Value Chain Innovation for Egyptian Tourism Product: A Case Study of Egyptian Travel Agencies

Mawra Fawzi Abdelwarith Abdel Hadi
Faculty of Tourism and Hotels, Sadat City University

Abstract
Tourism is a growing and an extremely competitive sector. To be competitive, tourism product needs value chain innovation, responding to the more demanding tourist. Nonetheless, research on this field is limited. In Egypt, the tourism sector is highly strategic sector for the Egyptian economy, but there is no evidence on how Egyptian tourism firms innovate their products. This paper highlights the importance of value chain innovation for tourism product. A survey was implemented to collect data from 275 respondents from travel agencies using a completed questionnaire technique. The research outcomes show that travel agencies in Egypt still need more efforts to achieve innovation of value chain. The study concluded that the innovation of value chain is considered as basis for a company's competitive advantage and marketing because it enables organizations to understand and apply the knowledge about their customers and to maximize profitability.

Key words: Value chain, Tourism product, Egypt, Travel agencies, innovation

Introduction
Tourism products are a combination of several intangible elements such as (geographical location, scenery) and tangible ones (such as hotel, restaurant, or air carrier) that create tourist experience (Judd, 2006). Value chain involves many activities that are vertically, horizontally and diagonally related and integrated in varying degrees (Weiermair, 2008). Consequently, the travel process requires a high degree of innovated information during all stages of the value chain: travel agents offer information by catalogues, via the Internet, television, and by personal consultations to assist the planning of journeys and make the necessary bookings. Air transportation needs a check-in process, and travellers must be provided with information about delays and changes to their flights. At the destination, information about the availability of accommodation is required either to find a place to stay or to make changes to reservations. Furthermore, information is needed about available entertainment possibilities, current events, restaurants and sightseeing opportunities. Information and communication technologies that are not limited to a permanent situation are well suited for all these requirements, especially when they can even be used when the traveller is moving. This supports impulsive decision-making and makes travelling more flexible (Schmidt-Belz, 2002).

In order to maintain competitive position, a company must strive to develop new products and services, new management instruments, new ways of organizing its function and structure and new means to communicate with partners and customers. Although a company’s position is measured according to its revenue, profitability, market share and customer satisfaction, these elements cannot plan the future” (Kim and Maurbogne, 1997). Success in the tourism industry depends on an organization's capacity to innovate and adapt to its changing environment. Innovation in particular is regarded as one of the main determinants of competitiveness in tourism as it allows firms to achieve lower costs and higher quality products (Orfila-Sintes and Mattson, 2009).

As a result the value chain determines the full range of activities which are required to bring a product or service from realization, through the different stages of production, distribution and marketing. Moreover, value chain involving many activities; each ranges of activities within link
of the chain (Kaplinsky, & et al., 2002). Therefore, innovation of value chain has to create value for the product (Meneses, Teixeira, 2011).

Value chain is considered as the mechanisms through which developing countries engage in trade with innovation (Keane, 2008). The value chain view of global economic integration highlights that for many industries access to international markets is not achieved through designing, making and marketing innovative products. Instead, it involves gaining entry into international design, production and marketing networks consisting of many different firms. Furthermore, understanding how these value chains operate is very important for developing country firms and policymakers because the way chains are structured has implications for newcomers (Gereffi, & et al., 2001). Therefore, destinations need to innovate their tourism products to survive through value chains, because otherwise their offerings are likely to become obsolete and have no demand (Meneses, Teixeira, 2011). Moreover, innovation of value chains are defined as an approach to determine the steps of tourism product (good or service production), starting with production, distribution, promotion and marketing to end users or customers (Ashley, 2007).

Hjalager (2002) distinguishes four types of innovation dealing with either the breaking up or deepening of relationships to clients or to the market and the maintaining or preservation of competencies. In some cases, value chains may occupy only a small share of their output; in other cases, there may be an equal spread of customers. Nevertheless, the share of sales at a particular point in time may not capture the full story – the dynamics of a particular market or technology may mean that a relatively small (or large) customer/supplier may become a relatively large (small) customer/supplier in the future. Furthermore, the share of sales may obscure the crucial role that a particular supplier controlling a key core technology or input (which may be a relatively small part of its output) has on the rest of the value chain (Kaplinsky and Morris, 2000). While niche innovations (e.g. co-operation with a tour operator) emphasize new forms of co-operation and do not touch existing competencies and architectural innovations (e.g. arctic tourism) introduce new structures and redefine relationships to customers and existing markets. External branch structures and the target groups remain unchanged when a revolutionary innovation is realized, although services have changed by using new technologies. Regular or incremental innovations are realized with existing competencies and existing relationships, some examples are increased productivity, quality improvements or further training of staff members e.g. of a hotel (Hjalager, 2002).

Furthermore, this means in tourism industry does not just focus on the specific products that are currently produced (such as cultural tours). Instead, understand the overall sector, the linkages between players, what markets they are catering to, what revenue flows down to them and what their earnings depends on. Understanding these helps to identify how to enhance the performance of the ‘value chain’ (or tourism sector) so that it works better for the destination (Ashley, 2007). Even at the time being, there is a lack of evidence regarding the level and intensity of innovation in the tourism industry and its implications for tourist destinations and national economies (Hjalager, 2010).

The shift to a value chain approach. This adoption does not just mean using value chain analysis as a mapping tool, a way to picture the sector. It means redefining the aim of the value chain to work better for the destination to achieve competitive advantage and image of destination. This has two immediate implications. The first is that a good understanding of the current value chain to determine needs and measure future impacts. The second is that all options are open. There is no necessity to identify a particular tourism type (Ashley, 2007).
The objective of this study is to examine the innovation of value chain for tourism products in Egypt. The research aims at 1) defining the innovation of value chain in tourism, 2) understanding the role of innovation value chain to assist the Egyptian travel agencies. In addition, the research attempts to answer the question: to what extent the innovation value chain is important for the Egyptian tourism sector?

