



# 02.1 SUSTAINABLE INNOVATION METHODOLOGY

SUSTAINABLE INNOVATION  
METHODOLOGY FOR SMES IN  
THE VISITOR ECONOMY

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## DESCRIPTION OF THE ACTIVITY

We will introduce the methodology of Service Design, specifically adapted for tourism businesses, in the tourism sector in order to design services and products according to the needs of customers and the competences of service providers (SMEs).

## PROCESS

To create a **SUSTAINABLE INNOVATION METHODOLOGY** the PROFIT partnership used the well-known **Service Design Methodology** as a basis and adapted it for tourism businesses.

*Methodology as described in original AF*

### **Description of the Service Design methodology in AF:**

*“Participating partners will write a tender to select an agency who will lead the Service Design Process. They will select specific target groups (8 in total) for the detection of their actual needs. After indepth interview sessions and workshops with target groups and SMEs, a joint cocreation workshop is organised in order to put ideas together and come up with concrete propositions of adapted products and services. This process will follow WP1 (DNA identification + consumer knowledge).”*

## **DEFINING AN ADAPTED METHODOLOGY**

To work towards O2.1 and create a Sustainable Innovation Methodology the partnership worked out a common framework with a specific methodology for all partners to use.

First of all the partnership used the **results and insights gained from working on WP1:**

- ▶ The findings on the DNA of the destinations were used in the selection of the target groups for D2.1.1 and as a starting point for WP2.
- ▶ Earlier in the course of the project, we already detected the needs of SMEs (D1.2.1 Understanding business needs). Working further on their needs and suggestions, the partnership added a new dimension to the Service Design methodology with the Expert Panels. We introduced experts to the methodology to help SMEs find innovative answers to their questions.

The results & insights from WP1 have been fully integrated in WP2 and resulted in an **adapted strategy** and the **creation of a new working method: Expert Panels**.



Methodology fine-tuned  
based on first results  
& insights gained

**Description of Activity 2.1 with an adapted  
Service Design methodology in the modified AF:**

*“All partners will follow a common fine-tuned process based on the service design method using the results of WP1. The process involves detecting the needs of customers through workshops and allows experts to work out innovative answers to the business needs of SMEs. Through a co-creation workshop we will be able to put ideas together and finally come up with concrete propositions and adapted products and services.”*

**Description of D2.1.2 Panels with experts and SMEs in modified AF:**

*“Experts will help SMEs to find innovative answers to their business needs detected in WP1. They will be the starting point & the basis for further examination & the strategy to improve the innovation capacity of SMEs. This panel will give SMEs and experts the opportunity to work out innovative ideas together through dialogue. Each region will organize 4 panels with 4 SMEs per panel. The results will be the basis for innovation in products & services for SMEs in the co-creation workshop.”*

Based on the adapted methodology, the partnership agreed on a **common framework** for all partners to use.

## **CREATION OF COMMON FRAMEWORK: DIFFERENT STEPS IN THE PROCESS**

- 1.** Detection of the needs of visitors through a workshop with selected target groups
- 2.** Answer business needs through a **panel of experts**
- 3.** Co-creation method leading to a process of innovation for SMEs
- 4.** Action plans with specific worked-out ideas

The initial planned methodology to carry out WP2 has thus been altered even before starting working on WP2: the **results and insights from WP1** were **applied in** the revised working methodology of WP2.



*How were target  
groups selected?*

## D2.1.1 WORKSHOPS WITH SELECTED TARGET GROUPS

### WORKING METHOD

Partners selected the different target groups based on three important elements

- 1.** All the **findings on the DNA of the region (WP1)** were used to identify possible target groups that might be attracted to specific characteristics of the region. This enables partners and the SMEs to invest their energy into targeting groups that are more likely to come to the region.
- 2.** The **degree of knowledge the partners already have on some specific target groups**. Most partners chose target groups on which they had less knowledge. This enabled them and the SMEs to broaden their communications and hence their profitability.
- 3.** The **characteristics of the SMEs in relation to seasonality** also played an important role in the selection of the target groups. Partners looked at what makes the SMEs in their region special and for which target groups this could be an asset, also taking in to account seasonality. Which target groups would possibly spend more time? Which target groups would spend time in the region, at the accommodations, during low season? Which target groups would spend more money in the region at specific moments in time?

In short, the workshops with target groups allow us to gain insight in what customers want, taking into account the characteristics and needs of the SME within a given region.

