

INNOVATION, E-COMMERCE AND STATE

Ana Pedrosa Augusto

Polytechnic Institute of Leiria / GITUR, Portugal

ABSTRACT: The need for innovation in all sectors and, consequently, in tourism is undeniable: in a scenario of worldwide competition, there's no option but to get serious about it. One of the most important innovations with revolutionary impact in tourism was the Internet – the ability to use it has completely transformed the business of travel.

When considering innovation processes such as the invention of the Internet, one mainly thinks of private entities. However, the Internet came out of public organizations, which leads us to the main goal of our paper: to demonstrate that the state is able to play an important role as an innovation agent, namely, as an innovation agent in tourism. Acting this part, the state has been performing as star artist in e-commerce: it begun with the invention of Internet and has developed with the subsequent need to regulate something new. However, it is imperative to find a balance between R&D, the subsequent elaboration of regulations and the permanent quest for innovation. It is at all times a fragile equilibrium, and in e-tourism there is still a long way ahead. Nevertheless, it is indisputable that states still have a main part as innovative agents in tourism, namely in the area of e-commerce. Keywords: state; innovation; e-commerce; e-tourism.

RESUMEN: En el actual escenario de concurrencia global, es innegable la necesidad de innovar en todos los sectores y, consecuentemente, también en el turismo. Indubitadamente, una de las más importantes innovaciones con impacto revolucionario en el turismo fue la Internet- la posibilidad de usarla cambió totalmente la industria del turismo y de los viajes. Pensando en procesos de innovación, con la invención de la Internet, cualquier agente será tendencialmente, llevado a concluir que sus sujetos activos son entes privados. Sin embargo, la Internet advino de entidades públicas, lo que nos lleva al objeto de nuestro trabajo: demostrar que el Estado desempeña un importante rollo como agente de innovación, nombradamente en turismo. Asumiendo esta intervención, el Estado viene asumiendo esta función en el co-commerce: la intervención pública innovadora se inició con la invención de la Internet y viene siendo desarrollada con la subsecuente necesidad de regular algo nuevo. A pesar de eso, es central encontrar un equilibrio entre la evolución del R&D, la definición de reglas y normas que le siguen y la permanente búsqueda de innovación. Este equilibrio es siempre frágil, y en el e-tourism aún existe un largo camino a recorrer. Sin embargo, es indiscutible para nosotros que el Estado aún tiene un rol fundamental como agente de innovación en turismo, incluso en el co-commerce. Palabras-Clave: Estado; innovación; e-commerce; e-tourism.

RESUMO: No actual cenário de concorrência global, é inegável a necessidade de inovar em todos os sectores e, consequentemente, também no turismo. Indubitavelmente, uma das mais importantes inovações com impacto revolucionário no turismo foi a Internet – a possibilidade de a usar transformou completamente a indústria do turismo e das viagens. Ao pensar em processos de inovação, como a invenção da Internet, qualquer agente será tendencialmente levado a concluir que os seus sujeitos activos são entes privados. Todavia, a Internet adveio de entidades públicas, o que nos leva ao objecto do nosso trabalho: demonstrar que o Estado desempenha um importante papel como agente de inovação, nomeadamente em turismo. Assumindo esta intervenção, o Estado tem assumido esta função no e-commerce: a interven-

Ana Pedrosa Augusto is a corporate and tax lawyer, lecturer at Polytechnic Institute of Leiria. Currently, she is student in the PhD program in Tourism at the University of Lisbon. Author's email: anapedrosaagusto@gmail.com

ção pública inovadora iniciou-se com a invenção da Internet e tem sido desenvolvida com a subsequente necessidade de regular algo novo. Não obstante, é fulcral encontrar um equilíbrio entre a evolução do R&D, a definição de regras e normas que se lhe segue e a permanente busca da inovação. Este equilíbrio é sempre frágil, e no e-tourism existe ainda um longo caminho a ser percorrido. No entanto, é para nós indiscutível que o Estado ainda desempenha um papel fundamental como agente de inovação em turismo, designadamente no e-commerce. Palavras Chave: Estado; inovação; e-commerce; e-tourism

THE NEED TO INNOVATE

Undoubtedly, innovation is a key concept in many areas of activity, products and organizations and, unsurprisingly, also in tourism¹. The need for innovation in the hospitality sector is growing, not only quantitatively but also qualitatively, and it is not limited to the incorporation of innovation implemented in other sectors: tourism has achieved an important role as an enhancer of the imperatively required² innovation^{3 4} (European Communities, 2006; Hall & Williams, 2008; Hjalager, 1997, 2002; Mulgan, 2009).