2. Literature Review
2.1 The Tourism Value Chain
The value chain represent the full range of tourism activities which are required to bring a product or service from idea, through the different phases of production, delivery to final consumers, including all process that added value to the productive process (Kaplinsky & Morris, 2002). Consequently, travel as a product is heterogeneous largely. At first business and private travel need to be separated. Each of those, in turn, can be organized either by the travellers themselves or by travel agents or travel organizers. Whilst these kinds of travel are different, especially with regard to the needs of the travellers, the links in the value chain are largely similar for all of them. They are Planning/booking, transport, accommodation, and finally, marketing of the destination (Ludwig, 2000).

There is a strong relationship between innovation and tourism value chain. Therefore, the importance of innovation in tourism seems as a syndrome with value chain. It has derived its strength from the demand and supply factors. Thus, the new trends of tourism consumers are continuously leading tourism enterprises to develop new products, services and experiences (Pikkemaat and Peters, 2006). Several criteria may be used to classify innovations in the tourism industry. Based on its intensity, innovation may be classified as fundamental for value chain (Thorburn, 2004) or, according to Hjalager (2002) as regular, niche, and innovatory. Generally, vital innovations consisting of continuous adjustments, improvements and arrangements are regarded as typical to the tourism industry (Mointeiro and Sousa, 2011). Innovation is the process of creating a new customer value, as well as the main judge of enterprises’ competitiveness, that can regard the main beneficiaries and other stakeholders such as the organization itself (through employees), shareholders, external partners .(Poitier et al, 2005). Switzerland has developed an innovation programme called “Innotour”. This programme provides initial assistance for the implementation of innovations on a one-off basis, support for innovation sharing among companies, support for training and education, and support for selective research and development. Its primary aims to create a competitive climate conducive to innovation (OECD, 2003).

The intensity and centrality of innovation value chain also differs across the industry. In fact, tourism may be viewed as an integrated value chain of services (Pikkemaat and Peters, 2006). Furthermore, tourism sector has become very mature markets requiring innovation and new tourism attractions (Weiermair 2001, Keller 2002). As Tanzania value chain report based on the issues arising, there are multiple activities and roles for different players to effectively engage in enhancing and developing tourism development in Tanzania (Tourism confederation of Tanzania, 2009). As a result, the use of innovation in the tourism sector intends to increase the competitiveness of the destination and firms through the increase of the productivity and improving quality service and introducing new products (OECD, 2008).

Tourist experience consists of a series of customer experiences provided by multiple value chain entities from air carriers and hotels to restaurants and tour operators. Failure to provide a good experience at any point may dare the experience and accordingly weaken the
competitiveness of the destination. A country’s competitiveness in the provision of tourism services is, therefore, complex and requires the harmonization of a diverse set of interdependent industries and the public sector. With regard to the tourism value chain, also the interdependence of the tourism service should be observed (Thelen & Al Nouri, 2009). On the same level the tourism global value chain (GVC) is the series of their interactions with travel agencies and destinations to provide the distribution, transport, accommodation, and excursion segments. The innovation of tourism product can take place in many stages of the value chain, which include: (Michelle Christian, Karina Fernandez-Stark, Ghada Ahmed, Gary Gereffi, 2011)

- Product innovation: introducing new products or improving old products, and in accommodation hotel chains promote their accommodations via expanding beds, luxury scale, or facilities. A country destination can also upgrade hotels by providing more accommodation options with high quality services.
- Functional innovation along the excursion/distribution segments: a tour operator adopts additional quality function and coordination services for tour packages to the destination and may begin to take tours to regional destinations.
- Adopting information technology (IT): tourism travel agencies and destination management organizations adopt e-marketing, online purchasing, and social network capabilities (for example Facebook and Twitter).
- Value added into the tourism GVC tourism products: the destination country diversifies and differentiate its tourism market, and a country becomes an international tourist destination. Moreover, global value chains highlight the relative value of tourism activities that are required to shape a product of service from idea, through the different phases of production, distribution and transportation, involving delivery to final consumers, and final disposal after use (Gereffi, & et al., 2001).
- Process innovation: increasing the efficiency of internal processes such that these are significantly better than those of rivals, both within individual links in the chain (for example, increased inventory turns, lower scrap), and between the links in the chain (for example, more frequent, smaller and on-time deliveries) (Kaplinsky and Morris, 2000).

For destination a value chain is an approach to enhance competitive advantage, also referred to as a market development approach, is a methodology which involves estimating and working to enhance the growth of destination value chain—not one particular market actor—with the intention of the target markets and the innovation of value chain. A value chain approach is thus a methodology that appropriately selects and analyses an entire value chain, engages key private sector actors and facilitates the establishment and strengthening of sustainable or commercially viable market-based solutions (provided by private sector actors), to create positive economic impacts to target populations (Netherlands Development Organization, 2010).

Since a tourism value chain product comprises a multitude of services, each provided by companies operating in different sectors – transportation, accommodation, leisure (Pikkemaat and Peters, 2006), travel agencies and tourism operators, and shopping. Within each segment, various supply chains can be distinguished and analyze (SNV, 2009). Furthermore, there is a variety of travel agents for the services in each of the stages of travel. Like travel organizers who provide information and carry out bookings, transport can be via the travellers own means, or hired car rental companies or third party transport by airlines, railways, ships, etc. and accommodation is provided by hotels and other accommodation services, such as guesthouses, and hostels. The
larger travel companies (such as Preussag Touristik in Germany) are active during all stages of the value chain (Berger et al., 2002).