The following target groups were chosen:

- ▶ Millenials including some families (*Kent*)
- ▶ Empty Nesters including some families (*Kent*)
- ▶ Families living in London and up to 2 hours away (*Essex*)
- ▶ Millenials (25-35 years) (*Essex*)
- ▶ Outdoor sport families (max. 2 hours) (*Pas-de-Calais*)
- ▶ Senior Chic (more than 2 hours away) (*Pas-de-Calais*)
- ▶ School trips (*Belgian coast*)
- ▶ Singles (*Belgian coast*)
- ▶ Empty Nesters (55-65 years old) (*Zeeland*)
- ▶ Young Couples (25-35 years old) (*Zeeland*)



Which specific approach has been used?

The **same methodology** was chosen at a **cross-border level**. Different phases (*Awareness/ consideration/ conversion/ experience/ evaluation*) of the customer experience throughout a journey were highlighted. This was followed by a value proposition made by the potential guests of our regions where they brought up new possible ideas to make the destination more attractive, innovative and profitable.

Moments of individual brainstorming alternated with moments of collective discussion.

This methodology is well-established already in more traditional industries. It is new within the tourism industry, especially for SMEs. We highlight some particularities:

- ▶ **Everyone can be a tourist.** Families with young children, young couples, elderly people, people who look for relaxation, people looking for activities, singles, schools, ... It is important to tailor your communications and services offered accordingly. This was always in the back of the mind.
- ▶ **Touristic SMEs have to take seasonality into account.** Weather conditions, vacation and school periods and events have an important impact on the possibility to attract visitors at a given moment of the year. The SMEs have to learn how to integrate seasonality in their business model, their communication & promotion and in the specific services offered at certain moments of the year.
- ▶ **Touristic products and services vary strongly.** It is all about bringing together culinary, social, recreational and accommodation experiences. The link with the DNA and the possible activities within a region is therefore always important.

Even though the same methodology was chosen at a cross-border level, the workshops were still **approached in different ways**.

- ▶ **Use of local stimulus and produce** to sensitise participants;
- ▶ **Use of online focus groups:** taking into account the availability of the participants / wider geographical scope;
- ▶ **Philosophy towards regional travel** by the use of words, images, associations, feelings;
- ▶ **5 Why's-method:** An iterative interrogative technique used to explore the cause-and-effect relationships underlying a particular problem. The primary goal of the technique is to determine the root cause of a challenge or problem by repeating the question "Why?" Each answer forms the basis of the next question;
- ▶ **Value Proposition Canvas:** based on the expectations, wishes, needs, difficulties and barriers the itinerary of the potential customer is reshaped in possible actions for the SMEs to take;
- ▶ **Diary & analysis:** all the attendees wrote about their last daytrip or holiday and filled in a diary. The analysis of the diaries enabled participants to formulate insights in activities, needs, pains and gains.



## EVALUATION OF THE WORKING METHOD

*Did the used methodology  
provide us with the  
right answers?*

- ▶ It provided us with a real insight into current and prospective visitors, from their motivations and behaviours to how they perceive the region. We now understand where we need to improve the product and our marketing techniques to change perceptions;
- ▶ Working with an external agency that has the necessary expertise to accommodate these kind of workshops works for SMEs;
- ▶ The workshop approach delivered not only the specific insights required regarding needs but also provided valuable contextual insight in terms of the relationship between the specific region and the overall destination;
- ▶ Participants were happy to cooperate and found the workshops interesting. This without receiving any form of compensation;
- ▶ Creative and fun way of thinking about needs.

*Suggestions*

- ▶ It's a time-consuming process, it can take a while for people to think outside the box and become creative;
- ▶ Visitors in the tourism industry are on holiday, so recruitment is not easy. Additional individual interviews or a survey could be interesting.

*Result:  
identified topics at  
cross-border level  
(partnership)*

In conclusion the partnership identified **5 overarching topics** that serve as a **common result** from the workshops done by all partners.

It shows the specificity of the sector and could serve as a starting point for future undertakings of tourism service designs.

The topics are the following

- ▶ **Perception & image of the destination**
- ▶ **Indoor activities & weather conditions**
- ▶ **Family-friendliness with special attention to children**
- ▶ **Experience rather than visit a destination**
- ▶ **Optimize costs (staff, F&B) in restaurants**



## LESSONS LEARNED STEP BY STEP IN THE SERVICE DESIGN METHODOLOGY

*Which specific approach  
has been used?*

# D2.1.2 PANELS WITH EXPERTS AND SME'S

## WORKING METHOD

The starting point of each Expert Panel was a **specific question/ need of our touristic SMEs (detected in WP1)** or a **specific topic** interesting for the region.

The Expert Panels took off with a **pitch/ inspiration talk** from the experts with a clear vision and build on creative and innovative input. They elaborated on the theme and gave examples of **good practices** on innovation within the field of the topic.