We grant innovation, along with a large number of authors who study the concept, the epithet of “imperatively required” – the justification for this is more obvious than complex:

- a. Developed countries (where Portugal is included) have been witnessing a gradual reduction in the rate of growth of tourism as a result of factors such as the unequivocal generalized global crisis felt since 2008, epidemic outbreaks or natural disasters;
- b. Less developed countries tend to begin occupying top positions in the competition, namely through access to means of production with lower costs (such as cheaper labor), the implementation of targeted programs for tourism niches or the existence of unique natural resources, unexplored and therefore more attractive;
- c. The life cycles of various products that were until now “sufficient” are approaching their end (Keller, 2006; Paget, Dimanche & Mounet, 2010);
- d. Businesses related to tourism (and others) just reached the peak of their possible rationalization of costs. In other words, it is now virtually impossible to compete in fierce global markets having prices as sole weapon:

Despite the advantages that traditional tourism countries obtain from a high level of development, many years of specialization in tourism and a great deal of competitive experience, their ability to compete on price suffers greatly from high wages and exchange rates. The economic framework conditions in the industrialized countries slow the speed of growth and put pressure on the rate of growth (Keller, 2006, p.19).

In this scenario of global competition (Hall & Williams, 2008), innovation may well be the only solution capable of creating winds of change and new impetus for growth in tourism. To stay in the race, countries should be “at the cutting edge of the development of new products and ideas in tourism” (Organisation for Economic Co-operation and Development [OECD], 2010, p.64). Developed economies are required to magnify an immediate ability to innovate in order to survive since, as Mulgan (2007) so accurately states, “when money is plentiful, people may talk about innovation and reform, but inertia usually wins. When money is tight, there’s no option but to get serious” (p.24).

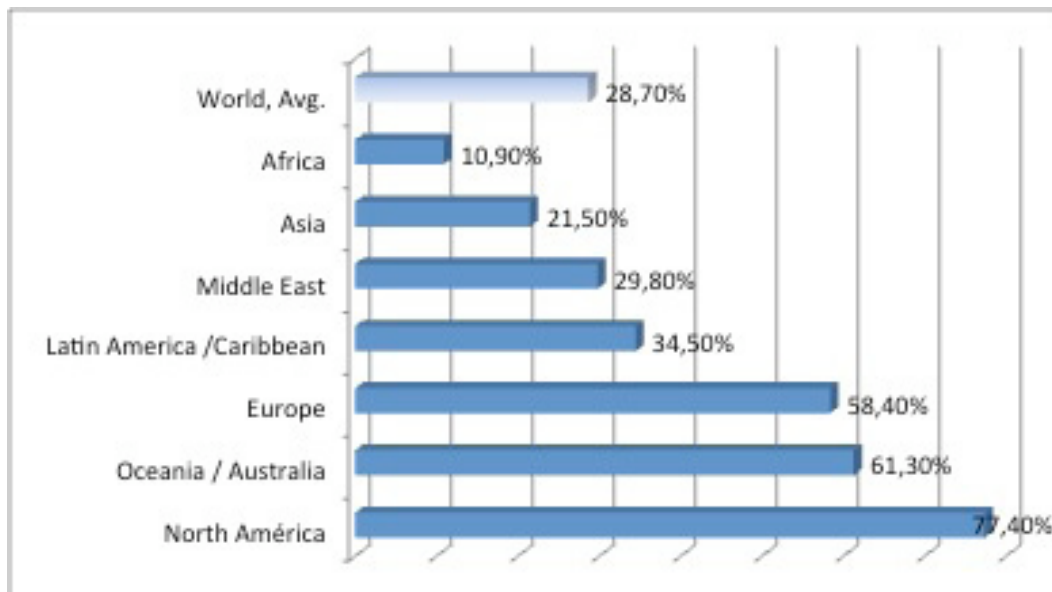
A GREAT INNOVATION

One of the main innovations with major aftermath on tourism was indisputably the emergence of the Internet, which together with the dramatically rapid and constant development of programs, applications and languages, allowed, namely, the dematerialization of the most complex sales structures until then assembled:

In many ways it [tourism] is one of the most powerful exemplars of globalization, for the movement of people is fundamentally affected by the globalization of infrastructure: the ability to use the Internet for making bookings (...) have all facilitated the growth of international tourism (Shaw & Williams, 2002, p.27).

Internet is generally considered not only as the most significant innovation but also the one with greater impact since the invention of the printing press or electricity (Castells, 2004; Hoffman, 2000) and, currently, 28.7% of the population - about 2 billion people - have access to the Internet, and in Portugal this percentage is 41.8 (about 4.5 million users). These figures show an incredible growth of 444.8% when compared to the year 20005.

