funding was a crucial factor for the successful execution of this project (CEB_1; OTO_3; NGO_2). The replacement of FLO by FTT implied an important change: Now, the project was led by an actor from the global South (FTTSA 2012, p. 10).

Regarding the fact that FTT has performed pioneering work and has had such a long-term experience in the field of certification in tourism, it only made sense that they would take leadership. *“Fair Trade Tourism from South Africa were the first. They have a long-time experience in certification of individual suppliers, hotels or excursion providers which they have already certified. This knowledge was very important”* (NGO_2). In addition, *“FTT is the organisation which has dealt with trade relationships along the tourism value chain the most intensively worldwide”* (NGO_3). As aforementioned, however, they also embodied another important aspect: *“Fair Trade Tourism has the competency of the local people and represented the southern perspective, even though it sounds a bit corny. So they brought in the perspective from the destination country and of course, they also brought in a lot of experience in this process”* (OTO_3).

In order to create and implement the trade standard and product certification, it was vital to call in tour operators which could contribute with their knowledge and practical experience from the industry (NGO_2). As a consequence, two tour operators from Switzerland became involved in the process in 2009: Kuoni, a globally operating travel group, and Reise Service Imagine, a very small tour operator (FAIRUNTERWEGS 2010a; NGO_1.2; NGO_2; NGO_3; OTO_3). The climax of the pilot was reached in October 2010, when both tour operators launched their first certified Fair Trade Travel Packages (FAIRUNTERWEGS 2010c; OTO_3; NGO_2; NGO_3). Thus, it took about one and a half years from the beginning of the pilot until the first practical implementation. In early 2011, German tour operator SKR Reisen joined the pilot and launched the first certified travel package in March (FAIRUNTERWEGS 2011; NGO_2; NGO_3). OTO_3 underlines the importance of the tour operators’

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involvement: *“Yes we have played a key role in the field test. Our company underwent certification, I mean our value chain underwent certification; our inbound operator [X] underwent certification. We are actually the first company testing the standards in the pilot and offering Fair Trade Holidays.”* All the major actors like the certification body and the advisory board, could learn from the process of the first certification and had the possibility to make certain adjustments if necessary. In this respect, it must be considered that the standard configuration is a dynamic process with continuous adaptations (NGO_3). Relating to that point, it is also important to mention that Kuoni CH and Reise Service Imagine, as well as SKR Reisen, underwent TourCert certification during that period of the pilot. Hence, a learning process towards the comprehension of both certification schemes which are very different in nature (a corporate certification on the one side and a product certification on the other) took place since it was now possible to compare both sets of criteria not only in a theoretical manner (NGO_2; NGO_3).

Due to the high proportion of Swiss firms and organisations involved in the project, it mainly took place in Switzerland (OTO_3; NGO_2). Although the cooperative work was primarily conducted via telephone conferences and online communication, one of the FTT staff came several times to Europe to meet with the other involved parties during the pilot phase (NGO_2; NGO_3). In this regard, travel fairs played a crucial role, in particular the ITB in Berlin where all involved actors came together. For instance, two ground breaking events happened there: the handover of responsibility from FLO to FTT in 2009 and the official launch of SKR's first Fair Trade Holiday on the German market in 2011 (FAIRUNTERWEGS 2011; NGO_3).

The cooperative work and its outcome are seen in a very positive light by the participants (OTO_3; NGO_2; NGO_3). For instance, NGO_2 designates it as a huge gratification since everyone else was very sceptical about the fair trade certification of such a complex product like a holiday. OTO_3 praised especially the multi-stakeholder approach including actors with different backgrounds, naming it the key to success for working well and smoothly.

5.2.2 Motivation and goals of the concept

In accordance with expectations, it is obvious that the involved parties share the same philosophy and ambition: the enhancement and promotion of sustainability and overall fair trade relations in the tourism industry (NGO_1.2; NGO_2; NGO_3; CEB_1). *“For us, the central motivation for building up fair trade in tourism is the idea of creating a very socially*

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responsible form of travel arrangements” (NGO_2). The Head of Trade Facilitation at SECO, Hans-Peter-Egler, emphasises the potential of sustainable development in countries of the global South by strengthening and extending fair trade relations in tourism, since tourism is the most important export sector and source of foreign currency for more than 80% of developing countries. For SECO, this is the main reason why they attended this project (FAIRUNTERWEGS 2010e).

More specifically, the goal of the project was to create standards that define and ensure fair trade relations among the whole tourism value chain since there are none yet: *“Trade relations are not fair in tourism. They go from the top to the bottom and the people in the destinations who want to benefit from tourism fall by the wayside. [...] Those standards like prepayment, contracts, doing contracts at all; this is no standard in tourism at all and it is our motivation to change that”* (NGO_3). In a media release, Matthias Leisinger, the Head of Corporate Responsibility at Kuoni, points out that they joined the pilot because they saw it as a *“big chance to contribute to the development and implementation of transparent prospective criteria for more sustainability in tourism”* (FAIRUNTERWEGS 2010d).

NGO_1.2 addresses another interesting aspect, namely the monitoring function embodied in Fair Trade Travel Packages: *“It also enables us to monitor who is buying them. [...] If you buy fair trade coffee, you know you are buying fair trade coffee, but if you go to a fair trade game lodge, you may or may not know it is fair trade. It may or may not be part of your purchasing decision. [...] Then the holidays, they would know, because you consciously opted to travel in this way. [...] So it gives us ability to measure who is travelling in this way: Is there an increase? Where are these travellers coming from? And then we can demonstrate to Fairtrade International that this can work in tourism.”* The latter leads to the next issue: It has been a central goal to accomplish Fair Trade Holidays becoming part of the official Fairtrade International product family (NGO_1.2). The alignment to the FLO standards is a central objective, as also underlined by NGO_2: *“The ultimate goal would be that these Fair Trade Holidays become part of the FLO family, the officially Fairtrade labelled products. This is why we referred the certification of Fair Trade Holidays to a product and not a company.”*

The final achievement would be the industry-wide implementation and legislation of those standards, or at least its accomplishment of becoming mainstream instead of creating a niche including a bunch of private standards. According to CEB_1, it is going to happen in tourism if it follows the same trajectories as the farming sector: *“If tourism follows some of that trajectory, which it maybe seems to be doing, labelling is maybe not going to be the big thing.*

[...] What you are doing is you enter an industry like the coffee industry or the tourism industry; you assist private standards to increase the bar, increase the basic conditions of employment, basic fairness in trade, basic prices that people are getting to the extent that they eventually do not need a label anymore, because they already achieved that. It is almost like a step towards improving standards, improving legal standards or improving industry standards across the world without the need for private interventions. This is the development theory and I think it is fantastic, it works.” NGO_3 makes a similar statement: *“What I wish is that we would not have to deal with all of these voluntary standards at all, but that regulatory conditions would enforce businesses to satisfy standards of social security and ecological integrity, to give report, to guarantee transparency, mandatory disclosure and corporate law [...]. Fair trade relations must become the industry standard for tour operators and governments have to satisfy their obligation for human rights and implement instruments and laws.”*

5.2.3 Difficulties of the conceptualisation

Regarding the difficulties concerning the configuration of a fair trade standard which comprises the whole tourism GVC and defines a holiday as a product like others, one central pitfall becomes apparent: the complexity and variety of tourism, as well as its diversity as a service industry compared to material goods like agricultural products (FAIRUNTERWEGS 2010e; CEB_1; NGO_2; NGO_3). This was certainly the key challenge, especially against the backdrop of designing such a travel standard strongly in line with the official FLO standards for commodities. Below, there is an abstract of some central comments on this issue:

- *“I think they [FLO] decided it was not feasible. I mean tourism is a very different product to agriculture which is really the main focus. I mean of course, there are non-agricultural products in fair trade, sport balls are one of them, but it comes from a particular string. [...] I think maybe it was too far away from the traditional fair trade label products”* (CEB_1)
- *“Tourism has a very complex value chain; it is more complex since it is a service industry. Effectively, there is no fair trade label in the service sector except for this one now for travelling [...] In tourism, you have so many small individual components [...]”* (NGO_2)
- *“Tourism is a highly diversified sector, a sector which consists of many small elements. Unlike in other economic sectors where there is a strong concentration on*

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single service providers; tourism is a smorgasbord of service providers from various levels of formalisation. [...] Tourism is highly unregulated, which means that standards that exist by law are not audited. These are the difficulties which make a sustainable development in tourism very tricky. Now with respect to this fair trade standard, I think you had to rethink the concept, because what works with coffee does not automatically work with a service [...]" (NGO_3)

Not only the diversity of the industry itself constituted a problem, but also the diversity of already existing standards in tourism and “Fairtrade International did not feel that it would be easy to harmonise all of those different processes. So what the GSTC has done subsequently, would have been a similar process to what Fairtrade International would have done, but obviously in a different way [...]" (CEB_1).

5.3 Assessment and approval

5.3.1 Structure of the TRW standard and requirements for approval

In contrast to accommodation providers and other service providers within the destination, inbound and outbound tour operators cannot be officially certified with the FTT label, although they go through a very similar assessment process (FAIRUNTERWEGS 2010a). What they can attain is the approval to develop and sell official Fair Trade Holidays when they fulfil the required criteria (ITO_1; ITO_2). “So this is a bit complicated. So as an accommodation or activity operator, [...] you get certified as a company, but not as a tour operator.

Only your tours get certified. So we did only one assessment for our packages, but they look at your whole company and how you operate” (ITO_1).

Thus, this particular certification process consists of two components: firstly, the institutional approval of the tour operator; secondly, the operational certification of the offered travel package (NGO_3).

Therefore, you cannot use the FTT label (see figure 5) as a travel retailer or wholesaler for your



Fig. 5: FTT certification label (Source: FAIR TRADE TOURISM 2013d, p. 4).

company, but only for your packaged holiday trip (FAIR TRADE TOURISM 2014c, p. 3). Tour operators, however, do not necessarily have to be officially approved and sell Fair Trade Holidays to promote Fair Trade Tourism. They can also just promote individual FTT certified

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businesses in the destination. This way is indeed much easier and for free (FAIR TRADE TOURISM 2013a, p. 10). Regarding official Fair Trade Holidays, FTT authorised outbound operators work together with approved inbound operators to sell certified travel packages in the source markets in most of the cases (FAIR TRADE TOURISM 2013b, p. 26; OTO_1; OTO_2; OTO_3). As it became clear in the interviews though, some of the inbound tour operators also offer these travel packages to non-approved outbound operators like Go Barefoot, Studiosus Reisen or Chamäleon Reisen, which consequently cannot sell the same itineraries as official Fair Trade Holidays (NGO_1.2; ITO_2; OTO_3). However, e.g. Go Barefoot points out that they promote FTT certified suppliers in particular (GO BAREFOOT n. y.).

Fair Trade Travel Package

The travel package itself needs to feature three crucial elements: “A *set amount of FTT certified businesses, the tour operator/s must be approved for FTT, and a contribution must be paid to the FTT Development Fund*” (FAIR TRADE TOURISM 2014a, p. 28). The current required amount of FTT certified providers within the travel package is not quite clear. In the beginning, all businesses involved had to be certified to declare it as an official Fair Trade Holiday. Currently, the required minimum proportion is being lowered, but it increases continuously (OTO_1). Actually, none of the surveyed tour operators was really sure about the latest required proportion, but it is supposed to be between 50 and 70% (ITO_1; OTO_2; OTO_3). According to FAIR TRADE TOURISM (2013, p. 18), at least 50% of the bed nights included in the travel package must be certified at the moment. The amount rises to 60% from June 2015 to 70% from June 2017 up to 100% from June 2023.

Another prerequisite and essential part of the Fair Trade Holiday concept is the development contribution which has to be paid per bed night and resembles strongly the Fairtrade premium of the FLO certification (FAIR TRADE TOURISM 2014b, p. 9; NGO_1.2): “*So for every night in a Fair Trade certified business, there would be a contribution of 3 Euros. [...] In the Fairtrade world it is referred to as a premium, but we thought in tourism the word premium is like a bad word. [...] You do not like to pay a premium for your holiday, but you might consider making a development contribution. [...] Developing this product that would carry a development contribution, similar to the Fairtrade premium, was another way of demonstrating how this could work*” (NGO_1.2). This contribution to the development fund has to be paid by the seller, i.e. the travel retailer or wholesaler (NGO_1.2; ITO_1).