**Dialogue & discussion:** participants bring in their own ideas, difficulties encountered ... Lively and rich discussion in which the experts, and sometimes the participants (*who proved to be experts as well*), bring in their expertise applied to concrete examples given by the participants. This enabled the panel to come to workable output customized to the SMEs present.

We specifically worked with **small groups of SMEs (±4 SMEs per panel)** to encourage SMEs to share their story and go into depth in a short amount of time.

## EVALUATION OF THE WORKING METHOD

*Did the used methodology  
provide us with the  
right answers?*

This format gave us a lot of interesting insights

- ▶ The format is not academic, and therefore very suitable for SMEs who like an efficient and **practical approach**;
- ▶ This is **not a standard** format but it is specifically **based on the needs** of SMEs detected in an earlier stage of the project, which makes this a **customized format**;
- ▶ The method also allows for an even better knowledge and insight in the needs of SMEs. The SMEs themselves learn to **evaluate their businesses in a new way**. They think of things they hadn't thought about before;
- ▶ New insights were provided. Usually as a starting point needed for concrete plans of action that could contribute to more profitability and interest in the future. It helps to sharpen the focus for WP3;
- ▶ SMEs would like to see each other more often are eager to **learn from each other (e.g. through best practices)**;



## Suggestions

- ▶ SMEs like to be in a **network** to share and **connect** with SMEs with the same expertise or similar business;
- ▶ This methodology allows for the **detection of expertise** within our **own network**;
- ▶ This way of working has encouraged SMEs to open up to **new perspectives & ways of thinking** and to generate an open discussion;
- ▶ It is important that the number of SMEs attending the expert panels is not too big, so that SMEs open up and are willing to share details on their activities. Also it allows to **focus the discussion and go in-depth**.

- ▶ For certain topics it can be interesting to work with SMEs of the same type (and not mix them e.g. hotels and restaurants) because they have specific needs, so they can compare their businesses more easily;
- ▶ For other topics on the other hand, having a variety of tourism businesses is crucial as it encourages cross-promotion and wider collaboration to attract visitors for longer visits;
- ▶ It is important to closely guide this process and focus the discussion;
- ▶ Expert panels are a good methodology to detect specific opportunities and challenges, but offer not enough time to provide customized advice. This format is a **starter for a longer trajectory**. One session is too short to come to very concrete ideas and initiatives. Follow-up is necessary;
- ▶ In general is important to keep the timing in mind. People who carry responsibilities in SMEs often lack the time or the willingness to make time to attend these kind of activities. Even if they prove to have a beneficial impact for the SMEs. It is important to organise these events during a lesser busy period.

*Result:  
identified topics at  
regional level to provide  
customized business  
training and advice  
(in WP3)*

The methodology provided us with new insights, based on the inspiration talk of the experts and the discussion afterwards. The **knowledge** of the experts and the **practical experience** of the SMEs **combined**, proved to be successful in the process to produce **actionable outcomes**. Outcomes that were used to develop stimulus for the co-creation stage.

Those new insights are not the answers yet, but are a **starting point** for a more intense collaboration and knowledge sharing within the tourism sector.

It is important to have sessions like these to inspire SMEs and get them thinking about their own business on the **road to innovation**. Since the method encouraged the SMEs to **open up to new perspectives** and learned them to think outside the box. Furthermore on our side, the method also allows for an even better knowledge and insight in the needs of SMEs and for the **detection of expertise** within our own network. This gave us **more specified knowledge** on which topics we should focus more **in detail in WP3** to provide actual customized business training and advice.



*Which specific approach  
has been used?*

## D2.1.3 CO-CREATION WORKSHOPS

### WORKING METHOD

After detecting the visitors' needs and further defining the needs of our SMEs through the Expert Panels, it was time to bring both parties together.

We used a 4-step innovation process

- 1. Creating in-depth SME understanding of visitor needs (and vice versa) via sharing of results.**  
The introduction was of great importance in the co-creation workshops. Both the participating client groups and the SMEs had to be introduced in the content, the results and the working method that had been applied in the previous steps of WP2.
- 2. Discussion & selection of ideas with the best potential to feasibly meet both visitor as well as business needs.**  
Based on the results of the workshops with target groups (D2.1.1) & the Expert Panels (D2.1.2) specific ideas & proposals were presented to both groups for the co-creation of new products and services. During this step, the participants selected the most viable ideas to further develop in the co-creation workshop.
- 3. Business Plan exercise in small groups to develop the conceptual ideas into detail.**  
In a first phase, the co-created product should answer some questions.
  - ▶ What needs or expectations it addresses
  - ▶ For whom is it made? (*in scope/ out of scope*) Who is the target public?
  - ▶ What is the goal and function of the product/ service?
  - ▶ How will this benefit the SME?
  - ▶ What are the measurable success factors?
  - ▶ What are the restrictions and points of attention?
- 4. Co-creation: Evaluation & refinement of each idea via focussed conversations between SMEs and visitors.**  
Drawing up of a concise research and realization plan with the logical steps to develop the idea to set out. Formats like a business model canvas can be used for this. The participants thought about:
  - ▶ Value proposition
  - ▶ Customer segments
  - ▶ Communication channels
  - ▶ Customer relationships