Table 1. World Internet Penetration Rates by Geographic Regions (2010)



Source: <http://www.internetworldstats.com/stats.htm>

According to several studies (Buhalis & Jun, 2011), travel planning has been, since the advent of the Internet, one of the main reasons why people use this engine, which itself caused profound changes on the tourism industry⁶. This is as true as evidence shows that online bookings and tourism related services are one of the most successful ways of implementing e-commerce: representing 73.4 billion dollars of sales in 2006 and an estimated amount of 313 billion dollars by the end of 2012, it is additionally forecasted that this year a third of world travel will be sold online. “No business is being transformed by information technology faster or more radically than the business of travel” (Holloway, 2001, p.260).

We are now in the era of e-tourism, that is, and as defined by Buhalis (2003), the digitization of all processes and value chains in tourism, travel, hospitality and catering, which includes e-commerce and applies Information and Communication Technology (ICT) to maximize the efficiency of the organization of tourism. The concept includes all activities such as e-commerce, e-marketing, e-finance, e-accounting, e-planning and e-management, of all sectors of the industry.

Tourism agents have been benefiting from ICT for their business development in recent decades, namely through systems such as Computer Reservation Systems, Global Distribution Systems, and especially the Internet (Buhalis & Jun, 2011; Cunha, 2009). If up until the 90's ICT in tourism operated primarily for the development of computer systems, managing information and internal distribution, from then on the Internet offered its performers the potential to provide all op-

erational, structural, strategic and marketing levels to a large number of tourists at fairly low cost. It also gave agents the opportunity to set up a straight and effective conduit for communication between suppliers, intermediaries and clients (Buhalis & Law, 2008; Kim, 2004). In essence, it drastically revolutionized the market and opened the door for each local businessman to trade globally: “Certain sectors of the service sector are especially amenable to the introduction of ICT, to the establishment of a Web presence, and to transacting business electronically. For instance, the international travel and tourism industry is increasingly moving online” (OECD, 2000, p.9). Thus, having a strong online presence today is not an option – it is imperative (Kim, 2004).

One of the Agents of this Great Innovation

When perceiving innovation processes, anyone can be easily tempted to consider that only the private sector can achieve it. However, this assumption may be straightforwardly contradicted: states have the capacity to contribute significantly to the development and implementation of innovation, particularly in tourism (Breznitz, 2006; Castells, 2005; Considine & Lewis, 2007; Edquist, 2001; Hall & Mitchell, 2000; Mulgan, 2007; Paget et al. 2010; Jeffries, 2001). As Mulgan enunciates (2007),

This account is a commonplace. But it is at odds with the history of innovation. Two of the most profound innovations of the last 50 years were the Internet and the World Wide Web. Both came out of public organisations: DARPA in the first place, CERN in the second. (...) Instead, the most important innovations in communications, materials or energy came from wealthy patrons, governments or from the military (p.4).

Despite not being a singularly detailed subject of study by authors that analyze innovation in tourism, and regardless of being a controversial theme in economic policy (Keller, 2006), it is still widely accepted that the state has a fundamental role in the development and implementation of innovation (Castells, 2005; Hall & Williams, 2008 Castells).

The State as an Innovation Agent in Tourism

There are several distinct approaches by which the state exercises its “innovative” tasks in tourism. Nevertheless, they are mainly analyzed under the scope of direct intervention, under which the state:

- a. funds, coordinates and/or develops, directly or indirectly, in whole or in part, research and development, together with other public entities, universities or excellence centers;
- b. uses its regulatory and law-making function, creating or modifying legislative statutes and regulations thereunder. This is the case of laws (i) creating financial incentives; (ii) facilitating the way private agents and public administration relate, thus reducing costs; (iii) de-

termining new legal regimes applicable to tourism projects, food and beverage establishments, travel agencies, among others;

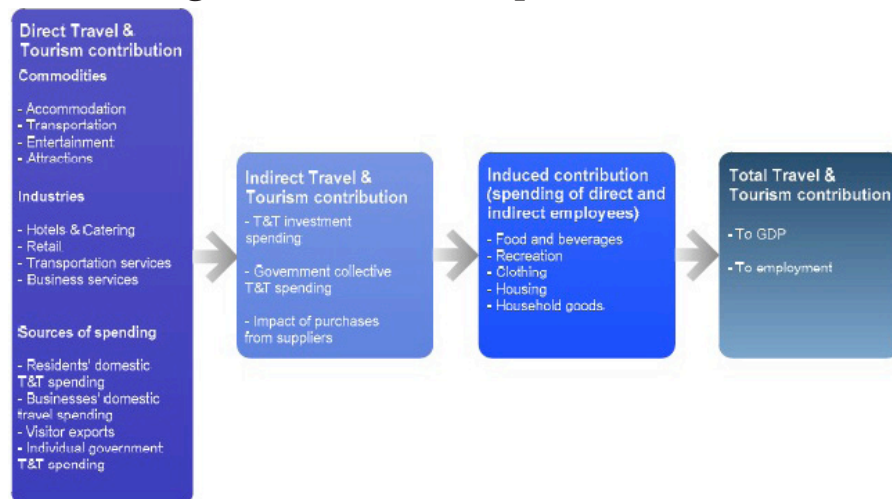
- c. promotes tourism destinations and products;
- d. determines spatial territorial policies of the denominated touristic territory (Hall, 1994);
- e. establishes public-private partnerships (Hall & Williams, 2008; Machado, 2010; Moore & Weiler, 2009).