Travel retail and wholesale approval standard

Before dealing with the standard itself, it is needful to define both terms “travel retail” and “wholesale”. Usually, the term wholesaler is used as a synonym for a tour operator. This comprises all kinds of operators, from large travel groups such as TUI through to very small businesses which are specialised in a particular destination or type of travelling (HESSELMANN 1998, p. 719). According to NGO_1.1, in the context of Fair Trade Holidays, the wholesaler is rather equal to the inbound tour operator in South Africa since it is the one contracting with the local suppliers and tourism products. The term travel retailer refers to the outbound tour operators that sell directly to the end consumer in the source markets. In some cases, however, it is the same, so the retailer is also the wholesaler, or vice versa. For instance, ITO_1 is an inbound operator registered in South Africa that also sells directly to customers in the UK, while OTO_3 has its own incoming agency in Africa. Altogether, there are four types of businesses that are eligible for approval under the TRW standard: tour operators selling FTT products directly to consumers, travel agencies, booking portals on the internet and other types of businesses like tour guides that sell FTT products (FAIR TRADE TOURISM 2014b, p. 5).

Basically, as mentioned in the previous chapter, despite the awareness that tourism needs its very own criteria, the TRW standard is structured very much in line with existing certification schemes, namely GSTC and FLO (FAIR TRADE TOURISM 2014b, p. 3; CEB_1). *“The GSTC standard was used to shape and define the four main audit areas of this Standard. Fair Trade Tourism has chosen this standard as a benchmark so as to ensure GSTC recognition as a sustainable tourism standard. FLO - the Fairtrade International Generic Standard for Hired Labour was referred to, to ensure that the main principles of fair trade are captured by this standard, since this is not comprehensively covered by the GSTC”* (FAIR TRADE TOURISM 2014b, p. 3).

The harmonisation with GSTC and FLO standards was mainly decided within a revision of both the actual FTT standard for local providers and the TRW standard in 2012. In this process, FTT was consulted by FLO-Cert²¹ and an external service provider called Sandra Kruger & Associates. As a consequence, the TRW standard is now composed in the same way as the FLO standard, comprising four categories (see figure 6) that relate to economic, social

²¹ FLO-Cert is a globally operating, independent certification and verification body for Fairtrade products, set up in 2003 (FLO-CERT 2015).

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and environmental concerns (NGO_1.2; CEB_1). These four categories are as follows (FAIR TRADE TOURISM 2014b, pp. 7 ff.):

- A. Demonstrate effective sustainable management of the company
- B. Create a fair and transparent working environment for employees
- C. Develop and sustain fair and transparent destination supplier relationships
- D. Transparent communication and continuous improvement of service to all customers

Each category contains several standards that are again partitioned into a list of compliance criteria. Some of these criteria are mandatory, so it is essential for a business to fulfil these prerequisites, while some other criteria are general. In order to be approved to package and sell Fair Trade Holidays, a tour operator must comply with all mandatory criteria and at least 75% of the general criteria (FAIR TRADE TOURISM 2014b, p. 4; NGO_1.2).

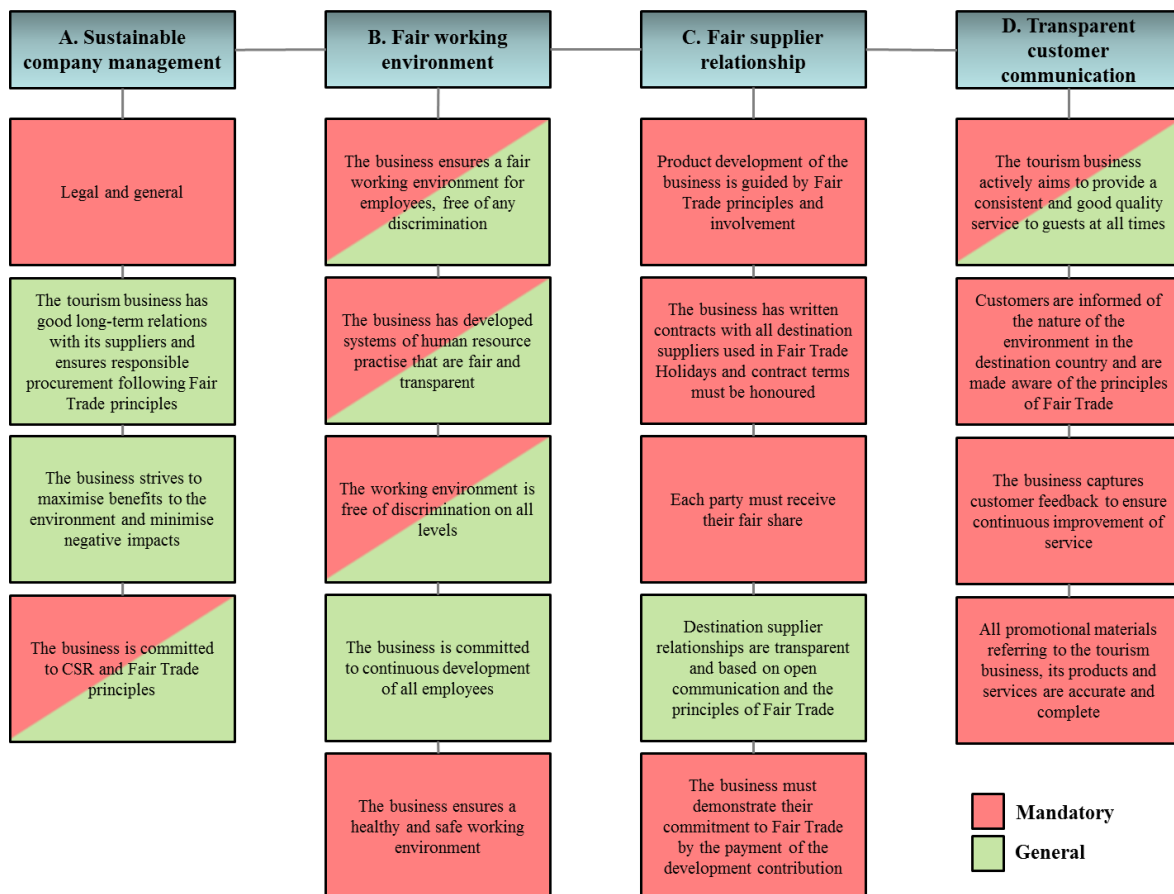


Fig. 6: Structure of the TRW standard (Own diagram based on FAIR TRADE TOURISM 2014b, pp. 7 ff.).

5.3.2 The assessment process - Actors, duration and costs

Auditors, certification bodies and mutual agreements

After the concept and standards were developed and the first tour operators were interested in joining this project, FTT began to audit and approve these tour operators, so they came to Europe and did it themselves or by the help of freelancers (ITO_1; OTO_2; OTO_3; OTO_4; OTO_5 NGO_2; NGO_3).

Outsourcing to FLO-Cert: In 2013, FTT decided to outsource the audit function and certification system to FLO-Cert under the restructuring and realignment of their corporate identity. Since then, FTT has been operating as a market development organisation focusing on the growth of demand for and supply of certified products. *“We have deliberately partnered with FLO-Cert, an experienced social auditor with extensive knowledge of Fairtrade standards and processes”* (FAIR TRADE TOURISM 2013b, p. 8). NGO_1.2 describes this decision in a metaphorical language: *“As they say, we were the coach and the referee, and you should not ideally be both. So we have given the referee function to FLO-Cert and that allowed us to continue to be the coach, supporting businesses to become certified, as well as sort of to be the cheerleader even with that whole marketing department. [...] So we can work on market access also without conflicts of interest, because we no longer do the audit.”* Consequently, operators being assessed after beginning of 2013 or which had the reassessment afterwards were audited by FLO-Cert (ITO_1; ITO_2). The outsourcing of the audit function follows international best practice. It is the same procedure that Fairtrade International did several years ago by founding FLO-Cert. It is also an important step towards being more aligned to the global ISO standards and the Fairtrade International certification of commodities. Since FTT aims to expand to other countries in Africa, another reason to collaborate with FLO-Cert is their global presence and capacity to do audits in an international context (NGO_1.1). In this respect, however, it is also important to mention that FLO-Cert does not carry out the actual certification, but solely does accreditation. Contrary to certification, it means that FLO-Cert audits the tour operator and provides the results to FTT without any recommendation. FTT then makes the decision on certification. Hence, FTT remains the final instance since they own the trademark and approve businesses to use it for the travel packages they sell (CEB_1).

Mutual agreements with TourCert and Travelife: An elementary part of the expansion strategy of FTT is the encouragement of mutual agreements with other certification systems in Europe and South Africa (FAIRUNTERWEGS 2013). As a consequence, FTT signed mutual

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recognition agreements with TourCert and Travelife for Tour Operators (Travelife)²² (FAIR TRADE TOURISM 2013c; NGO_1.1; NGO_1.2; NGO_3; CEB_1). The first of both signings took place with TourCert on the Travel Trade Workshop in Zürich in October 2013. The agreement has the effect that FTT recognises all TourCert certified tour operators and travel agencies as approved retailers of Fair Trade Holidays. Additionally, an independent certification body (FLO-Cert) audits the trade relations periodically (FAIRUNTERWEGS 2013). A month later, FTT signed a mutual contract with Travelife on the World Travel Market in London. As with the agreement between FTT and TourCert, FTT acknowledges all Travelife certified outbound operators which makes an additional audit by FTT or FLO-Cert obsolete (FAIRUNTERWEGS 2013a). As NGO_1.1 affirms, *“their programmes check about 50% of our standard. So if the tour operator has one of these CSR labels, then they do not get checked twice. We are just auditing what we call the holiday transaction, which is something that FLO-Cert does, and then the tour operators would pay FLO-Cert directly.”* So if a European tour operator has a valid TourCert or Travelife certification, then FTT or FLO-Cert does not additionally audit sections A and B of the TRW standard, which is the internal company check. The tour operator just needs to give evidence. However, sections C and D that deal with supplier relationships and customer communication are still being audited by FLO-Cert for FTT (NGO_1.2). Furthermore, if a TourCert certified outbound operator from Germany collaborates with a FTT approved inbound agency in South Africa, then FTT/FLO-Cert does not need to audit each contract with the local suppliers. They just require evidence about the contract between both partners in this case. Hence, these mutual agreements make the audit procedure more streamlined (NGO_1.2).

Audit procedure, duration and costs

After explaining what is audited and checked by whom, this paragraph deals with the actual assessment process including its financial and time expenditure. Of course, the business has to apply first where all basic information and issues are addressed (FAIR TRADE TOURISM 2014c, pp. 16 f.).

Assessment process: First of all, it must be indicated that the tour operator and the travel package are being assessed simultaneously (ITO_1; OTO_2). According to NGO_1.2, they have recently stopped auditing these particular travel packages (this point will be taken up

²² Travelife is a Dutch NGO that supports tourism companies in terms of management tools, training and certification to operate more sustainably (FAIRUNTERWEGS 2013a).

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again in the later course). Until then, tour operators had to expound what they proposed and present the contracts with their suppliers to FTT.

Basically, the various criteria of the TRW standard are both checked online as well as on-site. This approach is supposed to shorten the days spend on-site and to make the system more cost effective. If the compliance criteria are not satisfied through one of the mutual recognition agreements as mentioned before, they will be checked at various stages (FAIR TRADE TOURISM 2014c, p. 12; NGO_1.2). Regarding the required documents, especially the contracts with the local suppliers are checked intensively (OTO_1; OTO_2). After on-site audit, the clients receive a list of outstanding documents that need to be handed in within three months and a list of points on which there is room for improvement (ITO_1).

All in all, the assessment is quite the same for FTT as it is for Fairtrade International, although the product is very different: *“We do very similar processes, it is actually the same methodology: you go to the business to check out the legal requirements, you interview people working there, you cross-verify everything, you look at environmental standards, so the process is the same”* (CEB_1). Besides that, the audit is also very similar to the audit of local providers in southern Africa (OTO_4; OTO_5). As indicated by a considerable amount of interviewees, the effort to become approved is regarded as quite high, mainly due to the high bureaucratic requirements such as rewriting policies and uploading the relevant documents (NGO_1.2; OTO_1; ITO_1; OTO_2; OTO_5; CEB_1).

Duration: Generally, the auditor spends two to five days on-site (FAIR TRADE TOURISM 2013a, p. 5). On average, it takes two and a half days, but it depends very much on the business (CEB_1). Of course, the preparatory work takes much longer: *“It took a couple of weeks to get everything together”*, as ITO_1 indicates for instance. OTO_5 confirms that all in all *“it is a protracted process. It can take up to one year to get certification.”* In the case of SKR Reisen, it took about eight months (ZEIT ONLINE 2012, p. 2).

Fees: The amount of the audit fee depends very much on the size of the business. It ranges from a few hundred Euros for a small tour operator like ITO_1 (*“I think it was about 350 Euros”*) up to more than a thousand Euros for bigger companies, as in the case of OTO_2 (*“I would say it was about 2000 Euros, something like that”*). After outsourcing the audit function to FLO-Cert, the fee was divided into a certification fee that has to be paid to FLO-Cert and a licence fee that goes to FTT. The costs for certification are spread over a three-years-period, so it is not an audit fee that has to be paid once for the actual assessment (CEB_1). The FLO-Cert fee amounts to 687.5 Euros for a small business with only one

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employee up to 2200 Euros for an enterprise employing more than 200 people in the first year. In the following two years, the sum becomes a bit less (FLO-CERT 2013). The costs for using the FTT label range from 75 US-Dollars for a one-man company up to 2000 US-Dollars for a large firm with 201 or more staff (FAIR TRADE TOURISM 2013d, p. 1).