- ▶ Core activities
- ▶ People and means
- ▶ Strategic partners
- ▶ Cost structure
- ▶ Flow of revenues

All this resulted in a concrete proposal for the development of new products and services for tourism SMEs with 20 Action Plans in the 5 regions.

## **EVALUATION OF THE WORKING METHOD**

*Did the used methodology provide us with the right answers?*

The methodology proved to be really valuable in different ways.

First of all, it was useful for the **businesses** to **hear directly** from the **visitors** and they learned a lot about visitor expectations.

Second, the businesses found out **ideas** they could **adopt** which will be appealing to potential visitors.

Thirdly, the methodological framework was useful in the sense that it allowed for a **structured and holistic approach** in which both important **technical and content elements** were directly taken into account.

And fourth, because we could work towards the concrete and ended up with **concrete results**.

One difficulty we encountered, is that SMEs quickly look at the destination level and that attention often is being shifted away from ideas that would be directly applicable within an SME context.

*Suggestions*

- ▶ Working with small groups proves to be successful. It's easier to work towards a specific goal;
- ▶ It's not easy to develop general new products and services. Needs and businesses are very specific, so extra guidance and more specification is desirable.

*Result:  
the basis for Action Plans  
to put into practice*

The **concreteness of the results** allows us to draw up the **Action Plans (D.2.1.4.)** for the next step, all the information is there.



LESSONS  
LEARNED STEP  
BY STEP IN THE  
SERVICE DESIGN  
METHODOLOGY

*Which specific approach  
has been used?*

## D2.1.4 ACTION PLANS

### WORKING METHOD

Based on all the findings and things we learned from the previous steps in this process, the partnership worked out a **template** for an **Action Plan**.

All learnings have been combined and were put into an Action Plan for our SMEs that takes into account all the necessary actors and elements to think of when transforming an idea into a real product or service.

**idea**  
**PROTOTYPE**  
**WITH INTEGRATED**  
**ACTION PLAN**

NAME OF THE IDEA/PRODUCT/SERVICE



#### 1. WHAT

- ▶ A short description of the idea/product/service
- ▶ “What’s in it for me?” for SMEs and customers  
(*why this is the perfect idea for both SMEs and visitors*)



#### 2. ASSETS & PROFITABILITY

- ▶ What do you promise your customers when using this idea/product/service?
- ▶ What do you promise your SMEs when offering this idea/product/service?  
(*eg. Your target group will get to know you from a different perspective, ...*)
- ▶ Define the profitability + link to specific concepts in PROFIT  
(*DNA, optimizing costs, reducing seasonality ...*): why are we doing it?



#### 3. SUCCESS FACTORS

- ▶ Eg. Always surprising, feasible, four seasons, different varieties possible depending on the consumers, predictable, age-independent, not too expensive, easy, well-known ...



#### 4. PARTNERS

- ▶ Who to work with in partnership
- ▶ SMEs in touristic sector (*other similar SMEs, restaurants, hotels, B&Bs, cafés, shops, attractions ...*)
- ▶ SMEs from a different sector (*medical, economic ...*)
- ▶ Local and/or regional authorities
- ▶ DMO's



## 5. COMMUNICATION

- ▶ How to communicate to visitors
- ▶ Promo to visitors



## 6. FOR WHO

- ▶ (Combination of) target groups



## 7. HOW DOES IT WORK

- ▶ Full description of the idea/product/service



## 8. TIMING

- ▶ Short term, middle term, long term ...
- ▶ How much time do you need to implement this idea/product/service?



## 9. CHALLENGES

- ▶ What are possible challenges that SMEs can face?



## 10. FINANCIAL

- ▶ Income vs. Costs (*investments, preparation costs and operational costs*)



## 11. MONITOR & MEASURE

- ▶ # participants, # routes sold, satisfied SMEs, income ...

## EVALUATION OF THE WORKING METHOD

*Did the used methodology provide us with the right answers?*

Based on the previous steps of this process, we were able to work out a template that helps us to define necessary partners, actions and elements when SMEs want to transform an idea into practice.