The way each state embodies its role as a driver of innovation is crucial to the positioning of the country in the global market: according to Breznitz (2006), the state should start acting as a protagonist, creating a network that gradually evolves, then fading into a mere equal partner in any relationship – though still with organizational and facilitating functions, but in an already implemented climate of trust.

Notwithstanding the foregoing, this state intervention should always leave room for the foundation of an ambience of free competition able to eliminate the existing structures, and creating opportunities for the implementation of new ones. In this case, the state's foremost assignment is simply not to become an obstacle to innovation, but to promote competition – as Keller asseverates, “That is the best possible contribution the state can make to the promotion of innovation” (OECD, 2006, p.58). Competition is, in fact, the primary incentive for innovation⁷: “Competition is probably the main driving force of innovation in tourism, at least in capitalist economies” (Hall & Williams, 2008, p.52).

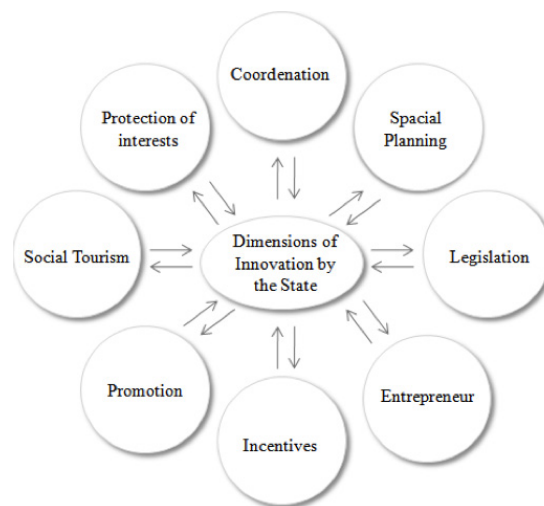
By virtue of the development of strategies and implementation of resolutions in other sectors, activities and issues not specifically related to tourism but that nevertheless precipitate in it relevant influence (namely, diplomatic policy, education, research and development funding, intellectual property protection, tax policy, immigration, among others (Jeffries, 2001)), the states enact an extraordinary part in innovation, particularly in innovation in tourism.

Recognizing the multiplicity and diversity of the tourism industry, the World Travel & Tourism Council (2011) enunciated that Travel & Tourism is an important economic activity in most countries around the world. As well as its direct economic impact, the industry has significant indirect and induced impacts. The UN Statistics Division-approved Tourism Satellite Accounting methodology (TSA:RMF 2008) quantifies only the direct contribution of Travel & Tourism. But WTTC recognises that Travel & Tourism's total contribution is much greater, and aims to capture its indirect and induced impacts through its annual research (p.4).

Figure 1. Economic Impact of Tourism

Source: World Travel & Tourism Council (2011)

Assessing our preceding references, it is patent today that innovation must be considered as a comprehensive whole, including social, economic and political components – otherwise there is not much more to expect besides segmented performances with extremely low or nonexistent results caused by the disregard of overlaps or perverse side effects.

Figure 2. Dimensions of Innovation in Tourism by State

Source: Adaptation from Hall and Williams (2008)

E-tourism and the Role of the State

According to Buhalis (2003), e-tourism can be defined as the digitization of all processes and value chains in the industries of tourism, travel, hotels and catering, which includes e-commerce and applies ICT to maximize efficiency in the organization of tourism. For a general conceptualization of ICT, Castells (2004) is fundamental: information

technology is the use of scientific knowledge to identify methods of doing reproducible things. Among these technologies are all the converging ones in microelectronics, computing (hardware and software), telecommunications/broadcasting and optoelectronics.

Bearing this in mind, the concept of e-tourism includes, as previously noticed, all activities such as e-commerce, e-marketing, e-finance, e-accounting, e-planning and e-management, of all sectors of the tourism industry.

In the scope of the B2C (business to consumer) relationship, tourism products and destinations are merely virtual at the time of purchase by the consumer, and this virtual feature confers tourism a strong ability to be promoted and sold online (Cunha, 2009; Milheiro, 2006). The advantages resulting therefrom are undisputed, as presented in Table II below.