Reassessment: The clients have to undergo an on-site reassessment every three years. In the interim, there is a desktop audit taking place every year (CEB_1). As expected, the reassessment takes less time for the client since all the documents basically just need to be updated (ITO_1).

5.3.3 Adaptions per audit section

In order to meet the TRW standard, tour operators have to fulfil several criteria that are segmented into four categories, as shown in 5.3.1. The selected businesses were questioned about the adaptions and changes they had to enforce to satisfy the criteria and which category was the most challenging.

The overall impression is that it was not necessary for the operators to do much additional work in order to be approved by FTT (OTO_1; OTO_3; OTO_3; OTO_5; ITO_2). For instance, ITO_2 states: *“We did changes, but a lot of that was already in place, because we are set up as responsible tourism organisation.”* Furthermore, in the opinion of the tour operators, the compliance with the criteria was a much bigger challenge for the mainly very small inbound agencies in South Africa than for the Europe-based travel operators (OTO_2; OTO_3; OTO_5; ITO_2). For example, OTO_5 argues: *“In Germany, it is not much to do [adaptions for approval], because most of it is already prescribed by the government.”* The same goes for Switzerland, as asserted by OTO_2 and OTO_3. Required criteria like employment contracts, minimum wages or insurances are already in place there.

With regard to the four different categories sustainable company management (A), fair and transparent working environment (B), fair and transparent destination supplier relationships (C) and transparent customer communication (D), most businesses agree that section C is probably the most important and elaborate one (NGO_1.2; OTO_2; OTO_3; ITO_2). In this context, a really new and essential aspect is the criterion to have written contracts with the local suppliers, as NGO_1.2 indicates: *“I think one of the big things is that there has to be a written contract signed by both the tour operator and the supplier. [...] So the fact that there is a written contract with clearly spelled out terms and conditions, I think that is one of the*

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biggest things that seems not to exist very often and I think it is actually quite important for the protection of both parties.” Another important aspect within this category is the entitlement of the destination supplier to request prepayment from the tour operator. According to ITO_2 and NGO_2, most travel operators from Europe keep the money from their customers and pay the local suppliers such as tour guides only several months after the clients actually had been to South Africa. By implementing the TRW standard, the tour operators are claimed to pay the destination suppliers in advance.

In contrast to the other tour operators, ITO_1 cites section B (fair and transparent working environment) as the most challenging one: *“By far the most comprehensive category with the most requirements was B, fair working conditions. I had to rewrite quite a few policies and make sure that I have all my bases covered, so that was quite an intense category.”* The other categories A and D were not explicitly named as very tricky or challenging.

5.4 Business implementation of Fair Trade Holidays

5.4.1 Approved tour operators and their Fair Trade Holidays

FTT certified tour operators from 2010 to present

As already mentioned, Kuoni CH and Reise Service Imagine were already part of the pilot study and subsequently the first approved outbound tour operators, launching the first two travel packages in late 2010 (FAIR TRADE TOURISM 2011, p. 7). In March of 2011, SKR Reisen joined the movement and brought Fair Trade Holidays to the German market (FAIRUNTERWEGS 2011). Later in that year, Dreamtime Travel and Kuoni UK became approved partners and began to offer their Fair Trade Holidays. Accordingly, in the beginning of 2012, the number of outbound tour operators grew to five, offering eight travel packages in the European source markets. Furthermore, three inbound tour operators joined (FAIR TRADE TOURISM 2012, p. 17; 24). In September 2012, TUI Nederland became the first major tour operator in the Netherlands joining the international group of FTT approved travel operators and the second tour operator generally on the Dutch market beside Travelunique (FAIRUNTERWEGS 2012; FAIR TRADE TOURISM 2013b, p. 26). In addition, Baobab Travel joined in 2012 as another UK-based actor. Altogether, there were 14 certified travel packages on the market in 2013, packaged and sold by seven outbound tour operators and six inbound agencies, as presented in the table below:

Tour Operator	Market	Number of holidays
Baobab Travel (outbound)	UK	4
Uluntu Africa (inbound)		
Dreamtime Travel AG (outbound)	Switzerland	1
Africa Travel Group (ATG) (inbound)		
Kuoni CH (outbound)	Switzerland	1
Kuoni UK (outbound)	UK	1
Private Safaris (inbound)		
Studien-Kontakt-Reisen (SKR) (outbound)	Germany	1
Kuvona (inbound)		
Travelunique (outbound)	Netherlands	1
TUI NL (outbound)	Netherlands	1
Abang Africa (inbound)		
Reise Service Imagine	Switzerland	4
XO Africa (inbound)		

Tab. 3: Officially FTT approved tour operators in 2013 (Source: FAIR TRADE TOURISM 2013b, p. 26).

After that, a decline of businesses involved and packaged holidays could be observed. In the 2014 annual report, Uluntu Africa and Travelunique are not listed anymore (FAIR TRADE TOURISM 2014a, pp. 28 f.). The reason for first-mentioned is the merger of Baobab Travel (outbound) and Uluntu (inbound) to operate as an inbound agency under one name (ITO_1). Aside from that, Travelunique is not listed either in that report. They decided to quit the cooperation with FTT due to several reasons (OTO_6).

Looking at the current number of FTT approved partners, a further decline from 2014 to 2015 can be observed. Now, there are only five inbound operators (Baobab Travel, Africa Travel Group, Kuvona, Abang Africa, XO Africa) and three outbound travel companies from Europe (Dreamtime Travel, SKR, TUI NL) left (FAIR TRADE TOURISM 2015a). Accordingly, Reise Service Imagine and Kuoni CH/UK left the group. Reise Service Imagine is not listed anymore since Dreamtime Travel bought this small operator in the beginning of 2015 and absorbed their office (DREAMTIME 2015a; NGO_2). Despite selling a travel package called “Fair Trade Gardenroute”, Private Safaris does not seem to be an official partner of FTT anymore either (PRIVATE SAFARIS n. y.). Nevertheless, OTO_5 plans to be officially approved by the end of 2015.

Fair Trade Holidays

Currently offered Fair Trade Holidays include “Gardenroute Fair & Fine” by SKR Reisen, which is a 14-days tour for small groups along the Garden Route between Port Elizabeth and Cape Town (SKR 2015), “Footprints in het Noorden” by TUI NL, which is an individual rental car round trip taking eight to nine days and taking place in the northeast region of the country (FAIR TRADE TOURISM n. y.), and three different rental car tours as well as one guided round-trip for small groups offered by Dreamtime Travel (DREAMTIME 2015b). In respect of the current and especially the former Fair Trade Holidays, it can be seen that the majority are individual rental car round-trips. Most of them are tailor-made for customer wishes. The standard packages rather serve as proposals and can be customised afterwards (ITO_1; ITO_2; OTO_2; OTO_5; NGO_2). For instance, ITO_2 and OTO_2 make the following comments on this:

- “*We set up the standard package or standard package example with the agents. Then very often, once they booked it, clients come and say: I want to stay one night longer here, or a night less there, or I do not find this interesting, is there an alternative?*” (ITO_2)
- “*These are actually just proposals. Of course, you can adjust the trip individually on a rental car tour*” (OTO_2)

However, this might lead to the problem that it is no Fair Trade Holiday anymore, as ITO_1 mentions: “*So we had that in the offered Fair Trade package, but people want to stay in the city, so we always had to change that, to use another property that was not Fair Trade certified. That means these tours were not certified holidays anymore.*”

5.4.2 Development of Fair Trade Holidays

Preliminary considerations and the contact to FTT

In some cases, the approved tour operators heard about FTT from one of their local suppliers in South Africa for the first time (OTO_3; OTO_4; OTO_5), or from the inbound partner which already were in touch with FTT (OTO_1). While some of the tour operators were passively approached by FTT or one of their freelance consultants (ITO_1; OTO_4), others approached FTT on their own initiative to do something together and to support this movement (OTO_1). Special occasions like tourism fairs also might play an important role to get in touch with new products (OTO_5). In the case of ITO_2, there was already a preferred

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partnership with FTT before the official approval. One of the interviewees (OTO_2) already heard about the FTT standard during his studies in 2004/2005. Interestingly, he also planned to package and offer such a fair trade trip according to his own interest without knowing about the official Fair Trade Holidays. After developing it and shortly before market launch, he became aware of the ongoing pilot study and the first approvals of Kuoni CH and Reise Service Imagine. They could not sell it as a Fair Trade Holiday in the first year since the company was not officially authorised yet. Similarly, ITO_1 had thoughts about being approved or certified for a couple of years before it was actually possible for tour operators. Subsequently, they became approved in 2012 together with their inbound partner. According to them, it was a logical step to get their packages certified since they had already sold a lot of FTT certified properties along the Garden Route before. Due to the long-term and close cooperation with the South African inbound partner and several trips into the Limpopo region, OTO_1 also made plans to develop such a sustainable kind of travel package before the concept of Fair Trade Holidays was available in the market: *“We thought: what are the next steps? What could we do in addition to set a real example? Then we approached FTTSA and thought it would be great to accomplish a holiday trip which is completely committed to sustainable tourism.”*

Development of the itineraries

As already stressed, most of the Fair Trade Holiday itineraries are created as standardised proposals that can be adjusted at one's convenience (ITO_1; ITO_2; OTO_2; OTO_5; NGO_2). This had led to the problem of not being able to declare it as Fair Trade Holiday anymore, as ITO_1 explains: *“So how Fair Trade certified holidays used to work - it changed recently as well - back in 2012, you certified a certain package or packages [...]. Then if you sell that package exactly as it is, it is a Fair Trade Holiday. If you make any changes, even if you just make one change, it is not a Fair Trade Holiday anymore.”* Also with regard to other statements, it becomes clear that the main objective of tour operators is rather to promote local certified suppliers, no matter if it is an entire certified package or not (ITO_1; ITO_1; OTO_2; OTO_5; NGO_2).

Obviously, the inbound tour operators are the pivotal actors in setting and planning the different itineraries (OTO_1; OTO_2; OTO_3; OTO_4; ITO_2; CEB_1). Hence, the inbound agencies shoulder the major part of the responsibility to put this innovative concept into practice. According to OTO_3, the reason for this circumstance is their product know-how.

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Still, the outbound tour operators are often involved in this process as well (ITO_1; OTO_2; OTO_3; OTO_4). In the case of OTO_5, the itinerary was solely planned by responsible product managers of the outbound operator. Moreover, service providers such as hotels and local tour guides contributed to the configuration of the itinerary in some cases (OTO_1; OTO_4; ITO_1).

As highlighted by some of the tour operators, the creation of the travel package did not take a long time (ITO_1; ITO_2; OTO_2). Similar to OTO_2, ITO_1 indicates in this regard: *“It was actually quite quick [...]. We just used the itineraries we have had before and then we just made some small changes to them.”* OTO_5 makes clear that it is *“quite a classic product; it is actually day-to-day business to compile those round-trips.”*

5.4.3 Motivation for the practical implementation

Apparently, the reasons for joining the group of FTT approved tour operators and selling Fair Trade Holidays to the public are primarily of non-commercial nature. According to expectations, the commitment to sustainable tourism plays a crucial role. This is not very surprising, especially against the background that most of the tour operators indicated that they at least try to work in a sustainable way (ITO_1; OTO_2; OTO_3; OTO_4). On closer inspections, there are slight differences in this context, but almost all of the businesses see it as a “good thing”. In particular, the identification with the philosophy of FTT is highlighted by ITO_1 and OTO_4:

- *“We have sort of believed in the philosophy and support their philosophy, being a sustainable operator”* (ITO_1)
- *“We like what they stand for [...]. We liked the idea, also the visions of them, becoming the first fair trade organisation, ideas of South Africa go north [...]. I think it is important for our trade and I think it is very weird that it took so long until a fair trademark came into the industry”* (OTO_4)

Besides OTO_4, OTO_2 stresses the social aspect in it: *“Especially in tourism it is an important task to check if the local people do well and if working conditions are protected [...].”* The social focus of FTT is also highlighted by ITO_2 and OTO_5 which both intend to improve the conditions of South Africans in tourism and the living situation of the local population in general. For OTO_1, the essential motivation for participating was to raise

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awareness for this issue and to set an example so that travellers book holidays more deliberately in future, but also to set an example for the feasibility of certifying a service.