However, innovation in itself may not be sufficient. If the rate of innovation is lower than that of competitors, this may result in declining value added and market shares; in the extreme case, it may also involve growth. Thus, innovation has to be placed in a relative context – how fast compared to competitors - and this is a process, which can be referred to as one of upgrading (Kaplinsky & Morris, 2000). The best example of innovation value chain is Mozambique, which has valuable natural assets, and a strong comparative advantage in tourism, as evidenced by the analysis of various destinations presented previously. This is also confirmed by the growing interest in the country from South African, Portuguese and other investors - often in collaboration with local partners. However, now, Mozambique is at a crossroads. Industry-specific issues such as poor accessibility and positioning in the international marketplace, absence from the international distribution networks, and thin product line dispersed across locations have to be addressed to allow the tourism sector to grow. More generally, lake of investment climate increases finance and inputs costs, drains resources from the private sector, creates an uneven playing field and entry barriers for innovative entrepreneurship. Dynamic development of the tourism industry in Mozambique is smothered by many of these obstacles (OECD & FIAS 2006). Moreover, the innovation value chain view, presents innovation as a sequential, three-phase process that involves idea generation, idea development, and the diffusion of developed concepts (Hansen and Birkinshaw, 2007).

In order to survive competition, traditional travel agencies and destination management organizations have to use the new technologies in order to create their own websites, and provide greater added value to the information and advice their offer clients (Castillo-Manzano and López-Valpuesta, 2010). Moreover, travel agencies have to face a “re-intermediation process”, meaning they have to reassert their intermediary role by enhancing human interaction and consumer trust. Increasing innovation activities enable travel agencies to provide travel arrangements tailored to each customer’s individual needs (Grissemann and Stokburger-Sauer, 2012). As the first tourism related VCA(value chain analysis) conducted in Macedonia, the analysis increased the understanding of clients and partners in a systemic approach to knowing how the tourism value chain operates and identifying priority interventions to unlock bottlenecks or inhibitors to growth and long term sustainability. The VCA identified key interventions necessary to improve the functioning of the tourism sector in Mavrovo and its contribution to the regional economy. Key interventions included the need to attract investment in the restoration of traditional houses, protect the natural and cultural resources, improve human capacities and improve cooperation between public, private and civil sectors (Ramadani, 2010).

Consequently, travel agencies and destinations need to view the upgrading challenge in a wider perspective, capturing the central idea that it may involve changes in the nature and mix of activities, both within each link in the chain, and in the distribution of intra-chain activities. This relates both to the achievement of new product and process development, and in the functional reconfiguration of who does what in the chain as a whole (Kaplinsky & Morris, 2000).

In the airline industry, innovation of value chain is increasingly becoming a formula to regain profitability, along with cost reduction and mergers and acquisition activities (Franke, 2007). According to Franke (2007), innovation is generated through three main stages: new business models, advanced customer segmentation and new technologies. New technologies include new next generation aircraft such as regional jets (Brueckner and Pai, 2009), advanced
information technology – wireless monitoring networks, integrated data bases and host systems - and global distribution systems, such as Amadeus, Sabre and Worldspan (Franke, 2007). In particular, the airline industry has been deeply influenced by the spread of Internet. The changes are very visible in the airline distribution sector, where companies started using websites for offering lower fares for frequent customers (Castillo-Manzano and López-Valpuesta, 2010).

The travel process requires a high degree of information during all stages of the value chain: travel agents provide their information by pamphlet, via the Internet, television, and by their consultants to assist the planning and booking of tourism programs. In air travel, a check-in process is required, and travellers must be provided with information about delays and changes to their flights. At the destination information about the availability of accommodation is required either to find a place to stay or to make changes to reservations. Furthermore, information is needed about available entertainment attractions, events, restaurants and sightseeing opportunities. Information and communication technologies that are not limited to a permanent situation are well suited for all these requirements, especially when they can even be used when the traveller is moving. This supports customer decision and makes travelling more flexible (Schmidt-Belz, 2002).

2.2 Tourism value chain in Egypt

Egypt tourism SWOT analysis indicates that strengths represented in the sector that is benefiting from a growing trend among Arab tourists to travel closer to home rather than take long-haul flights, diversifying source markets, such as increasing visitor arrivals from Central and Eastern Europe, and finally the country’s cultural heritage (Business Monitor International, 2012). Weaknesses focused on external factors affecting the tourism sector include foreign competition from other Mediterranean countries and the sector continues to be targeted by terrorists (JRC European Commission, 2007). Opportunities focused on hotel and resort construction continues to be strong, the diversification of Egypt’s tourism away from the Nile, hotel and resort growth remains strongest in coastal areas. Development is driven by the Egyptian Tourism Development Authority’s strategy of clustering hotels in tourist centres, much like the successful el-Gouna Centre, north of Hurghada. Planned growth in accommodation capacity and increasing hotel privatization offer significant opportunities for hotel management companies, development of new tourism products and niche markets, such as eco-tourism, health tourism (with world-class treatment resorts) and conference tourism, and relaxation of some tourist visa requirements from mid-2012 and the extension of subsidies for charter flights to some airports (Business Monitor International, 2012). Threats focused on terrorist attacks and kidnapping, possible serious outbreak of the H5N1 virus (bird flu). Moreover, large-scale outbreaks of public unrest will have a major detrimental impact on the sector, industrial action associated with the political unrest has caused considerable problems (eg: flight cancellations due to strikes at airports), fear of personal safety may still discourage tourists from visiting Egypt in the short term, regional political instability, particularly in neighbouring Libya, escalating violence between religious groups, and the growing influence of Islamists in government could undermine the tourism sector (Business Monitor International, 2012).

Egyptian tourism sector contribution to GDP - at factor cost in constant prices – increased in 2009/2010 to 9% from 4% in 2008/2009, and it grew by 12% in 2009/2010 from 1.3% only in 2008/2009 (Alex Bank, 2010). In 2010, tourist's arrivals recorded 14m tourists before Egypt’s revolution. The tourism industry was 13% of GDP and directly or indirectly employed one in
seven workers. Arrivals decreased to 9.5m in 2011, and have yet to recover. Tourism Economics, a consultancy, estimated that 11.4m tourists came in 2013. Furthermore, tourism is currently representing 11.3% of Egypt’s GDP, 40% of the total Egypt’s non-commodity exports and 19.3% of Egypt’s foreign currency revenues (State Information Service, 20 April 2014). However, Tourism expenditure contribution to GDP, 5.50% in 2013, total arrivals was 13.2m in 2013 (Business Monitor International, 2012).