These Action Plans should help the SMEs to develop a customized business plan in which both gain- and cost structures are taken into account. It's a starting point which allows for varying actors involved to get insight and give input for the setup of a new product or service.

Result

We developed 20 Action Plans for coastal tourism SMEs in the 2 seas area (4 Action Plans in 5 regions).



## CONCLUSION

What we learned  
from WP2

To create a **SUSTAINABLE INNOVATION METHODOLOGY** the partnership used the well-known **Service Design Methodology** as a basis.

If we want this methodology to be **sustainable** and **support SMEs** to remain competitive and **innovative** in an extremely challenging environment, we need to take into account the specificities of the sector. This is why we adapted the Service Design methodology for touristic coastal SMEs.

The partnership used the results and **insights gained from working on WP1** (*DNA and needs detected from our SMEs*). These new insights resulted in an adapted strategy and the creation of a new working method: Expert Panels with small groups of SMEs.

The **results from WP1** were thus **applied** in the working methodology of **WP2**.

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While working in PROFIT, we have fine-tuned the process of creating new ideas for products and services for tourism SMEs.

- ▶ We learned that working in **small groups**, on a co-creation basis with target groups, SMEs (*that have a similar business*) and **experts** in short sessions, is a very effective methodology for creating new products and services in the tourism industry. More effective than traditional trainings or workshops. It is a **customized** methodology for tourism SMEs that **takes into account the specificity** of their industry (*e.g. seasonality*) with tailored advice for the sector.
- ▶ The use of experts and external expertise (*e.g. an external agency*) works. Be aware that **expertise is often in the businesses itself**, with the own SMEs! It's important to provide/ create moments and/ or platforms for SMEs to learn from each other.
- ▶ While working in WP2 we managed to identify 5 **common thematical topics** that gave direction to all partners throughout the process. This way we seized existing needs that manifested themselves **on a cross-border level** and that are **generally applicable for the touristic industry** (*perception & image of the destination, indoor activities, family-friendliness, experience rather than visit a destination, optimization of costs*);
- ▶ If we want to **transfer knowledge, disseminate results** and **create awareness on innovation**, it is interesting to do this in a larger group and start with a general broad introduction. This gives SMEs the chance to see opportunities, get to know each other, it stimulates them to think out of the box about their business and gain new insights on a regional level.
- ▶ The more **specific** you want to **train and coach SMEs** on innovation, the more **specific the methodology** should become: work in smaller groups, give tailored advice and support in the businesses on SME-level, organize best practices, organize expert datings, write innovation plans ... you need a specific and customised way of working in order to create an added-value for an individual SME.



- ▶ When choosing a methodology in working with tourism SMEs, it is important to first define the objective (*do you want to create new ideas/products/services or share knowledge/create awareness on specific themes/disseminate results*). When you want your methodology to be sustainable and result in an **improvement of the innovation capacity** of your SMEs, it is important that your **approach matches and varies according to the objective**.

## **OVERALL CONCLUSION**

We can conclude that while working in WP1 & WP2, PROFIT enabled us to create a **Sustainable Innovation Methodology**, customized to the tourism industry, in order to develop new ideas for products and services with SMEs. This resulted in 20 Action Plans for tourism SMEs in 5 regions of the 2Seas area.

The used WP2-methodology proved to be really valuable for SMEs as well for the partnership. The project partners will integrate this methodology in their organizations as new working method to be used in the future, also after the project.

In the next phase it is important that SMEs actually get started with the implementation of the new concepts and ideas.

The Action Plans have been disseminated to the SMEs in all regions via the digital platform. The next step is to motivate SMEs to **plug in** on the proposed ideas for products and services and make the **transfer from idea to implementation in their own business**. We will coach SMEs in transferring the ideas and Action Plans in their own business in WP3.

Furthermore, working in WP2 provided both projectpartners and SMEs with a lot of new ideas and **opportunities**, on top of the 20 ideas of the Action Plans. While writing our Innovation Program for WP3, we thought about what we can do to concretize the insights we gathered and how we can integrate them in our business and coaching program on Innovation for SMEs. This means that the **Innovation Methodology** has been leading not only to **20 concrete Action Plans**, but also guided the partners towards a **good Innovation Program with added-value for tourism SMEs**.

The partnership would even like to go a **step further** and take the opportunity to **create an even bigger impact** for tourism SMEs. Within the partnership and while working in WP3 we would like to do an additional research on how SMEs will be able to **create an innovative culture in their own business** and find a way for them to **innovate independently**.