Beside the ethical motivation for selling Fair Trade Travel Packages, the official approval embodies another important feature: credibility (OTO_1; OTO_2; ITO_1; ITO_2). Some of the key quotes in this respect are listed below:

- *“Another reason was also, as supposed, giving us a bit of credibility”* (ITO_1)
- *“You need to be accountable; people need to check up on you [...]. Because of the certification process, people can trust that brand, they know that there is an independent person checking it, so the moment you do that, you immediately make clear that you are not just talking the talk, but you are actually walking the walk, because you are being controlled”* (ITO_2)
- *“It just gives you a formal background”* (OTO_1)

However, some of the tour operators also cite explicit commercial reasons for the implementation of Fair Trade Holidays. For instance, OTO_1, OTO_2 and OTO_5 refer to the marketing aspect and underline the opportunity to distinguish themselves from their competitors through Fair Trade Travel Packages: *“It is also a niche product which is very interesting to be able to differentiate from competitors in the market”* (OTO_2). Both OTO_2 and OTO_3 emphasise the innovative character of this concept and, associated with this, the attention they gained and the perception of them as innovative businesses. According to them, the cooperation with FTT might throw a positive light on the company image.

5.4.4 Difficulties of the practical implementation

One central problem poses the main challenge for all tour operators, which is also confirmed by the interviewed NGOs and certification bodies: the lack of FTT certified providers in the destination in relation to the required proportion of certified businesses to create a Fair Trade Holiday (OTO_1; OTO_2; OTO_3; OTO_4; ITO_1; ITO_2; CEB_1; NGO_2; NGO_3). Some quotes in this regard include:

- *“There is not enough products, that is the overall message that we get”* (CEB_1)
- *“The choice of hotels is still very limited. There are only 60 or 70 certified suppliers”* (NGO_2)
- *“I think the problem was the limited number of hotels you can choose from and at the same time you have to consider: what is an attractive itinerary?”* (OTO_3)

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Moreover, the limited number of certified accommodation providers is spatially very concentrated which makes it even harder to arrange an entire holiday trip through the whole of South Africa (ITO_1; ITO_2; OTO_3; OTO_4):

- *“For example Cape Town. There is hardly any certified accommodation establishment. [...] And it is not only Cape Town. [...] So I think throughout the country, it is actually a bit of a challenge that we do not have variety in the right location. That is the problem. And even this year, it is still the same, so it is not really improving”* (ITO_1)
- *“It used to be 100%, now it is officially 50 or 60%, but we have come for 70% Fair Trade certified accommodations and they are very much in the North. [...] You have to go all the way down to the Garden Route. Swaziland, KwaZulu-Natal, there is nothing there which is certified. [...] So it is very hard to make a tour for the whole of South Africa”* (ITO_2)
- *“When we did the pilot, the choice was relatively small in attractive tourist areas”* (OTO_3)

The local concentration of FTT certified businesses is visualised in the following figure. Indeed, most of the enterprises are located in the Northeast of the country or at the Garden Route in the South:



Fig. 7: Locations of FTT certified businesses in South Africa (T = Tour/Activity provider; P = Accommodation)
(Source: FAIR TRADE TOURISM 2015c).

Besides the geographical concentration, the certified businesses are also restricted in terms of the price segment since most of the FTT accommodations are either in the high-priced, upper market segment, or in the backpacker sector. In other words, there is not enough choice in the mid-class segment (OTO_1; ITO_1; ITO_2; NGO_3):

- “On the one side, there were the certified products in South Africa which rather appealed to the upper market and on the other side the tour operators which rather operated in the mid-price segment. So both sides did not match perfectly” (NGO_3)
- “So there are these accommodations and you can choose one of them, but since they have all the same standard which means they are very high-priced or more like the backpacker style, we miss the mid-class segment which we usually serve” (OTO_1)

As CEB_1 and NGO_3 point out, it is also important to expand the product range and not just add more hotels or other types of accommodation in order to arrange a full holiday package that appeals to potential clients, or in other words, to achieve greater diversity in the supply.

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So all in all, the choice of certified businesses is actually too limited and restricted. In other words, there is a considerable lack of flexibility. As criticised by some of the interviewees, the concept does not take individual customer needs and wishes into sufficient account (NGO_1.2; ITO_1; ITO_2; OTO_3; NGO_2). For instance, ITO_2 points out: *“It is product-based and not client-based. It is not based on the demand of the clients, but it is based on available products. And that always makes it hard to sell, because you are always offering something different that people ask for.”* As mentioned before, the itineraries often have to be adjusted. Tourists want to travel more individually nowadays and not just *“buy an entire holiday from start to finish out of a book”* (NGO_1.2). This issue is also confirmed by OTO_3: *“I think it is important to have this flexibility to respond to customer needs in an active manner.”* Especially in Switzerland, the potential clients travel more individually and flexibly due to their travel experience, as emphasised by NGO_2.

5.5 Organisational impact caused by Fair Trade Holidays

5.5.1 Internal impact

All in all, none of the asked tour operators cited distinct changes within the company due to the permission by FTT and the implementation of Fair Trade Holidays on their own initiative. Hence, the impact on internal sections like management and working environment seems to be rather low. *“It is nothing that you really notice in everyday business”*, as OTO_1 points out. Furthermore, it became clear that the smaller South African actors are again more affected by the compliance to the standard with regard to internal processes, as stressed by OTO_3: *“I think particularly at [X] in South Africa, processes were standardised. An employee handbook was written and I think many internal processes were adjusted, caused by this FTT project and then adopted for other products as standard. So here you can see that it could induce some things.”* The proposition that it has a higher impact on smaller companies is neglected by ITO_2 which hires now more South African interns due to the FTT approval. In addition, it brought some slight improvements concerning their expenditure and environmental concerns: *“The other thing is that we save quite a lot of money, basically on daily operations, because we are much more emission efficient now as part of the certification process. [...] We only have TL lights and we do not have lightbulbs anymore”* (ITO_2). Furthermore, the approval also entails a learning process for the businesses and the TRW standard provides guidelines for managing your business more sustainably, which is an important aspect for ITO_1. OTO_4 described the audit process as “educational”. Moreover,

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as indicated by OTO_2, it might have raised awareness towards sustainability within the staff and the management.

5.5.2 External impact

It can be observed that the FTT approval has a considerable impact on the choice of the business partners, in particular with regard to local service providers such as hotels and small local tour providers (also due to TourCert or Travelife certification), but rather not concerning the choice of the inbound or outbound operator since these partnerships existed already before the authorisation in most cases (OTO_1; OTO_2; ITO_1; ITO_2). However, some of the inbound agencies could also achieve to become favoured partners for other non-approved outgoing tour operators from Europe. For instance, ITO_2 could attract a new outbound partner because of the approval. This applies to OTO_3's inbound partner as well. According to OTO_2, even very diverse types of cooperation might emerge: *“In some cases, new opportunities for cooperation with other types of businesses emerged. For example, a fair trade restaurant approached us if we could do something together. So there are many opportunities.”* Only OTO_3 argues that it did not really have a big impact on the choice of their partners. Some quotes that underline the common opinion are listed below:

- *“I would say that we definitely try as much as possible to choose Fair Trade certified providers to work with”* (ITO_1)
- *“We chose quite a lot of different suppliers, because they were Fair Trade certified. For instance, whale tours and shark cage diving. [...] And that is also true for other suppliers. We started working with Coffeebeans Routes in Cape Town last year, because they were Fair Trade certified. The one that we used before was not”* (ITO_2)
- *“Not concerning our incoming agency since they did it [approval] just afterwards, but definitely concerning accommodation providers. We book much more of them now”* (OTO_2)

A positive aspect about FTT and Fair Trade Holidays in particular, is apparently cooperation through networking. Due to the engagement and the access to the FTT network, new collaborations as elucidated above or the intensification of existing partnerships have developed (ITO_1; ITO_2; OTO_2; OTO_3; OTO_5; NGO_3). Obviously, the involved businesses share a common philosophy and thus do not treat each other as competition, as ITO_2 indicates: *“They are colleagues, it is not competition. Calabash Tours, Baobab Tours,*

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they are also Fair Trade approved. I do not see that as competition, because we are all working towards spreading sustainability at this moment and getting it strong, and the more people join in, the better it is.” Other comments include:

- *“A lot of them [other tour operators] are linked to the FTT network. A lot of them are people that we have just been working with for many years. [...] So that network has definitely been beneficial”* (ITO_1)
- *“What I find particularly important is networking. So you get access to new circles or interest groups [...]. We also have new partners in South Africa now. You definitely belong to the innovative tour operators by doing something like that”* (OTO_2)

Altogether, the approval by FTT and the implementation of Fair Trade Holidays might have significant effects on the external relationships of businesses. While FTT certified local providers are preferred by tour operators, the access to the FTT network might enable new opportunities for cooperation or intensifying existing relationships. However, at least in the case of OTO_1, the relations with a certified hotel are not really different to those with a non-certified one. A further aspect that is addressed by NGO_3 is the fact that tour operators can trust certified providers with respect to service quality, employee satisfaction, reliability or safety concerns since those things are also considered within the certification. This aspect is also highlighted by OTO_3, saying that the certified providers have a relatively high quality which is based on *“friendly employees and high quality food.”*

5.6 Market acceptance of Fair Trade Holidays

5.6.1 Demand on the market

As previously discussed in chapter 5.4.4, there is an apparent gap between customer needs and the Fair Trade Holidays which are available in the marketplace. Consequently, the demand for Fair Trade Travel Packages has been extremely low, as confirmed by almost every interviewee. Thus, it could not increase sales or generate added value, or in other words, commercial success did not occur (NGO_1.2; NGO_2; NGO_3; OTO_1; OTO_2; OTO_3; OTO_4; OTO_5; ITO_1; ITO_2). So the absolute number of clients has been quite low for all involved tour operators:

- *“We had a hand full of approved tour operator partners, but in fact no sales of holidays”* (NGO_1.2)

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- *“In 2012, looks like we had probably about 16 customers and in 2013 about eight. [...] I must be honest to say that the Fair Trade certification has not really been massively beneficial for us, sadly”* (ITO_1)
- *“It is not yet enough demand from the market. It is growing, but it is not enough yet to make it really worthwhile”* (ITO_2)
- *“Economically, it was certainly not a big success. [...] I would say we had 30 to 50 customers since we offer this travel package”* (OTO_1)
- *“Regarding our rental car round-trips, we have had maybe around 10 customers up to now. [...] This year, we have the first group trip with eight participants”* (OTO_2)

The fact that people travel more individually in present time is maybe the central crux in it, as already stressed and emphasised by NGO_1.2, NGO_2 and OTO_3. According to ITO_1, clients usually do not ask explicitly for Fair Trade Holidays, but *“just come to us and ask for a Cape and Garden Route holiday and then we normally recommend that itinerary with some changes.”*

While some tour operators point out that increasing turnover was not the motivation for doing it (ITO_1; ITO_2), others emphasise the importance of a higher demand for survival of the concept (OTO_1; OTO_3; OTO_4). For instance, OTO_3 states: *“The problem is, when we cannot sell anything, our business operators are not interested in it anymore. The intension is not just to offer it because of starry-eyed idealism and I think such a concept or product has to be also sustainable in an economic sense.”* OTO_4 comments in a similar way: *“It has to be demand for the product in the market. That is the key to succeed.”*

Despite the relatively low demand, OTO_2 seems to be quite satisfied regarding the number of bookings and its volume, but rather with respect to the increasing demand for individual certified accommodation businesses in South Africa.

5.6.2 Customer feedback

In contrast to the quite sobering number of Fair Trade Holiday bookings, the customers who participated in one of the trips seemed to be very satisfied (OTO_1; OTO_2; OTO_3; OTO_5; ITO_1; ITO_2):

- *“The feedback was only quite good”* (ITO_1)
- *“That [customer feedback] was fairly good, but that is much more related to the overall holiday experience”* (ITO_2)

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- *“Our clients who did this journey were very delighted. It went down really well, which made us very glad”* (OTO_1)
- *“I think it [customer feedback] is very positive. I did such a trip myself with a group of six journalists. That was really exciting and interesting and the feedback is basically always good, because you see that the lodges and other certified products have a relatively high quality”* (OTO_3)

According to OTO_2, they could also attract new target groups due to the implementation and sale of Fair Trade Holidays. In contrast to that, OTO_5 does not believe that they could attract new customers since they do not really use it for marketing purposes to their own statement.