Furthermore, understanding the nature of challenges facing the tourism industry itself, therefore, requires accurate evaluation of the role of each value chain component in the overall tourism experience, the linkages to other agents, and the performance of the service providers, industries and institutions (Meneses and Teixeira, 2011). Hence, the representation of value creation as a chain, i.e. a sequence of activities performed one after the other, was essentially based on a manufacturing/retail view of industry. However, the model of chain is less appropriate to represent an enterprise's activity and its relationships with customers and suppliers in many business sectors, particularly in service industries. Alternative models of value creation, called value configurations, have therefore been developed to describe and analyze destination-level and firm-level value creation across a broad range of industries (OECD, 2007).

As a result, tourist experience consists of a series of individual experiences provided by multiple different entities from air carriers and hotels to restaurants and tour operators. Each stage of the visitor journey is important. A quality experience along each of the stages will result in a satisfied customer, who will talk to friends and family about their good experience. Any dissatisfaction encountered along the way will result in those same friends and family hearing a different story about your destination. Good experience needs sufficiency for the entire experience to continue the competitiveness of the destination. A country’s competitiveness in the provision of tourism services is, therefore, complex and requires the harmonization of a diverse set of interdependent industries and the public sector. With regard to the tourism value chain also the interdependence of the tourism service should be observed (Thelen & Al Nouri, 2009). For the most mature tourism destinations, innovation can be the way to offer and create new and higher quality products/services and thus compete with new markets (Sheidegger, 2006).

The dominant threat to Egyptian tourism value chain over the forecast period remains political unrest. In the short term, however, assuming outbreaks of large-scale political unrest gradually decrease in frequency, a strong recovery in the sector is anticipated, partly due to the impact of the low base effects following the collapse of tourism in 2011, which has been evident from February 2012 (Business Monitor International 2012). Also after the revolution there is political unrest which consider as a common impact for the revolution.

The analysis of the value chain at the destination level is meant to examine the creation of value within the firm, and to identify the points in the internal chain where the value can be more successfully created particularly in the destination. A destination's value chain for competing in a tourism industry is entrenched in a larger stream of activities that are referred to in the literature as the industry value chain. This includes production suppliers, marketing, and distribution channels. Hence, a company able to manage effectively the industry value chain and gain a competitive advantage over its competitors (Meneses and Teixeira, 2011). Moreover, value chains can be mapped and analyzed using value chain analysis (VCA) which can include qualitative and/or quantitative tools (Hellin and Meijer, 2006). The VCA, first and foremost, raised awareness of a wide number of stakeholders of the VCA approach (Ramadani, 2010). Value chain analysis is a tool that enables the identification of stakeholders along a chain...
of transactions, from conception through production to consumption and after-use. The analysis helps structure ideas around what are the key processes and agents working within and outside the chain and where the benefits of the chain flow. The application of value chain analysis to the tourism sector is fairly new (Mitchell and Faal, 2008). As a result, the value chain framework is based on concrete itineraries that are time, place, and price-specific. The tourism value chain—the itinerary—is mapped by way of economic organization, industrial and total trip expenditure. The framework helps set priorities for targeted intervention not only at a very industry and location specific level but also more broadly in terms of country-wide policies, and determine tourism experience's constraints that restrain the development of the tourism sector. (FIAS, 2006).

Certainly, growing economy, increasing foreign investment and increasing popularity of Egypt as a tourism destination especially among the European tourists, international tourist arrivals in Egypt is expected to increase at a healthy rate of over 12% in coming years. Europe is the primary source of tourism for Egypt, with Russian tourists accounting for the largest share of arrivals from a single country at 14%, followed by Germany and UK. Nevertheless, in coming years UK is expected become the second largest source of tourists for Egypt. Hotel industry in Egypt is also expected to see high growth in coming years with number of international hotel chains has already declared the expansion plans or planning to expand in Egypt. Numbers of Hotel rooms are expected to reach 400,000 in coming four years (Research and Markets, 2013).

Accordingly, an economic model which describes how technology and factors of production may (or may not be) combined to allow producers to successfully access the tourism markets (Mitchell and Phuc, 2007). Consequently, value chains appear to generate opportunities for economic growth, but they also raise the barriers for maintaining ineffective border procedures, high tariffs, non-tariff barriers that unnecessarily constrain goods or services trade, restrictions on information, and restrictions on the movement of people. Participants in value chains share a political interest in reducing policy-induced delays and inefficiencies in the value chain—and in that sense can be powerful partners for reducing trading costs (OECD, WTO 2013).

On the other hand value chain enhance destination level that can lead to benefits for sustainable and pro-poor tourism development may include (Giuliani et.al, 2005): Increase volume of demand, more sales of tourism packages, food & beverages, etc, Better coordination, Product innovation: introducing new products or improving old products, and in accommodation hotel chains promote their accommodations via expanding beds, luxury scale, or facilities. A country destination can also upgrade hotels by providing more accommodation options with high quality services.

The innovation of tourism product in Egypt takes place in many stages of the value chain, as:

- Functional innovation through a tour operator adopts additional quality function and coordination services for tour packages to the destination.
- Adopting nation and communication within, and between Stakeholders, Providing high quality service, products related to market demand, sustainable development, and costs reduction, reduce barriers.
- Adopting information technology (IT): Egyptian tourism travel agencies and destination management organizations should adopt e-marketing, online purchasing, and social network capabilities (for example Facebook and Twitter). In fact, this is a point of weakness for the vast majority of Egyptian travel agencies.
- Value added into the tourism GVC tourism products: the destination country diversifies and differentiates its tourism market, and a country becomes an international tourist destination. The tourism product in Egypt diversifies and differentiates in resource and markets.
• Process innovation: increasing the efficiency of internal processes and integration within individual links in the chain, and between the links in the chain.