Table 2. Benefits of E-Commerce

Benefits for Organizations

- Locating customers and/or suppliers worldwide, at reasonable cost and fast
- Reduce cost of information processing, storage, distribution
- Reduce delays, inventories, and cost through supply chain improvements
- Business always open (24/7/365); no over time or other cost
- Customization/personalization at a reasonable cost
- Seller can specialize in a narrow field, yet make money
- Facilitate innovation and enable unique business models
- Rapid time-to-market and increased speed
- Lower communication cost
- Saves time and reduces cost by enabling e-procurement
- Improve customer service and relationship through direct interactions with customers
- May need fewer permits in business and be able to avoid sales tax
- All distributed material is up-to-date
- E-commerce may help small companies to compete against large ones by using special business models
- Using customization inventories can be minimized
- Reduce distributing cost by deliver online

Benefits for Consumers

- Can shop any time from any place because of ubiquity
- Large selection to choose from a variety of channels (e.g., vendor, products, styles)
- Can customize many products and/or services
- Can compare and shop for lowest prices
- Digitized products can be downloaded immediately upon payment
- Easy finding what you need, with details, demos, etc.
- Do auctions any time and from any place
- Sometimes no sales tax
- Can work or study at home
- Can socialize online in communities yet be at home
- Can find unique products/items

Source: Turban et al. (2008)

In the context of tourism, the benefits of ICT and the Internet can be summarized, following Buhalis (2011), in accordance with the following table:

Table 3. ICT and Internet in Tourism

- Increase their internal efficiency and manage their capacity and yields better. For example an airline's reservations system allows the company to manage their inventory more efficiently and the managers to increase occupancy levels. They also incorporate sophisticated yield management systems that support organisations to adjust their pricing to demand fluctuations in order to maximise their profitability.
- Interact effectively with consumers and personalise the product. For example, British Airways has launched the Customer Enabled BA (ceBA) strategy to enable passengers to undertake a number of processes, including booking, ticketing, check-in and seat and meal selection, from the convenience of their computer.
- Revolutionise tourism intermediation and increase the points of sale. For example, Expedia, Travelocity, Lastminute, Orbitz and Opodo have emerged as some of the most dominant global electronic travel agencies, offering a one-stop-shop for consumers.
- Empower consumers to communicate with other consumers. For example www.tripadvisor.com, www.virtualtourist.com or www.igougo.com supports the exchange of destination information and tips, whilst www.untied.com or www.alitaliasucks.com enables dissatisfied customers to make their views available.
- Provide Location Based Services by incorporating data, content and multimedia information on Google Maps and Google Earth.
- Support efficient cooperation between partners in the value system. For example Pegasus enables independent hotels to distribute their availability through their web sites and other partners online whilst an extranet allows hoteliers to constantly change availability and pricing.
- Enhance the operational and geographic scope by offering strategic tools for global expansion.

Source: Buhalis and Jun (2011)

Notwithstanding the extraordinary and compelling positive results of e-tourism, there are yet some barriers to its complete and free implementation, namely a still existing lack of consumer confidence in buying something he does not really see, from someone with whom he never physically contacts or a not thus far fully developed technology that allows universal standards of quality.

The Internet, by increasing price transparency and competition, should directly attack the inefficiencies in those economies with high distribution margins, which are likely to see the biggest price reductions and efficiency gains. By exposing firms to more intense global competition, the Internet should force governments and businesses to rethink their old, inefficient habits and seek new ways to get around

or eliminate market rigidities. For governments, the cost of muddling through and not acting to reform markets may therefore become higher (OECD, 2000, p.2)

The state has a fundamental role in this area: innovative public intervention began with the invention of the Internet and was developed with the consequent exigency to regulate something new. The first recurrent concern of the states in this area was to “choose” between the capacity for self-regulation of cyberspace and the need to legislate on it.

The doctrinal strand (that has always been a minority) who holds that the “network” shall be self-regulated considers that the inherent transnational circulation prevents efficient control and monitoring by the law. Additionally, regulation would result in limiting freedom of communication, and even beyond that, any legislation would just always be out of date when considering the rapidly changing technology. Accordingly, no state could regulate e-commerce, and should therefore leave Internet trading outside the scope of the general principles of law.

We cannot accept this position, since it fails to reveal any argument, legal or technical (without prejudice of the inherent difficulties⁸) to justify non-implementation/adaptation of existing legal rules for online trading (Pinheiro, 2006): before being electronic, e-commerce is plain commerce, carried out with its same traditional purposes. Its specificity lies essentially in the way contracts are finalized and in their execution mode in a dematerialized market, so the existing contracts’ discipline, although appropriately adapted, shall be sufficient to regulate electronic commerce (Lamb, 2001).