5.6.3 Impact on marketing and image

As already addressed, some of the tour operators hope to improve their perception as innovative and sustainable company by participating in this Fair Trade Holiday movement. The potential of enhancing the company reputation is also stressed by the involved NGOs:

- *“The companies, which have integrated such a Fair Trade Holiday or Fair Trade labelled products, have products in their assortment or in their catalogues which are in line with best practice. Thereby, every business can improve its image”* (NGO_2)
- *“I think it could be a marketing tool for tour operators, but it is not sufficiently established yet”* (NGO_3)

Beside them, most of the tour operators share the opinion that the marketing aspect is quite relevant and might be very beneficial for their companies (ITO_1; ITO_2; OTO_2; OTO_3). As ITO_1 supposes, joining the group of FTT approved tour operators might give them more credibility (see also chapter 5.4.3). ITO_2 describes the marketing benefits brought by Fair Trade Holidays from a more economical and rational perspective: *“So from a marketing point of view and information point of view to clients, we do save money. I do not need to rewrite 100 website pages anymore, just telling what we all do. [...] We are one of the very few tour operators that is accountable. You can check up on us, we have this audit every year, so I do not need to put in place what sustainability is anymore and what measures we are taking [...]. So from that, it saves also time in marketing and in maintaining the website up-to-date.”* For OTO_2, it actually became a considerable niche according to its own statement. As mentioned before, OTO_3 emphasises the high media response and attention they received, especially in the initial phase of the project. Accordingly, it was a success story in the beginning

concerning image and marketing: *“The high and positive media feedback certainly helped to entrench sustainability in the company more effectively and to see that it can be a driver for innovation and contribute to a better image.”* Indeed, a couple of large and well-known magazines and newspapers have reported on Fair Trade Holidays (e.g. ZEIT ONLINE 2011; SPIEGEL ONLINE 2012).

However, some tour operators eye the actual impact on the company’s reputation rather critically since the label is not that well-known and established yet (OTO_1; ITO_1). The level of recognition of the label is certainly not that high since it is relatively young and there is already such a vast number of labels in the industry, as stressed by OTO_1. Nevertheless, there is hope that this will change: *“It is debatable about how well-known this label is, but it probably will get a bit more well-known in the future”* (ITO_1).

5.7 Evaluation and prospect of Fair Trade Holidays

5.7.1 Evaluation of the concept

As previously discussed, most of the tour operators regard participation in Fair Trade Holidays as a good thing, something worthwhile to support, as it conforms with their ethical values and attitudes. So despite the low level of demand, the overall perception is quite positive. For instance, OTO_3 underlines his satisfaction but also say that there is room for improvement: *“Basically, I judge the whole thing positively. What I find sad is that you could have done more from it.”*

The companies’ positive opinion about the concept is also expressed in their intention to become recertified and to offer further Fair Trade Holidays, or to offer Fair Trade Holidays at all (ITO_1; ITO_2; OTO_2; OTO_4). At the same time, some of the interviewed companies emphasise that they will first wait and see where it goes and how it will develop in near future, so they do not plan it in the long-term (OTO_1; OTO_3; OTO_4). For instance, OTO_1 states: *“It is not something where we say that we will definitely do that for the next ten years. Actually, we take a look on that every year to see what has happened and how FTT has changed.”* As it could be observed in the last two years, the number of approved tour operators declined (see chapter 5.4.1). In the case of OTO_6, they quitted because of dissatisfaction concerning the customer demand and FTT as organisation. Apparently, Kuoni did also quit the participation very recently. Thus, the level of satisfaction seems to differ quite much among the tour operators.

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The executive NGOs seem to be very satisfied with the development and implementation of Fair Trade Holidays, whereas they have confirmed that the demand on the market did not come. For them, however, it is a gratification to demonstrate that it was able to create a fair trade certification for a supply chain in a service industry. Applying these standards shed further light on the question what fairness or fair trade relations actually mean in the context of tourism, as “fair” is not a clearly defined and protected term (NGO_2; NGO_3).

Cost-benefit ratio: As explained in the previous course of the paper, the costs for the audit and label usage depend on the firm size. In line with that, the tour operators agree that small tourist businesses in the destination have to struggle more with the expenses for getting FTT certification than tour operators for being approved to sell Fair Trade Holidays (ITO_1; ITO_2; OTO_2). However, the cost-benefit ratio is also regarded as very bad for small tour operators, as OTO_6 indicates. On the contrary, ITO_1 counters this thesis by saying that it was easy and cheap for them, precisely because they are a small company: *“For me as a tour operator, it is not such a big expense, also because I am a small company, it is much easier. I would imagine a company with 15 employees will find it much harder and much more expensive to get certified.”* This proposition is confirmed by OTO_3, the largest of the interviewed tour operators. However, OTO_2, which is also a bigger company, seems to be very happy about the FTT approval and its cost-benefit ratio. ITO_2 is satisfied with the cost-benefit ratio as well, mainly because of the increased demand from European operators since then and additionally because of the higher emission efficiency induced by the FTT approval.

5.7.2 Expectations, hopes and challenges

As illustrated in the previous course of this paper, there is a series of problems that all involved parties, from inbound to outbound tour operators, from tourism NGOs to certification bodies, have to face in the context of the Fair Trade Holiday concept. These difficulties are also reflected in the reply to the question of the hopes and expectations the involved actors have, and the challenges they must cope with.

Growth of demand and supply

The increase of customer demand constitutes a major hope and challenge at the same time for all involved businesses and organisations. Most of them, however, sound quite optimistic about the future development:

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- *“We hope to see now that it starts to take off. We have finished developing the standard, we have finished the pilot, we have done these agreements in place, so now we are really hopeful with an uptake in demand” (NGO_1.2)*
- *“Potentials depend very much on getting the demand in the market growing. There is a momentum now towards sustainable tourism and that needs to be kept up in an accountable way. [...] That is a challenge, to stay with it until the demand in the market comes, and it will come sooner or later” (ITO_2)*
- *“I am convinced that there is demand for such a product, that clients are interested in this. [...] We are still in and we hope that we can generate a higher demand through flexibilisation and a broader range of supply” (OTO_3)*

The latter point is very important: to make it more flexible and to achieve growth and more diversity in supply, or more generally, to make it more attractive for outbound tour operators from Western countries and inbound agencies in southern Africa as well. In order to get Fair Trade Holidays more well-known and established and to induce a higher customer demand, it is essential to bring more tour operators on board. This is a particular challenge for FTT, as both NGO_1.1 and NGO_1.2 confirm. They also point out that they are already working on this though:

- *“We need to work more with the international tour operators to create market demand. [...] So we need to build up demand, whether it is from the travel trade, or consumers, or online wholesalers and retailers. And we need to build up the supply at the same time” (NGO_1.1)*
- *“Until now, we have not managed to get big numbers of tour operators in participating, so we are really working hard now to we think that we made it more accessible, more flexible [...]. Since we outsourced to FLO-Cert, one of the things we did was to appoint a full-time sales manager. A good portion of this person’s responsibility is to try and get tour operators in this country, the inbound operators, as well as in the source markets” (NGO_1.2)*

As entailed in the statements above, it is vital to increase the number of local suppliers, accommodations providers and others, in order to be able to assemble a travel package that appeals to interested travellers. This is a key challenge, primarily for FTT as they are responsible for the market development. As outlined before, the choice of certified accommodation providers is very limited and these businesses are very concentrated in terms of location and price segment. Consequently, the growth of supply is maybe the most crucial

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factor for generating a higher level of customer demand and represents a central hope for involved tour operators and organisations. OTO_3 even states that they maybe should have waited another two or three years before launching Fair Trade Holidays in order to have a broader range of certified lodges.

Below, there are some typical quotes that represent the common opinion in this respect:

- *“I really hope that it will be successful and therefore more products on the South African market become certified which will be bundled into travel packages by German tour operators”* (NGO_3)
- *“The other challenge is to get it growing in South Africa as well, to get more and more providers certified”* (ITO_2)
- *“I would say more products [...]. Not just more in terms of just hotels for instance, but more as well in terms of other products that tourists enjoy”* (CEB_1)

As previously indicated, building up supply and getting more local businesses certified is a major part of FTT's current operation and overall strategy (NGO_1.1; OTO_2; NGO_2; NGO_3). However, some operators do not seem to be very satisfied with FTT's success in this context (ITO_1; ITO_2; OTO_2). For instance, OTO_2 considers that *“it could be a bit better; there was not much progress in recent times, but I believe it is not that easy.”* ITO_1 indicates the high expenses for accommodation providers to get certification as the main reason for this issue. Against the backdrop of recession and other challenges within the tourism industries, *“not everybody is so keen for this extra expense, also because they are not sure if it is beneficial for them.”* In line with that, NGO_2 underlines the severity of attracting new businesses in South Africa at the moment due to a slight economic and political crisis in the country. It used to be easier a few years ago when tourism was booming. Nevertheless, OTO_5 is convinced that more accommodation companies in the destination markets will join, but at the same time, they believe that the number of certified suppliers will stagnate on a certain level since not every business is able to become certified and maintain that fair trade character and its requirements.

However, the hope of getting more local suppliers certified does not only refer to South Africa. A considerable number of tour operators puts emphasis on their wish to offer Fair Trade Holidays into the neighbouring countries as well, thus they want to see FTT expand internationally (OTO_1; OTO_2; OTO_3; OTO_4; OTO_5; ITO_1; ITO_2). Indeed, FTT started to certify tourism businesses in other countries in the last two years. In 2013, the first pilot was launched in Madagascar where the first FLO-Cert audits took place in early 2014.

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Subsequently, following their expansion strategy, they initiated another pilot project in Mozambique (FAIR TRADE TOURISM 2014a, p. 27). Besides Akte and Tourism Watch, the interviewed tour operators welcome this development and watch it very eagerly, as the following citations illustrate:

- *“The majority of the holidays that we organise is in Tanzania actually, so in East Africa. I am hoping that they will eventually go to that part of the world someday, just having some Fair Trade East African Holidays to promote. [...] So at the moment, that is why I am still hanging in there, to see where it goes in other areas in Africa. [...] I think that could be beneficial and I think it is exciting that they are spreading their wings a bit” (ITO_1)*
- *“For us, it has always been sad that FTT only operated in South Africa. [...] It would be great if it spread more in southern Africa. Then we could do more with it as a tour operator, because we really like the idea and want to continue” (OTO_1)*
- *“Of course, we keep a close watch on the development in the partner countries of South Africa and we will definitely become active there as soon as there are possibilities” (OTO_2)*
- *“That [expansion] would be desirable. There is a lot of potential. Many agencies or hotels could be already Fair Trade labelled right now without any problems in my opinion” (OTO_5)*

Also NGO_2 and NGO_3 highlight the global expansion as central part of the strategy and as desirable achievement. However, they also point out that they first have to concentrate on the surrounding countries and try to convince as many businesses as they can to get certified before going global. Nevertheless, they are confident that it is also applicable in other parts of the world.

Marketing challenge

To achieve a higher customer demand, get more suppliers certified and make the label more well-known, it is certainly a central task for the marketing departments of both NGOs and tour operators. As previously stressed, the FTT label and especially the Fair Trade Holidays are not broadly known and established yet, since it has only been existing only for a few years and needs to evolve first. According to NGO_3, *“such a process might take ten years before such a brand has established in the market.”*

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As OTO_3 makes clear though, it is not only a mission of FTT to make the concept and the label more well-known on a macro level, but it is also an essential task for each tour operator on the company level: *“I think it is a challenge in communication to make clear, what distinguishes a certified Fair Trade Travel Package from a non-certified holiday or how can you emphasise the USP of a Fair Trade Holiday. This is surely a big challenge. [...] Everyone has his own responsibility to raise customer demand. It is not that easy to underline the added value of a Fair Trade Holiday.”*

Alignment to and cooperation with other certification schemes

As already mentioned, FTT is oriented towards other certification systems such as GSTC and FLO. One highlight in this regard was certainly the official recognition by GSTC in 2012 as the first African standard (FAIR TRADE TOURISM 2012, p. 5; NGO_2). As already explained, the outsourcing of the audit function to FLO-Cert followed international best practice and can be regarded as a step towards the alignment with the global ISO standards. It is also a step towards international expansion since FLO-Cert is a global operating certification body that has the biggest experience and knowledge about certification against fair trade standards. The cooperation with FLO-Cert makes FTT more credible on a global scale and it enables them to scale up their programme and to grow closer to Fairtrade International. Apart from that, FTT intends to become an umbrella for different labels all over Africa and plans to sign partnerships with those “sister organisations”. For instance, if there was a lodge in Okavango Delta certified by Eco-Tourism Botswana, it would not necessarily need to be additionally certified by FTT in order to be included in a Fair Trade Holiday. Those partnerships with other systems in the region would make the whole concept much more flexible (NGO_1.1; NGO_1.2). CEB_1 confirms this by saying: *“They wanted to make the compilation or the composition of the packages more flexible, so they went looking exclusively at Fair Trade Tourism certified products, but they could have mutual recognition agreements with other schemes and that would allow for instance the tour operator to give a larger variety of product to the consumer.”*

The increased flexibility through mutual agreements also applies to the cooperation with labelling organisations in the source markets such as TourCert and Travelife (see chapter 5.2.1). Those collaborations are supposed to make the approval process more streamlined and more appealing to outbound tour operators, so it represents a measure to increase demand from travel retailers and wholesalers to participate (NGO_1.2).