3. Research Methodology
The study covered a total of 300 travel agencies for the questionnaire because they are the providers and suppliers of tourism products; only 25 questionnaires were not valid, or the travel agency didn’t respond. The sample members (travel Agencies) have been chosen randomly. Therefore, a total of 275 questionnaire forms were completed and collected giving a response rate of 91%. To cover the dominant perspectives of travel agencies that participated in the questionnaire randomly, the sample frame was the number of travel agencies in Cairo governorate estimated at 1160 travel agencies in 2013.

The research methodology depended on conducting a well-structured questionnaire which was designed and distributed to a random sample of travel agencies in January /February -2014. As a result, a questionnaire was designed to travel agencies to explain the importance of value chain for their functions in tourism and test the understanding of the participants towards innovation value chain for tourism. Thus, a series of questions were developed gradually moving from more general statements to more specific ones. There is a kind of a qualitative approach applied for asking tourism companies a number of questions to decide the reasons behind answering each criterion under different options of the Likert scale from the viewpoints of travel agencies (Walle, 1997).

The questionnaire was simply structured. It contained 23 closed-end questions. It was divided into three parts. The first part focused on the idea generation or the beginning of idea. The second part dealt with the utility of idea development (steps to upgrade) and how it is useful for tourism. This included the target and the advantages of innovation value chain. The final part is related to the diffusion of the innovation value chain in the travel agency.

On the other hand, the analysis employed descriptive statistics to provide an excess of information. Frequencies, means and standard of deviation, were computed using the Statistical Package of the Social Science (SPSS, Version 16.0). Moreover, statistical models such as statistical means, T-test, were used to analyze the data. T-test paired Sample was considered where it was univariate test of significance. It was used to compare between the sample mean and the respondents' answers (Hair, Bush & Ortinau, 2003). The Likert approach was used to analyze travel agencies attitudes towards innovation of value chain in the Egyptian tourism sector by answering a number of questions using the options ‘Strongly Agree’, equal 5 ‘Agree’, equal 4 ‘Neutral’, equal 3 ‘Disagree’ equal 2 and ‘Strongly Disagree’ equal 1.

4. Results and Discussion
For the purposes of this research, the first part of the questionnaire focused on the idea generation in innovation value chain for tourism industry.

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<tr>
<th>Question number</th>
<th>Frequencies</th>
<th>Total %</th>
<th>Mean</th>
<th>Std. Deviation</th>
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<td>Novelty</td>
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<td>100</td>
<td>3.53</td>
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<td></td>
<td>agree</td>
<td>29.8</td>
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<td>1.215</td>
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<td></td>
<td>neutral</td>
<td>19.3</td>
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<td></td>
<td>disagree</td>
<td>19.3</td>
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<td>s.disagree</td>
<td>5.1</td>
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</tr>
<tr>
<td>Few idea generation</td>
<td>s.agree</td>
<td>21.1</td>
<td>100</td>
<td>3.37</td>
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<td></td>
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<td>1.279</td>
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<td>neutral</td>
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<td></td>
<td>s.disagree</td>
<td>11.6</td>
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Table 1: Frequency distribution of viewpoints of respondents on value chain
The first question was designed to obtain the frequency with which respondent's culture makes it hard for people to put forward novel ideas to innovate tourism products. Responses show that 26.5% strongly agree and 29.8% agree, result indicates that respondents believe that culture or the unawareness of the local community stand as an obstacle to put forward novel ideas in their travel agencies. However, 19.3% disagree and 5.1% strongly disagree that culture seems to be the main challenge that face novel ideas. These thought depends on the level of awareness at local community with mean value of 3.53.

The second question sought to determine the frequency with which travel companies have few idea generations indicate that company may be an idea-poor company. 21.1% strongly agree and 32.4% agree believe that travel agencies that have few ideas consider as idea-poor company. As a result, it has a traditional tourism product without any innovation. Nevertheless, 13.8% disagree and 11.6% strongly disagree that these companies represent the traditional travel agencies, which provide usual products with mean value of 3.37. Egypt as a mature tourism destinations, need innovation to offer and create new and higher quality products/services and thus compete with new markets.

The purpose of the third question was to determine if people in our company come up with very few good ideas on their own. Results show that 39.3%, 49.5% disagree and s. disagree. As a result, the responders seem skilled and qualified. However, the model of value chain is less appropriate to represent an enterprise's activity and its relationships with customers and suppliers in many business sectors, particularly in service industries. These models of value creation, called value configurations, have therefore been developed to describe and analyze destination-level and firm-level value creation across a broad range of industries.

While the fourth question indicates that 31.6% disagree 18.2% strongly disagree that few of company's innovation projects involve team members from different units or subsidiaries. Innovation creates a new customer oriented value, as well as enterprises competitiveness, that can regard the main beneficiaries and other stakeholders such as the company itself through staff, shareholders, external partners Therefore, the tourism value chain is the series of interactions with travel agencies and destinations to provide the distribution, transport, accommodation, and excursion segments. The innovation of tourism product can take place in many stages of the value chain.

For the few good ideas for new tourism products and services come from outside the company, the results explain that about 33.1% agree and 17.5% strongly agree, however 47.7% disagree
and strongly disagree. Furthermore, innovation value chain needs integration between the company, and different units or subsidiaries. Hence, the tourism Master plan can then be the basis for concerted public/private action to enhance value in the Industry for all players. As a result, the use of innovation in the tourism sector intends to increase the competitiveness of the destination and firms through the increase of the productivity and improving quality service and introducing new products.

Egyptian travel companies should adopt successful experience as Switzerland that has developed an innovation programme called “Innotour”. This programme provides support for the achievement of innovations on a one-off basis, support for innovation sharing among companies, support for training and education, and support for selective research and development. Its primary aims to create a competitive atmosphere encouraging to innovation.