All in all, the fact is that electronic commerce is the object of several regulations, both national and supranational, and particularly from the European Union. In parallel, there is a very strong tendency for the development of standards of conduct and codes of ethics on the part of private actors and international organizations or associations within the designated soft law⁹¹⁰, which alone has contributed greatly to innovative entrepreneurial attitudes, namely in respect of corporate governance and social responsibility.

In Portugal, activities directly related to tourism (travel agencies, hotels, food and beverage, tourism activities, etc.) are generally framed by a context of strong regulation. In this outline, the state took on the role of defining the market’s performance, leaving limited room for its own free determination. This may be appointed as a strong constraint to innovation (Hall, 1994; Jeffries, 2001), since its emergence may be narrowed by law.

Additionally, and according to their integration processes of all levels, Member States of the European Union are not alone in performing their lawmaking functions, since they have delegated in this institution

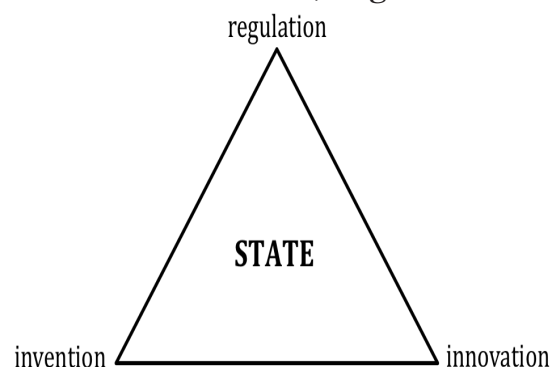
the responsibility to set out the legal framework of electronic commerce as a consequence of the undeniable transboundary scope thereof.

The European Union has, since the late 90s, passed on legislation, mainly in the form of directives (that must then be adapted by each Member State in accordance with its specific concerns and circumstances), that are applicable, directly or indirectly, to electronic commerce: “The political pressure from Member States to act in response to developments has placed the European Commission in an often difficult position, sometimes resulting in the promotion of piecemeal regulatory solutions when patience may have been a better strategy” (Walden, 2002, p.34).

Because of all the regulations to which this area is subject to, we are now before a scenario of dispersed and fragmented legislation, which just adds greater difficulties for its interpreter. It would be extremely beneficial if all this discipline’s core aspects were combined into a single regime, thereby avoiding the existence of the current “patchwork”, drawn up merely in response to a case-by-case basis.

In conclusion, and considering, on one hand, (i) the need to regulate this matter and the strong pressure on the states to do so and, on the other, (ii) the restriction that a scenario of strong legislation may set in terms of innovation, it is imperative to find a balance between (a) the evolution of research and development, (b) the thereupon emerging regulation and (c) the constant quest for an innovate approach by the state.

Figure 3. Balance between R&D, Regulation and Innovation



Source: Own elaboration

Undoubtedly, this desired balance is at all times fragile and subject to change. In e-tourism, we acknowledge that there is still a quite long way ahead: the equilibrium between the natural tendency for greater regulation of e-tourism (namely regarding consumer protection, generally considered the weaker part), as something completely new, not only by each state but also by the European Union, and the ability to realize that this is, after all, the same market in which essentially the same rules

set forth for traditional trading apply, is not yet total. As mentioned, we still find traces of the strand that advocates for more regulation. However, we cannot fail to mention that the Portuguese State has been trying to perform internally in re-adjusting this tendency. Nor can we not emphasize other notes that clearly show that there has been a visible innovation effort from Portugal: trying to innovate by reducing costs and facilitating communication between Public Administration and its citizens, the Portuguese State made a strong commitment in its capacity for innovation in the regulatory plan, responding to the motto instated by the Lisbon Agenda. In this scope, the Portuguese State has successfully been implementing through the Simplex Programme patent measures to simplify and reduce process bureaucracy and institute e-government (OECD, 2008). Incorporating several measures to eliminate duplicate procedures, fees and unjustified disproportionate costs and promoting comprehensive online platforms – with relevant impact on tourism (incorporation of companies, contact with the public authorities with duties and responsibilities in the area, request licenses, etc..) – the Portuguese Government presents itself as an unique case of promotion of innovation for economic growth (OECD, 2008).

CONCLUSION

Having the states the ability to promote or enhance innovation in tourism, we must conclude that the Portuguese State is outstandingly positioned as an agent for innovation in this area in an attempt to boost national economic growth (Keller, 2006). We also perceived throughout this work the way the Internet – an innovation coming out of the public sector – has indeed revolutionized the way market agents conduct their business. This revolution has been and continues to be felt with particular acuteness in the tourism sector, activity within which all can currently be e(...). E-tourism, the digitization of all processes and value chains in the industry of tourism, travel, hotels and catering, which includes e-commerce and applies ICT to maximize the efficiency of the organization of tourism, is now an undeniable and indisputable reality, which will continue to be increasingly used for business success focused in the future, taking into account the benefits listed.