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On the regional level, the cooperation with other standards would increase the supply since more products would be eligible to be assembled in a Fair Trade Holiday. Tour operators could get approved more easily then and would have a broader choice of available products. This again could certainly increase customer demand. Furthermore, the alignment to other programmes is a step towards becoming more established and towards enhancing the ongoing process of international expansion. However, it is a difficult challenge for FTT since there are some blatant differences between FTT and other standards, e.g. as in the case of FTT and Travelife (*“It is very much a CSR kind of approach, whereas the fair trade approach is more contracts of the relationships of suppliers and that kind of things”* (CEB_1)), or between FTT and Heritage or similar standards (*“There are differences, some very big, because some certification projects only focus on the green side and not on the people side”* (ITO_2)).

5.7.3 Reasons for non-certification

Among others, OTO_4 and OTO_5 belong to a number of outbound tour operators from Europe that are engaged in the FTT movement in terms of selling packages that comprise mainly certified accommodation providers, but are not officially approved, so their travel packages are not FTT certified. In the case of OTO_5, the assessment process has not been done yet, but they intend to become an official member of the FTT family. However, they already offer a trip along the Garden Route including a large proportion of FTT labelled accommodations. In contrast, OTO_4 already had undergone the audit by FTT in 2012 and passed it. Even though they are authorised and offer a holiday with mostly FTT certified service providers, they are not listed as official retailer or wholesaler of Fair Trade Holidays.

The reasons are manifold, but the lack of flexibility, the limited choice of supply and the strict rules are certainly key reasons for non-certification, as OTO_4 makes clear: *“For our volume, we could not do our South Africa programme with only certified hotels or with only certified inbound tour operators. Then we would have to close South Africa as destination. [...] It is too small for the moment.”* OTO_5 affirms this deficit by making following comment: *“We have the advantage that we do not advertise it as Fair Trade Holiday, but only as social. We do not say that we offer a classic Fair Trade product. Therefore, the client has more variation options than if I would do it like SKR and say: I offer a Fair Trade Holiday and the customer has to accept it as it is.”* As pointed out by OTO_4, it has to work for the market and there has to be demand. Otherwise it is useless.

6 Concluding evaluation and embedding into the theoretical framework

Moreover, as it is mentioned by ITO_2, some tour operators are scared by the costs of becoming FTT approved, so the whole process might be too expensive for them. Due to this issue, OTO_6 cancelled their partnership with FTT. For them as a very small tour operator, it was not worth the expense since there was no demand for it at all.

A further aspect that might be very relevant in this context is the perception of detraction from the company's own ethical credits, as in the case of GEPA. All of their products are audited by FLO-Cert and Fairtrade labelled, but they do not want to present the Fairtrade label next to their own, because they are very well-known for being ethical and sustainable themselves. There are further examples of firms that are allowed to put the label on their actual products but decide not to do so (CEB_1). The same goes for Go Barefoot, where the certification might be not of high priority: *"They are a very sustainable tour operator themselves, also Travelife certified, so I am not sure if that fair trade distinction for them is very important. They have an overall distinction"* (ITO_2).

6 Concluding evaluation and embedding into the theoretical framework

In the final part of the paper, the empirical results are summarised and referred to the theoretical-conceptual basis.

6.1 Fair Trade Holidays - Genesis and diffusion

The central objective of this paper is to illustrate and discuss the development and business implementation of Fair Trade Holidays from an innovation-based perspective. Fair Trade Holidays can be regarded as an innovative concept since it represents the first ever attempt to certify a service just like a commodity considering fair trade relations along the value chain. The core of this approach is the so-called TRW standard. European and South African tour operators meeting this standard and being audited by a third-party certification body are approved to package and sell these holidays. Hence, the development and spread of standards and certification in tourism plays a crucial role in analysing the genesis and diffusion of Fair Trade Holidays. Since Fair Trade Holidays are bound by rules and requirements in terms of the approval of the tour operator/s, a minimum amount of FTT certified accommodation providers and the contribution to the development fund, it can be described as institutionalised

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travelling in a sustainable way. This concept gives evidence to the innovation-promoting character of standards. Thus, standards and the orientation towards sustainability may constitute the basis of creating something new and be a driver for innovations. As in the case of fair trade groceries for example, a huge market niche has emerged.

As stressed by a substantial number of research studies, developing innovations has to be rather seen as an interactive process in which different actors contribute with their specific knowledge and competencies. This also applies to the setup of new standards as institutional innovations. The example of Fair Trade Holidays underlines the need for different actors from different backgrounds to develop such an innovative approach and to achieve legitimacy. It is a complex process that requires several years of collaboration. While the leading NGOs Akte and Tourism Watch brought in the developmental component, their experience in promoting sustainable tourism and their knowledge about the meaning of standards and fair conditions in this sector, the first certified tour operators brought in the business viewpoint and FTT contributed with their rather implicit, more tacit knowledge about certifying tourism businesses through their long-time expertise in this field. Additionally, they brought in the South African perspective and the knowledge about the local situation. As only NGOs represent the initiators, it is no surprise that this concept does not pursue commercial objectives. However, it may be criticised that this is the central reason why this idea might not survive.

Cooperation in terms of networks is regarded as a crucial factor in the development and spread of tourism innovation, especially since tourism is characterised by many smaller businesses which do not have the required capabilities on their own. Referring to Fair Trade Holidays, inter-firm relationships have been essential for diffusing this concept as outbound tour operators were informed about it through their inbound agencies or certified accommodations, or the other way around. Through participation in the Fair Trade Holiday movement, new opportunities for cooperation can open up in turn.

Based on the empirical findings, a timeline can be created including the main actors and milestones within the innovation process:

6 Concluding evaluation and embedding into the theoretical framework

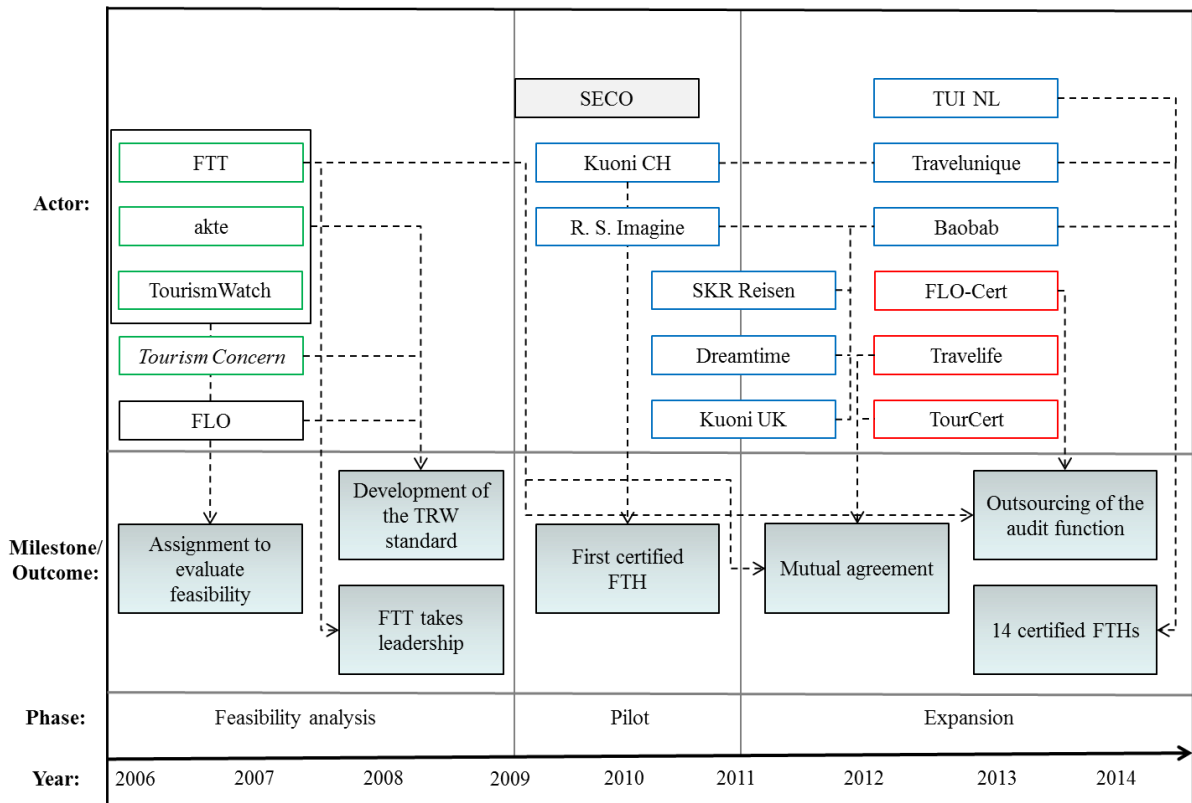


Fig. 8: Development and diffusion phases of Fair Trade Holidays (Green frame = NGO; Red frame = Certification body; Blue frame = Outbound tour operator) (Source: Own diagram).

In addition, the methodological approach of innovation biographies also considers the spatial dimension to locate the different contributors of a certain innovation. Albeit the fact that FTT represents the leading actor regarding Fair Trade Holidays, the lion's share of the conceptualisation work took place in Switzerland, as one of the mainly involved NGOs, the funding institution as well as the first certified tour operators are based there, as illustrated in figure 9. However, due to the fact that it has not been created in a single firm or organisation, it is hardly possible to place the conceptualisation process of Fair Trade Holidays and the TRW standard on the map. According to the interviewees, most of the operational steps were discussed via telephone or internet. Hence, spatial proximity to commute implicit knowledge did obviously not play a critical role. This leads to the assumption that face-to-face communication has been only required to a certain degree in this case.

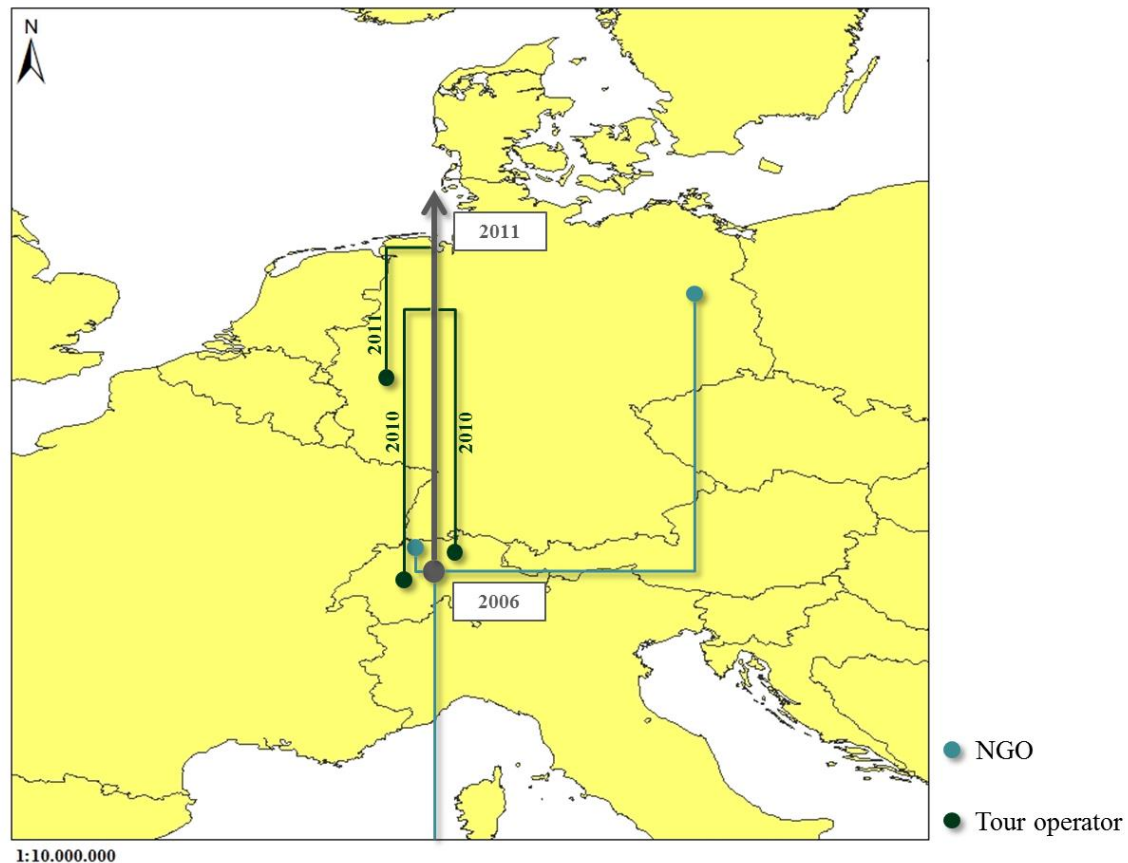


Fig. 9: Time-space path²³ of the Fair Trade Holiday innovation process (Source: Own diagram).