Around 20.4% strongly agree and 37.8% agree that our people in company don’t collaborate among businesses on projects across units, businesses, or subsidiaries. While 14.9% disagree and 8.7% strongly disagree. Although, innovation tourism value chain has derived its strength from the demand and supply factors. Moreover, tourist experience consists of a series of customer experiences provided by multiple different entities from air carriers and hotels to restaurants and tour operators. Failure to provide a good experience at any point may challenge the entire experience and accordingly weaken the competitiveness of the destination. A country’s competitiveness in the provision of tourism services is, therefore, complex and requires the coordination of a diverse set of interdependent industries and the public sector.

Regarding the external sourcing, results show that 34.2% disagree and 34.2% strongly disagree that ideas from outside are not considered as valuable as those invented within. As a result regular or incremental innovations are realized with existing competencies and existing relationships, these will lead to increase productivity, quality improvements or further training of staff members e.g. of a hotel or a company. The SWOT analysis of the Egyptian tourism indicates that weaknesses focused on External factors affecting the tourism sector include foreign competition from other Mediterranean countries and the sector continues to be targeted by terrorists.

In addition, the results explain that around 26.5% strongly agree and 23.3% agree that it’s often too hard to get ideas funded. While, 30.5% disagree and 19.6% strongly disagree. Furthermore, the innovation value chain view presents innovation as a sequential, three-phase process that involves idea generation, idea development, and the diffusion of developed concepts that need funds to promulgate the idea.

Table 2: Frequency distribution of viewpoints of respondents on innovation value chain

<table>
<thead>
<tr>
<th>Question number</th>
<th>Frequencies</th>
<th>Total</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation to compete</td>
<td>s.agree</td>
<td>agree</td>
<td>neutral</td>
<td>disagree</td>
</tr>
<tr>
<td>Risk averse</td>
<td>25.1</td>
<td>34.2</td>
<td>14.5</td>
<td>26.2</td>
</tr>
<tr>
<td>Don't finish on time</td>
<td>10.2</td>
<td>34.9</td>
<td>6.9</td>
<td>30.2</td>
</tr>
<tr>
<td>Development manager</td>
<td>22.2</td>
<td>21.8</td>
<td>--</td>
<td>37.5</td>
</tr>
<tr>
<td>Good tourist experience</td>
<td>---</td>
<td>41.1</td>
<td>--</td>
<td>26.2</td>
</tr>
</tbody>
</table>
Different culture | 24.4 | 41.8 | -- | 32 | 1.8 | 100 | 3.55 | 1.220
Slow to roll out new tourism | --- | 44 | -- | 40 | 16 | 100 | 2.72 | 1.186
Innovation increase competitiveness | 25.5 | 63.6 | --- | 10.9 | -- | 100 | 4.04 | .832

The second part of the questionnaire dealt with the utility of idea development and how it is useful for innovation value chain for tourism companies. Regarding innovation to compete, results show that 39.3% and 54.5% of the sample disagree and strongly disagree that tourism destinations use innovation as a way to offer and create new and higher quality products/services and thus compete with new markets. Therefore, good experience needs sufficiency for the entire experience to continue the competitiveness of the destination. On the other hand value chain enhances destination level that can lead to benefits for Sustainable tourism development. Besides, Increase volume of demand, more sales of tourism packages, food & beverages, better coordination and communication within, and between Stakeholders, Providing high quality service, products related to market demand, sustainable development, and reduction of transaction costs through technology and clusters development, reduce barriers, and increase Local Linkages to enhance private sector buy from local suppliers and invest in local community.

From table 2 question 10 results show that 25.1% and 34.2% of the sample strongly agree and agree while 26.2% disagree that companies have a risk-averse attitude toward investing in novel ideas. Therefore, the analysis helps structure ideas around what are the key processes and agents working within and outside the chain and where the benefits of the chain flow. The application of value chain analysis to the tourism sector is fairly new. For time Commitment the sample's point view is divided into 10.2% strongly agree, 34.9% agree and 30.2% disagree, strongly disagree that new product development for tourism projects often don’t finish on time. Hence, time consider as challenge facing the development of new products in Egypt.

Regarding, Difficulty of traction developing new tourism product/service results show that 22.2% strongly agree, 21.8% agree and 37.5% disagree, strongly disagree. However, the total agree samples are bigger than whose disagree. Furthermore, innovation can offer and create new and higher quality products/services and to compete with new markets besides, understanding the challenges facing the tourism industry itself. Therefore, it requires accurate evaluation of the role of each value chain component in the overall tourism experience, the linkages to other agents, and the performance of the service providers, industries and institutions.

Around 26.2% disagree 32.7% strongly disagree of the sample response that good tourist experience derives its shape from innovative value chain, while 41.1% of the sample agree. Furthermore, tourist experience consists of a series of individual experiences provided by multiple different entities from air carriers and hotels to restaurants and tour operators. Good experience needs sufficiency for the entire experience to continue the competitiveness of the destination. A country’s competitiveness in travel and tourism services is, therefore, complex and requires the harmonization of a diverse set of interdependent industries and the public sector with regard to value chain.

24.4% strongly agree 41.8% agree 32% disagree that tourism companies can manage the interaction with different cultures well. Moreover, the results show that 44% agree, 40% disagree and 16% strongly disagree that company slow to roll out new tourism products and services. This
is due to the misconception that new tourism product/service will lead to failure. However, the Egyptian tourism products should upgrade and innovate to reach the level of competitive advantage among the international destinations. Moreover, the Egyptian tourism strengths represent in the sector that is benefiting from a growing trend among Arab tourists to travel closer to home rather than take long-haul flights, diversifying source markets, such as increasing visitor arrivals from Central and Eastern Europe, and finally the country’s cultural heritage. The use of innovation in the tourism sector intends to increase the competitiveness of the firms and destination through the increase of the productivity and improving quality service and introducing new products. The results prove that 25.5% strongly agree and 63.6% agree. Consequently, the innovation of tourism product can take place in many stages of the value chain, including value added into the tourism GVC tourism products: the destination country diversifies and differentiate its tourism market, and a country becomes an international tourist destination. Moreover, innovation in itself may not be sufficient. If the rate of innovation is lower than that of competitors, this may result in declining value added and market shares.