The websites of airlines, travel agencies, tourism animation companies and other distributors and service providers have proliferated and keep on amplifying their presence with added value to the business, to the extent that the number of “tourist consumers” is also expected to carry on increasing.

Notwithstanding the foregoing, products and services available online, when analyzed on a B2C perspective, determine the direct trade

with consumers who tend to hold a weaker bargaining power and a special need for information in order to form a completely informed choice. Accordingly, and once the outdated doctrine that defends the impossibility of regulation of electronic commerce is overcome, it is undeniable that a clear appeal on the constant and permanent but fragile balance between the parameters in which the state moves in this area is imperative: R&D (invention), regulation and innovation.

We are aware of the inherent complexity of this quest, but remain confident on its future success, given the past evidences of its accomplishment.

REFERENCES

- Abernathy, W. & Clark, K. (1985). Innovation: Mapping the winds of creative destruction. *Research Policy*, 14 (3), 3-22.
- Breznitz, D. (2006). Innovation and the state-development strategies for high technology industries in a world of fragmented production: Israel, Ireland, and Taiwan. *Enterprise & Society*, 7 (4), 675-684.
- Bull, B. (1999). Encouraging tourism development through the EU structural funds: a case study of the implementation of EU programmes on Bornholm. *International Journal of Tourism Research*, 1, 149-165.
- Buhalis, D. (2003). *eTourism: information technology for strategic tourism management*. London: Pearson Financial Times/Prentice Hall.
- Buhalis, D. & Jun, S. (2001). E-Tourism. *Contemporary Tourism Reviews*. Oxford: Goodfellow Publishers.
- Buhalis, D. & Law, R. (2008). Progress in information technology and tourism management: 20 Years on and 10 Years after the Internet – the state of eTourism Research. *Tourism Management* 29 (4), 609-623.
- Castells, M. (2005, March 10). [Interview with Teresa Sousa]. *Jornal Público*. Accessed on 01.02.2011. Available from <http://www.dotecome.com/politica/Textos/castells.htm>
- Considine, M. & Lewis, J. (2007). Innovation and innovators inside government: from institutions to networks. *Governance: An International Journal of Policy, Administration, and Institutions*, 20 (4), 581-607.
- Cordeiro, M. (2001). *Manual de Direito Comercial*. Vol. I. Coimbra. Almedina.
- Cunha, L. (2009). *Introdução ao Turismo*. Lisboa-São Paulo. Verbo.
- Decelle, X. (2004). *A conceptual and dynamic approach to innovation in tourism*, OECD. Accessed on 08.02.2011. Available from <http://www.oecd.org/dataoecd/55/28/34267921.pdf>
- Edquist, C. (2001). *The systems of innovation approach and innovation policy: an account of the state of the art*, Lead Paper presented at the DRUID Conference, Aalborg, June 12-15, 2001, under theme F: “National Systems of Innovation, Institutions and Public Policies”

European Communities (2006). *Innovation in tourism, how to create a tourism learning area, the handbook*. Accessed on 04.01.2011. Available from http://www.edis.sk/ekes/NB7005099ENC_002.pdf

Hall, C. (1994). *Tourism and politics: policy, power and place*. Londres. John Wiley & Sons.

Hall, C. (2009). Innovation and tourism policy in Australia and New Zealand: never the twain shall meet? *Journal of Policy Research in Tourism, Leisure and Events* 1 (1), 2-18.

Hall, C. & Mitchell, R. (2000). Wine tourism in the Mediterranean: a tool for restructuring and development. *Thunderbird International Business Review*, 42 (4), 445-465.

Hall, C. & Williams, A. (2008). *Tourism and Innovation*. London. Routledge.

Hjalager, A. (1997). Innovation patterns in sustainable tourism: an analytical typology. *Tourism Management*, 18 (1), 35-41.

Hjalager, A. (2002). Repairing innovation defectiveness in tourism. *Tourism Management*, 23 (5), 465-474.

Hoffman, D. (2000). The revolution will not be televised: introduction to the special issue on Marketing Science and the Internet. *Marketing Science*, 19 (10), 1-3.

Holloway, J. (2001). *The Business of Tourism*. Harlow. FT Prentice Hall.

Jeffries, D. (2001). *Governments and Tourism*. Oxford. Butterworth-Heinemann.

Keller, P. (2006). Towards an innovation-oriented tourism policy: a new agenda? In Walder *et al.* (Ed.). *Innovation and product development in tourism, creating sustainable competitive advantage*. pp. 55-70. Berlin. Schmitt.