As elucidated in chapter 3.2, standards are usually set by Western institutions and reflect “Northern” values. Thus, actors in the global South are rather standard takers that only have little say in the development of standards. Concerning Fair Trade Holidays and the TRW standard, the development of the standard criteria was heavily determined by an actor from the South, namely FTT. Hence, at least to a certain extent, this concept represents the adoption of a standard from the South in the North. In this context, there is evidence that some actors from Rising Powers become more and more pro-active in various standard setting processes as NADVI (2014, p. 147) emphasises. As mentioned in chapter 5.1, South Africa has quite a global pioneering role in sustainable tourism and the Fair Trade Holiday approach can be seen as another outcome of it. Usually, Northern standards are implemented by actors from the South and great effort is required for these actors to meet the standard criteria. Actions to achieve compliance with these standards have most often a considerable impact on the

²³ Only the key actors within the feasibility analysis and pilot phase are considered in this illustration. The link to the South goes to FTT in Pretoria, South Africa.

businesses in developing countries since a lot needs to be changed. With regard to the TRW standard, in which standard setting and taking took place in reverse from a spatial perspective, the standard takers from the North, i.e. the outbound tour operators, did not have to make great effort to meet the defined criteria as most of them were already prescribed and regulated by national law. Accordingly, the existing institutional framework is of crucial relevance referring to necessary adaptations.

According to most of the interviewed tour operators, business success in terms of increased demand was not the primary goal of becoming FTT approved and offering Fair Trade Holidays. Most of them try to act as sustainably as possible according to their own statements. They can identify with the philosophy of FTT and try to support this movement and want to send a signal to raise awareness among customers. The decision for participation can be explained with the help of the concept of institutional isomorphism. Regarding the different manifestations of isomorphism, coercive isomorphism can be excluded as this standard is non-mandatory. Rather isomorphism through normative pressure seems to be dominating in this case as awareness for social and environmental concerns has widely spread in the sector and the attitude towards sustainability and its perception as important goal has become more and more aligned. If Fair Trade Holidays experienced a high demand and more tour operators became FTT approved (especially the market leaders), isomorphism due to mimetic processes would occur as Fair Trade Holidays might be regarded as best practice in that case. Following this trajectory, legal regulations and industry standards might be enhanced and improved so that private intervention in terms of voluntary standards and certification schemes would not be necessary anymore, as it happened in the food industry (CEB_1). Then, isomorphism due to coercive measures would appear.

6.2 Fair Trade Holidays as tourism innovation

The Fair Trade Holiday concept represents typical features of tourism innovations, namely the reflection of major trends and the adoption of an innovation from another industry sector. Fair Trade Holidays build on the rising awareness for social and environmental concerns and the potential demand for sustainable products in Western markets. The increasing importance of sustainability is a phenomenon that also can be observed in the tourism industry - a sector often criticised for inducing negative environmental and socio-cultural impact on poor destinations in the South - by reference to the proliferation of standards and certification systems and the growth of alternative, more individual and gentle forms of travelling.

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However, in contrast to commodities, certification has only been applied to single companies and not to products in the service sector. In Fair Trade Holidays, the principles of fair trade relations have been transferred from the manufacturing and agricultural sector to the tourism industry. According to this, the basic idea did not arise in the tourism sector. With regard to Hjalager's model of knowledge transfer channels to tourism businesses, it can be noted that in this case, knowledge derived from the trade system as part of the institutional framework in which tourism businesses are embedded. Market surveys have affirmed the potential of sustainable product standards, so this approach has been transferred to the travel industry. In this process, experience with certification in other sectors and institutional certification within tourism has been considered for realising this vision.

As many other novelties in the tourism industry, Fair Trade Holidays can be most likely described as incremental innovation, albeit it is a matter of definition as previously stressed. Anyway, in respect of the scope of Fair Trade Holidays, it is debatable if this approach can be declared as innovation at all, as it is a central feature of innovations to achieve a certain market acceptance. So this example underlines the difficulty of defining innovation, as stressed in chapter 2.1. Basically, Fair Trade Holidays simply represent travel packages that are assembled under certain conditions including existing products. Thus, against the backdrop of the Abernathy and Clark approach (HJALAGER 2002, p. 466), Fair Trade Holidays can be allocated to niche innovations as they constitute new compositions of existing products that do not challenge basic competencies and knowledge. However, a precise characterisation of Fair Trade Holidays as tourism innovation is hardly doable. They include features of several types, especially product and institutional innovations. As HJALAGER (2010, p. 2) states, *“when bundled intelligently, and when applied to new issues and new market segments, it may be possible to talk about product innovations [...]”* According to this, Fair Trade Holidays could be ascribed to novel tourism products. Taking up the previously mentioned aspect of Fair Trade Holidays as a regulated form of travelling, the concept can be rather ascribed to institutional innovations. Moreover, it may be regarded as a marketing innovation as well, with reference to the objectives of implementation. As tourism products or services comprise several components, features and characteristics and the different typologies overlap, it is difficult to compile a clearly defined classification as the example of Fair Trade Holidays shows.

6.3 Overall evaluation of the Fair Trade Holiday concept

Key benefits

Basically, inbound tour operators benefit in the first place from Fair Trade Holidays. The mere fact that there are written contracts and standardised processes (e.g. an employee handbook), Fair Trade Holidays and the TRW standard can improve a number of aspects in these businesses.

In 3.5, it is mentioned that cost savings in energy-supply are the most frequently mentioned benefit of certification in tourism in general. This point is cited by only one of the questioned tour operators (ITO_2). According to ITO_1 and OTO_4, a process of learning took place concerning a more sustainable management and streamlined organisational processes. Furthermore, new types of cooperation and the access to networks are mentioned by several interviewees as a positive effect of joining FTT approved tour operators. While demand did not increase after implementation of Fair Trade Holidays, customer satisfaction has been quite high. Yet, it is very debatable whether this can be directly attributed to the certification.

Key problems

First of all, business implementation of Fair Trade Holidays exemplifies a central problem regarding sustainable tourism standards and certification schemes: there is not enough customer demand. Obviously, based on a rising awareness for social and environmental concerns, there is a huge tendency towards sustainable consumption that also applies to the tourism sector. However, sustainability is obviously not a decisive factor for choosing a holiday yet. Tourists consider aspects like quality, price and safety in the first place when booking a trip. Thus, it can be assumed that market surveys that emphasise the potential for sustainable tourism products in general and fairly traded travel packages in particular, are distorted by socially desirable answers²⁴. Following this, the potential of sustainability standards in tourism seems to be overrated. A major reason for the lacking demand is certainly the proliferation of labels, which has already taken place in tourism, as also stressed by several interviewees (OTO_1; OTO_2; ITO_2; CEB_1). Consequently, the recognition by customers of certification schemes is very debatable. On the one hand, tourists are overwhelmed by the multiplicity of labels and on the other hand, tour operators face the

²⁴ “Broadly conceived, 'social desirability' as a response determinant refers to the tendency of people to deny socially undesirable traits or qualities and to admit to socially desirable ones” (PHILLIPS & CLANCY 1972, p. 923).

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question of which one they should choose: *“The last time I counted it was 81. So which ones do you choose? You do not need to have all of them”* (ITO_2). In addition to this surplus of certification schemes, the risk of greenwashing is present. According to ITO_2, this negative trend has already affected the movement of eco-tourism a few years ago.

Due to actual low customer demand, tourism businesses do not show a high interest in certification as it entails only minor benefits. As MAHONY (2007, p. 396) emphasises, tour operators have only a very limited number of certified products to choose from. This key issue is distinctly reflected in Fair Trade Holidays. Tour operators name the limited choice of certified service providers as well as their spatial and pricewise concentration as the central hitch in assembling FTT certified travel packages. Accordingly, Fair Trade Holidays should have been launched at a later point in time when there would have been a sufficient basis of certified tourism businesses and the FTT label would have been better known and established to use it as a marketing tool. Additionally, there is a discrepancy between customer needs and wishes on the one side and offered Fair Trade Holidays on the other side. Firstly, the major share of FTT certified accommodations that are composed in Fair Trade Holidays is either in the backpack or in the premium price segment while the potential target group can be rather found in the mid-price range. Against the background of tourism as a buyer's market, tour operators criticise that the Fair Trade Holiday concept is product-based and not enough orientated towards the market. Although travel packages still play an important role in tourism, there is a clear trend towards individual travelling. Tourists are more experienced nowadays and rather want to act as travellers, being more flexible and self-reliant. It might be assumed that in particular those open-minded, socially and environmentally aware customers, who may be interested in Fair Trade Holidays, also search for alternative, more individual and flexible forms of travelling. However, the Fair Trade concept is strictly regulated and provides little scope for tour operators. There is not enough flexibility for both tour operators and customers.

Impact of the TRW standard on the GVC

In compliance with the TRW standard and in offering Fair Trade Holidays, outbound tour operators commit to acceptable prices and payment conditions towards their inbound agencies. Therefore, outbound tour operators lose a potential sanctioning mechanism due to prepayment while inbound tour operators become enhanced and receive more bargaining power. Up the value chain, inbound tour operators are obligated to treat their service

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providers under the same fair conditions. In sum, there is a shift of power towards the destination suppliers. With regard to GVC governance, it implies a shift from a relational value chain more towards a GVC with modular structures. However, it depends on structure and size of the company as some of them are hierarchical travel groups for example. According to some of the inbound operators, they became preferred partners of other non-approved outbound operators due to their affiliation with Fair Trade Holidays. Hence, compliance to the TRW standard might help inbound agencies to become more involved in tourism GVCs.

As on-site checks can only be carried out quite rarely by outbound tour operators, they monitor and control the quality and reliability of hotels and other service providers in the destination primarily through customer feedback and their inbound partners (ITO_1; OTO_2; OTO_3). Only OTO_5 does regular on-site visits. Following this, the FTT approval of inbound tour operators might reduce uncertainty for tour operators as it would make them more credible and reliable. In that case, outbound tour operators can rely on their inbound agencies concerning the selection of good quality (FTT certified) products and dealing with them in an equitable way.

Up the value chain, customers are supposed to benefit by transparent communication and improved services. As standards in general, Fair Trade Holidays aim to reduce uncertainty and risks from the tourist's perspective. According to the interviews, credibility is a major motivation for tour operators to offer certified holidays. To examine the relevance of the standard for the purchasing decision, customers of Fair Trade Holidays would need to be surveyed. However, as some tour operators already indicated, people who booked Fair Trade Holidays had not explicitly been in search for that, so it can be assumed that it did not have a decisive influence.

Criticism on the conceptual implementation

In consideration of the utterances from the interviewed tour operators, one might get the impression of certain confusion referring to the implementation of the TRW standard, its requirements and the assessment process, in particular concerning the terminology as some of the tour operators are not completely aware of the fact that merely a travel package can be labelled, but not the business itself. Additionally, none of them can really name the required minimum amount of certified providers within a Fair Trade Travel Package with absolute certainty. Hence, the system appears to be too complex or opaque which might discourage

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already certified companies and constitute a potential barrier for interested travel retailers or wholesalers. ITO_1 addresses this issue and makes the following comment: *“It is sort of a bit complicated, but anyway, we struggle to understand their system also sometimes.”*

Regarding media releases and the conducted interviews, it became clear that the initiators of Fair Trade Holidays claim that it represents the first successful effort of certifying an entire service in terms of a travel package. Nevertheless, looking at the tourism GVC, one essential component is ignored in the Fair Trade Holiday concept: the flight between the country of origin and the destination (South Africa in this case). Interested customers might expect some kind of CO₂ compensation for example since aircraft cause a lot of emissions and are therefore contradictory to sustainable travelling. Accordingly, not the entire GVC is considered in the conceptual approach and the term of Fair Trade Holidays might be misleading or even conceived as greenwashing and consequently evoke negative associations. As discussed by NGO_3, considering aspects such as flight emissions in certification are very debatable due to its specific features: *“In general, it is a delicate issue which types of product may get sustainability certification. Can we really award an airline because they consume 3 litres less of jet fuel than others?”*

6.4 Outlook and recommendations for action

The concept of Fair Trade Holidays is relatively young. The first certified travel packages were on the market in 2010, so it is hard to make a prediction, but a first conclusion can be drawn: After the number of approved tour operators had grown continuously until 2013, a decline could be observed recently. Regarding this tendency, it can be said that Fair Trade Holidays are on a descending branch. In order to stop that decline, safeguard the existing tour operators and attract new ones, FTT cannot proceed as they have been doing so far.