<table>
<thead>
<tr>
<th>Questions number</th>
<th>Frequencies</th>
<th>Total</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>s.agree</td>
<td>agree</td>
<td>neutral</td>
<td>disagree</td>
</tr>
<tr>
<td>launches in other countries.</td>
<td>26.2</td>
<td>31.3</td>
<td>9.8</td>
<td>32.7</td>
</tr>
<tr>
<td>All possible channels</td>
<td>---</td>
<td>47.6</td>
<td>---</td>
<td>42.5</td>
</tr>
<tr>
<td>Interact with business</td>
<td>10.2</td>
<td>34.9</td>
<td>6.9</td>
<td>30.2</td>
</tr>
<tr>
<td>Bad impact</td>
<td>---</td>
<td>24.4</td>
<td>15.8</td>
<td>35.3</td>
</tr>
<tr>
<td>Bad impact on the local culture or social relationship</td>
<td>---</td>
<td>24.4</td>
<td>18.5</td>
<td>35.3</td>
</tr>
<tr>
<td>Global value chains</td>
<td>50.2</td>
<td>49.8</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Specific products</td>
<td>63.7</td>
<td>50.5</td>
<td>12.7</td>
<td>---</td>
</tr>
</tbody>
</table>

The third part of the questionnaire concentrated on diffusion of developed concept of value chain in the Egyptian tourism industry. From table (3), around 26.2% strongly agreed and 31.3% agreed that competitors quickly copy our product introductions and often make preemptive launches in other countries, While 32.7% disagree. So, external branch structures and the target groups remain unchanged when a revolutionary innovation is realized, although services have changed by using new technologies. Egyptian travel agencies should benefit from the diversification of Egypt’s tourism away from the Nile, hotel and resort growth remains strongest in coastal areas. Development is driven by the Egyptian Tourism Development Authority’s strategy of clustering hotels in tourist centres, much like the successful el-Gouna Centre, north of Hurghada. Planned growth in accommodation capacity and increasing hotel privatization offer significant opportunities for hotel management companies, development of new tourism products and niche markets, such as eco-tourism, health tourism and conference tourism, and relaxation of some tourist visa requirements from mid-2012 and the extension of subsidies for charter flights to some airports.
Regarding the use of possible channels, 42.5% disagree and 9.8% strongly disagree that companies don’t penetrate all possible channels, customer groups, and regions with new products and services while 47.7% of the travel agencies agree that they don’t go through all possible channels. In order to maintain competitive position, a company must struggle to develop new products and services, new management instruments, new ways of organizing its function and structure and new means to communicate with partners and customers.

30.2% disagree and 17.8% strongly disagree that tourism companies have regularly interact with business partners and clients (e.g. Outbound Tour operators and tourists) that come from a foreign country. As travel agencies have to face a “re-intermediation process”, meaning they have to reassert their intermediary role by enhancing human interaction and consumer trust. Furthermore, tourist experience consists of a series of customer experiences provided by multiple different entities from air carriers and hotels to restaurants and tour operators. Therefore, tourism companies have to adjust their positions in light of new trends in tourism and implement tourism value chain as an approach.

Regarding tourism products/services which having a bad impact on the environment, results indicate that 35.3% disagree and 21.8% strongly disagree that their tourism products and services have bad impacts or harm the environment. Furthermore, destinations need to innovate their tourism products to survive, because otherwise their offerings are likely to become obsolete and have no demand. Hence, innovation has to create value for the product without any negative impacts for the environment. Besides the vast majority of travel agencies implicate the protection standards of the environment.

Moreover, the vast majority of the sample 35.3% disagree and 21.8% of the sample strongly disagree that some of the tourism products/services having a negative impact on the local culture or social relationship while, 24.4% agree. On the other hand tourism value chain enhances destination level that can lead to benefits for Sustainable and pro-poor tourism development may include (Giuliani& et.al, 2005):

- Increase volume of demand, more sales of tourism packages, food& beverages, better coordination and communication within, and between Stakeholders, Providing high quality service, products related to market demand, sustainable development, and reduction of transaction costs through technology and clusters development, reduce barriers, and increase Local Linkages to enhance private sector buy from local suppliers and invest in local community.
- About 50.2% strongly agree 49.8% agree that Global value chains highlight the relative value of tourism activities that are required to shape a product of service from idea, through the different phases of production, distribution and transportation. Egyptian government should co-operate with the travel agencies to improve and enhance the quality of tourism product with the integration of all tourist cities.

Like the Australian government experience that released the Tourism White Paper, “A Medium to Long-Term Strategy for Tourism”, to help develop a sustainable Australian tourism industry and better position it against future shocks by making it more robust and flexible. To enhance innovation and technological development in the tourism sector, the White Paper provides a basis for partnership between the federal, state and territory governments and industry, and encourages the latter to improve the quality of tourism products as well as environmentally and culturally sustainable tourism business practices (OECD, 2003).

Around 63.7% strongly agree and 50.5% agree that tourism industry does not just focus on the specific products. Instead, the linkages between players, markets, revenue flows down. Besides,
understand the overall sector, the linkages between players, what markets they are catering to, what revenue flows down to them and what their earnings depends on. Understanding these helps to identify how to enhance the performance of the ‘value chain’ or tourism industry. Therefore, it works better for the destination. Unfortunately, there is a lack of evidence regarding the level and intensity of innovation in the tourism industry and its implications for tourist destinations and national economies. As The Gambia is seeking to diversify its tourism brand from a low-cost budget "sun, sea and sand" destination to more upscale attractions cross-country. Incentives are being offered to investors through the Investment and Export Promotion Act, the Gambia Tourism Development Master Plan (developed with funding from Japan) and the national development strategy.