FTT is supposed to make Fair Trade Holidays more flexible and uncomplicated in order to make it more appealing for both travellers and tour operators. Since recently, FTT has initiated steps in this direction as affirmed by NGO_2: *“So in this case, [X] and [X] are approved now to package and sell the holidays, then we do not certify the holiday. We used to do that. They would then have to present the holiday to us [...]. They would brochure it and they would put the label on it, and that is how we were working up until recently, but the problem is they did not sell. Nobody bought them, because I think people travel a little bit differently these days and they don't really buy an entire holiday from start to finish out of a book. [...] We have given them the criteria for creating a holiday and we said you can tailor-*

make them. [...] And then they report every six months on holidays sold and they can use the label for all these holidays they put together, as long as they put them together according to Fair trade criteria.” This statement underlines the consideration of the shift towards more individual and self-reliant travelling. However, diminishing the requirements of Fair Trade Holidays could harm its credibility. So it may be questioned if tourism products are suitable for being certified according to fair trade criteria and if this is the right way to support a sustainable development in this industry. It might be more reasonable to promote single businesses and communities in the destination than offering whole travel packages, as most of them are already individual rental car trips that can be customised. Thus, the Fair Trade Holiday approach should be rather regarded as a prototype of certifying services and impetus towards the implementation of more standards and regulations to achieve fairer conditions for tourism actors and local communities in the destination, than as a serious new product or niche. Since recently, the link on FTT’s website for Fair Trade Holidays is even shut down (FAIR TRADE TOURISM 2015d). Altogether, PLÜSS (2003, p. 10) seemed to be right by saying that labelling whole travel packages is not a promising approach.

Beyond that, it is unlikely that the Fair Trade approach in particular and certification in general follows a similar trajectory in tourism as in the food and commodity sector where it has grown massively as a market niche and improved the overall conditions towards a sustainable development in terms of changed legislation and mandatory standards, thus coercive isomorphism. Concerning tourism standards and certification in general, there is only little evidence of “*government support going beyond this enabling framework through measures such as changing legislation, providing incentives financial or otherwise, or making certification mandatory*” (BENDELL & FONT 2003, p. 145). Hence, politicians are called on a stronger encouragement for promoting sustainable tourism, at least for participation in voluntary standards (e.g. in terms of subsidies or tax incentives).

It is a central task for FTT to communicate the benefits of certification more strongly in order to attract new accommodation providers and other types of businesses in the destination to get certified. In this context, FTT should definitely continue its expansion into the neighbouring countries as most of the approved tour operators explicitly wish to include other countries in the region in their Fair Trade Travel Packages as well. Mutual agreements with certification systems in other countries in this region are certainly an appropriate measure to expand the product portfolio and provide a bigger choice of possible options. In addition, further mutual

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agreements with certification programmes for outbound tour operators such as Travelife and TourCert are conceivable to make participation more attractive and uncomplicated.

Beside more effort by FTT to make Fair Trade Holidays more acquainted with potential customers, tour operators have to put more emphasis on the marketing of Fair Trade Holidays in order to generate higher demand for FTT certified travel packages. As it was the case for fair trade certified groceries, sales only grew after including the quality aspect into their marketing (LUND-DURLACHER 2007, p. 155). Accordingly, the quality aspect and the uniqueness of Fair Trade Holidays and FTT certified products need to be highlighted in order to make this form of travelling more appealing and commercially successful.

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Altogether, the Fair Trade Holiday approach reflects typical features of innovations in general (interactive innovation process, issue of definition and classification), tourism innovations (incremental nature, influence/reflection of broad global trends, knowledge import from other sectors) and also the complex structure of this industry sector and its products. As Fair Trade Holidays are aimed at conducting a long-term, global way of consumption and economic style, they can be described as quite a typical sustainable innovation (FICHTER 2010, p. 182). Moreover, this concept underlines the benefits of sustainable standards in tourism (sustainable management, opening up new possibilities for cooperation, high customer satisfaction), but especially its central problem: lack of demand from customers and businesses. It also exemplifies the need for multi-stakeholders from different backgrounds to develop and launch such a standard and certification programme. Being mainly shaped by influences from the South and implemented in Western countries, this approach demonstrates the sophisticated institutional framework in advanced countries as enterprises do not have to struggle to achieve compliance there. The example of Fair Trade Holidays gives also evidence for the increasingly active role of certain southern actors in standard-setting processes. Apart from that, it exemplifies the urge for more individual and flexible travelling of modern-day tourists which is not in line with prescribed travel packages. With respect to the latest development, the prospect is not really promising. Regarding figure 8, a big question mark has to be put at the end of the timeline. Hence, it is debatable if certification of services in terms of travel packages is an appropriate measure to promote sustainable tourism. However, as this concept was launched only four to five years ago, it is hard to evaluate the overall impact and make any prediction. Further research at a later stage is required, especially as there is an apparent

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rebuilding phase at the moment. Additionally, it might be insightful to examine this approach from other perspectives (e.g. with a stronger focus on knowledge dynamics) as the present analysis is relatively broad and general. As aforementioned, it would be also interesting to survey customers who booked Fair Trade Holidays to get a deeper knowledge about the motivation for travelling like this. In particular referring to the previously discussed problems concerning the methodological approach, the empirical findings should be interpreted with caution. For instance, tour operators' answers about the objectives of implementation might be shaped by social desirability. Anyway, this analysis sheds further light onto the relatively new field of tourism innovation and sustainable standards. It remains to be seen if certified travelling can penetrate the market one day and spread globally.

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Appendix

1 Interview guideline for tour operators (English version)

Company:

Place:

Date:

Time:

Interviewee:

Position:

Interviewer:

I. Company profile

General information (if not ascertained in advance)

1. *When was your company founded?*
2. *Who is the company founder?*
3. *Who is the company owner (if it is not the interviewee)?*
4. *How many employees does your company currently have?*

II. Fair Trade Holidays

General

1. Since when do you offer tours to South Africa?
2. Which importance does South Africa have as a destination for you?
3. In how far do you consider yourself as a sustainable tour operator?

Relationships to inbound tour operators and suppliers

1. Who are your most important contact persons in South Africa?
2. What is the name of the inbound tour operator you are working with in South Africa and how did the contact come along?
3. How long are you already working with this inbound tour operator?
4. Do you have your own tour guides in South Africa?
5. Are these tour guides locals?

Appendix

6. Who trains the tour guides in South Africa and where are they trained?
7. How do you monitor and check your partners (accommodation providers, transport companies, tour guides etc.) in South Africa?

Concept of Fair Trade Holidays

1. You decided to offer Fair Trade Holidays / Fair Trade Travel Packages:
 - a. When did you hear about the Fair Trade Tourism-standard for the first time, and by whom?
 - b. When did you hear about Fair Trade Holidays for the first time, and by whom?
 - c. When did the idea emerge to offer FTT-certified holidays yourself, and by whom?
 - d. What was the essential reason or motivation for you to offer FTT-certified holidays?

Assessment

- a. What were the requirements in order to be permitted to offer FTT-certified holidays?
- b. Since when are you FTT-certified?
- c. How long did the assessment take in order to be permitted to offer a FTT-certified holiday?
- d. How did the assessment proceed and who conducted it?
- e. In which category was it necessary to make the biggest changes/adaptions?
 - Sustainable company management
 - Fair working conditions
 - Fair destination supplier relationships
 - Transparent communication and service to customers
- f. How much did the assessment cost?
- g. How long did the reassessment take and who conducted it (if already accomplished)?

Fair Trade Holiday/s offered by the tour operator

2. You also have (an) elaborated FTT-certified holiday/s in your portfolio:
 - a. Since when do you offer the FTT-certified holiday/s to South Africa?
 - b. How long did it take to develop the FTT-certified holiday/s?
 - c. Who was involved in developing the FTT-certified holiday/s and contributed which competencies?
 - d. Which problems occurred with the development of the FTT-certified holiday/s?

Assessment

- a. How did the assessment of the FTT-certified holidays/s proceed and who conducted it?
- b. How long did the assessment of the FTT-certified holiday take?
- c. Did any problems occur?
- d. How much did the assessment cost?

Impact

1. What has changed the most by the implementation of the FTT-standard and the offering of the FTT-certified holiday/s?

Economic impact

- a. How many of the FTT-certified holidays have you already sold?
How many participants were there?
- b. How was the feedback of your customers?
- c. Could you attract new groups of customers with the FTT-certified holidays?
- d. Which importance does the certification have concerning marketing and company image?

Internal company impact

- a. What impact does the adaption to the FTT-standard cause on your management and way of working?

- b. What impact does the adaption to the FTT-standard have on your employees?

External company impact

- a. Which opportunities for cooperation in and outside of South Africa did emerge resulting from the implementation of the FTT-standard?
When and why did these new opportunities for cooperation emerge?
- b. What impact did the implementation of the FTT-standard have on your partners in South Africa?
- c. Did changes occur concerning the choice of your
- Incoming tour operator
 - Accommodation providers
 - Tour guides
 - Transport companies?

Overall evaluation and outlook

1. How do you evaluate the implementation of FTT-certified holidays and the adaption to the criteria of Fair Trade Tourism all in all?
2. How do you evaluate the cost-benefit-ratio?
3. What hopes and expectations do you have in FTT-certified holidays?
4. Do you intend to get recertified?
If not, why?
5. Do you intend to offer further FTT-certified holidays in future?
If not, why?
6. *How do you evaluate the role of Fair Trade Tourism concerning the development of Fair Trade Holidays?*

2 Interview guideline for NGOs (German version)

Organisation:

Ort:

Datum:

Uhrzeit:

Gesprächspartner:

Position:

Interviewer:

I. Organisationsprofil

Allgemeine Informationen (falls Sie nicht bereits vorher ermittelt werden konnten)

5. *Wann wurde Ihre Organisation gegründet?*
6. *Von wem wurde sie gegründet?*
7. *Bei NGOs: Wie finanziert sich Ihre Organisation?*
8. *Wie viele Mitarbeiter beschäftigt Ihre Organisation?*

II. Südafrika und Fair Trade Holidays

Fair Trade Tourism Standard und Fair Trade Holidays

2. Wann und wie haben Sie zum ersten Mal von Fair Trade Tourism (ehemals Fair Trade Tourism in South Africa) gehört?
Und von wem genau?
3. Wie kam die Zusammenarbeit mit Fair Trade Tourism zustande?
4. Wann haben Sie zum ersten Mal vom Konzept der Fair Trade Holidays gehört?
Und von wem genau?
5. Wann und wie entstand die Idee, Fair Trade Holidays zu entwickeln?
Und von wem genau bzw. wer war der Initiator/wer kam auf wen zu?
6. Wann genau haben Sie damit begonnen, bei der Konzeptentwicklung von Fair Trade Holidays mitzuwirken?
7. Welche Rolle/Aufgabe hat Ihre Organisation konkret bei der Konzeptentwicklung gespielt?
8. Wer war alles bei der Konzeptentwicklung beteiligt?

Appendix

9. Wer hat welche Kompetenzen bei der Konzeptentwicklung eingebracht und zu welchem Zeitpunkt?
10. Wie und wo fand die Zusammenarbeit zur Konzeptentwicklung statt?
11. Wie lange hat die Konzeptentwicklung insgesamt gedauert?
12. Was war Ihre zentrale Motivation, bei der Konzeptentwicklung mitzuwirken?
13. Welche Schwierigkeiten traten bei der Konzeptentwicklung auf?
14. Wie sieht konkret Ihre derzeitige Tätigkeit im Bezug zu Fair Trade Holidays aus?
15. Wie sieht Ihre zukünftige Tätigkeit im Bezug zu Fair Trade Holidays aus?

Auswirkungen

2. Was ändert sich Ihrer Meinung nach am meisten durch die Implementierung des FTT-Standards bzw. das Anbieten der FTT-zertifizierten Reise für die Unternehmen?
3. Wie sieht das Feedback der Reiseveranstalter bezüglich der Standard-Implementierung und des Anbietens von FTT-zertifizierten Reisen aus?
4. Was hat sich durch die Entwicklung des Konzeptes der Fair Trade Holidays für Ihre Organisation verändert?
5. Welche neuen Kooperationsmöglichkeiten ergaben sich durch die Entwicklung der Fair Trade Holidays (Integration in neue Netzwerke etc.)?
Wann und warum sind die neuen Kooperationen entstanden?

Gesamtbewertung und Ausblick

7. Wie bewerten Sie den Entwicklungsprozess der Fair Trade Holidays insgesamt?
8. Wie beurteilen Sie die Markteinführung und Potenziale der Fair Trade Holidays?
9. Welche Hoffnungen und Erwartungen setzen Sie in die Entwicklung von Fair Trade Tourism und Fair Trade Holidays?
10. Wo sehen Sie Verbesserungsmöglichkeiten?
11. Wie beurteilen Sie die Rolle von Fair Trade Tourism bei der Entwicklung der Fair Trade Holidays?