Table 4: Correlations

<table>
<thead>
<tr>
<th></th>
<th>novelty Pearson Correlation</th>
<th>outside good ideas Pearson Correlation</th>
<th>all possible channels Pearson Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>novelty</td>
<td>.196**</td>
<td>.01</td>
<td>-2.06**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>275</td>
<td>275</td>
<td>275</td>
</tr>
<tr>
<td>outside good ideas</td>
<td>.196**</td>
<td>1</td>
<td>-.083-</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.168</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>275</td>
<td>275</td>
<td>275</td>
</tr>
<tr>
<td>all possible channels</td>
<td>-.206**</td>
<td>-.083-</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.168</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>275</td>
<td>275</td>
<td>275</td>
</tr>
</tbody>
</table>

In order to examine correlation in Table (4) between:

- Questions (1) & (5): Our culture makes it hard for people to put forward novel ideas to innovate tourism products, & few good ideas for new tourism products and services come from outside the company. Understanding these helps to identify how to enhance the performance of the ‘value chain’ for tourism sector, so that it works better for the destination. The value of (2-tailed) is significant (0.001). Therefore, the difference between the two levels is significant. As a result, there is a strong relationship between different cultures and few good ideas for new tourism products and services come from outside the company.

- Questions (1) & (18), our culture makes it hard for people to put forward novel ideas to innovate tourism products, and we do not penetrate all possible channels, customer groups, and regions with new products and services. The value of (2-tailed) is significant (0.001). Thus, the difference between the two levels is significant. As a result, innovation of value chain depends on novel ideas come from the agency itself and outside the company including all possible channels, customer groups, and regions with new products and services. Therefore, the chosen criteria are significant for value chain in this case.

From the previous results and tests, there are significant relationship between innovation of value chain and the success of the tourism sector in Egypt, and this is the main objective of this study. From these tests, Egyptian tourism companies could prove that they at least realized the important role of value chain for their business to satisfy their customers. Therefore, they applied this approach; however, there are some companies that still believe in the traditional way to win the competition. However, about 80% of the travel agencies, which represented in the sample,
were small and medium tourism enterprises, but they should take the advantages of value chain to be stronger, although they had many barriers such as lack of fund and the model of chain is less appropriate to represent the activity of the company and its relationships with customers and suppliers in many business sectors, particularly in service industries. However Alternative models of value creation, called ,value configurations, have therefore been developed to describe and analyze destination-level and firm-level value creation across a broad range of industries (OECD, 2007). From the above results of correlation, there is a significant result that the innovation of value chain increases the competitiveness and represents an innovation tourism projects. More in general, lake of skills, lake of investment climate increases finance and inputs costs, drains resources from the private sector, creates a rough field and entry barriers for innovative entrepreneurship.

Based on the statistical mean value of the chosen criteria and the results of qualitative analysis, the main indicators behind the respondents’ positive behavior relating to the innovation value chain for tourism can be summarized in Table 1,2, and 3: The statistical mean of measures ranged from 1.65 as the least limit to 4.50 as the greatest limit. This means that the travel agencies’ responses were positive because the range of statistical means in average (3.04) matched the option of ‘Agree’ using the Likert scale; thus, value chain is very important and very beneficial for the tourism sector. In addition, the difference between the chosen criteria is = 0.01. This reflects a strong relationship between the chosen variables or criteria, also the suggested parameter estimates are significant. Therefore, the results highlight the importance of innovative value chain for travel agents to develop the tourism product. Though novel ideas, development of these ideas, and how to distribute these ideas. These steps will enhance the product to achieve global value chain

5. Conclusion and implication
The results provide evidence that most of surveyed travel agents suffer from the lack of new ideas and experience complex problems that hamper effective translating those ideas into comprehensive innovations value chain. Competitors are raised not only by the nature of introduced innovations but also more importantly by inconsistencies in selecting, implementing and operating value chain for tourism product. Interestingly, the impact of the most often reported barrier, namely the lack of financial capital, is not more pervasive than other key obstacles concerned with staff determination. Thus, it suggests the need for a more balanced view of sources of inefficiencies in innovation management of travel agencies and a more cautious development of content of support provided by public sector, moreover, interrelations between providers and business stakeholders. Hence, the importance of relational embeddedness in the local environment for the successful innovation process, since most of identified barriers emerge or tend to aggravate at the interfaces between local tourist business stakeholders. These barriers such as limited resources induce relatively high risk for innovative activities, and lack of time for innovation activities for tourism value chain.

Furthermore, the main finding of the research is that there is a notable gap in the understanding of value chain as anew approach. The Egyptian travel agent should adopt this approach in order to provide the service with high quality and they still need more efforts to achieve innovation of value chain. In fact, the innovation of value chain is a tool of evolution, and the customer often provides indication to each next step. Therefore, the results confirm that the vast majority of travel agencies in Egypt appreciate the approach although there are some companies, which did not adopt it. Furthermore, there are barriers and problems, which face a travel agency and
prevent the successful application and adoption for the Egyptian travel agencies, and appear as a challenge for the tourism sector. Therefore, greater effort should go into improving their perceived reliability and usefulness. It means that Egyptian travel agencies should give more attention to improve their tourism products to satisfy customer needs. Steps should be taken to understand the innovation value chain. Nevertheless, Egyptian tourism sector began moving towards value chain. The study concluded that the innovation of value chain is considered as a basis for a company's competitive advantage and marketing because it enables organizations to understand and apply the knowledge about their customers and to maximize profitability.

To sum up, the Egyptian private and public tourism sector should integrate, coordinate and collaborate to help and support the tourism industry to adopt the value chain innovation as an approach. Hence, they should try to investigate challenges and barriers which face the application of this approach. More researches are needed to examine how other suppliers, particularly their customers, can influence the benefits that can be gained from value chain. As well as the problems and challenges facing this topic need to be considered.

References
Hellin, J.and Meijer M.,(2006), "Guidelines for value chain analysis "