Keller, P. (2006). Innovation and tourism policy. In OECD (Ed.). *Innovation and Growth in Tourism*. Accessed on 08.02.2011. Available from http://tava.gov.lv/userdata/File/Dokumenti/Petijumi/OECD_Tourism_innovation_growth.pdf

Kim, C. (2004). *E-Tourism: an innovative approach for the small and medium-sized tourism enterprises (SMTES) in Korea*. Accessed on 30.04.2011. Available from <http://www.oecd.org/dataoecd/56/13/34268048.pdf>

Machado, V. (2010). *Direito e Turismo como Instrumentos de Poder: os Territórios Turísticos*. Lisboa. Editorial Novembro.

Milheiro, E. (2006). *A Informação Turística e as Tecnologias da Informação: O Caso Português*. Lisbon. Instituto de Turismo de Portugal.

Moore, S. & Weiler, B. (2009). Editorial: Tourism-protected area partnerships: stoking the fires of innovation. *Journal of Sustainable Tourism*, 17 (2), 129-132.

Mulgan, G. (2007). *Ready or not? Taking innovation in the public sector seriously*. Accessed on 07.02.2011. Available from <http://www.nesta.org.uk/library/documents/readyornot.pdf>

Mulgan, G. (2009, November 27-December 3). Flight Paths. *Public Finance*. Londres.

Nordin, S. (2003). *Tourism clustering & innovation, paths to economic growth & development*. European Tourism Research Institute. Accessed on 12.02.2011.

Available from http://ekstranett.innovasjon Norge.no/Arena_fs/tourism-clustering-and-inno_etour0104.pdf

OECD (2000). *E-Commerce for development: prospects and policy issues*. Accessed on 30.04.2011. Available from <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan004061.pdf>

OECD (2009). *Making life easy for citizens and businesses in Portugal, administrative simplification and e-government*. France. OECD.

OECD (2010). *OECD tourism trends and policies 2010*. Accessed on 07.02.2011. Available from <http://browse.oecdbookshop.org/oecd/pdfs/browseit/8510011E.PDF>

Paget, E., Dimanche, F & Mounet, J. (2010). A tourism innovation case an actor-network approach, *Annals of Tourism Research*, 37 (3), 828-847.

Pinheiro, L. (2006). Direito aplicável aos contratos celebrados através da Internet. *Boletim da Ordem dos Advogados*, 66 (1). Lisboa. Ordem dos Advogados.

Rocha, M., Vaz, S. & Lousa, F. (2006). *Legislação e mecanismos de regulamentação do comércio electrónico*. Porto. Sociedade Portuguesa Inovação.

Scheidegger, E. (2006). Can the state promote innovation in tourism? Should it? *Innovation and growth in tourism*. Accessed on 08.02.2011. Available from http://tava.gov.lv/userdata/File/Dokumenti/Petijumi/OECD_Tourism_innovation_growth.pdf

Shaw, G. & Williams, A. (2002). *Critical issues in tourism: a geographical perspective*. Oxford. Blackwell Publishers.

Turismo 2015, Pólo de Competitividade e Tecnologia. *Relatório de Actividades 2009*. Coimbra. Accessed on 08.02.2011. Available from http://www.turismo2015.pt/userfiles/File/Relat%C3%B3rio%20de%20Actividades%2009%20Vers%C3%A3o%20Final%202-_AG%20-%208%20Set2010.pdf

Turban, E., King, D., Mckay, J., Marshall, P., Lee, J. & Viehland, D. (2008). *Electronic Commerce 2008: a managerial perspective*. Upper Saddle River, NJ. Pearson.

Turismo de Portugal IP (2010). *Relatório de Sustentabilidade 2009*. Lisboa. Ministério da Economia, da Inovação e do Desenvolvimento.

Vicente, D. (2005). *Problemática internacional da sociedade da informação*. Coimbra. Almedina.

Walden, I. (2002). Regulating electronic commerce: Europe in the global economy. *O Comércio Electrónico: Estudos Jurídico-Económicos*. Glória Teixeira (coord). Coimbra. Almedina.

Weiermair, K. (2006). Product improvement or innovation: what is the key to success in tourism? *Innovation and growth in Tourism*. Accessed on 08.02.2011. Available from http://tava.gov.lv/userdata/File/Dokumenti/Petijumi/OECD_Tourism_innovation_growth.pdf

World Travel & Tourism Council, *Travel & Tourism Economic Impact: Portugal 2011*. Accessed on 20.06.2011. Available from http://www.wttc.org/bin/file/original_file/portugal_report_2011-pdf.pdf

- 1 For a brief idea on the concept of innovation, specifically, and among others, Hall and Williams (2008, p.5) and Decelle (2004).
- 2 Culminating in the Lisbon Strategy, under which Member States of the European Union recognized the importance of innovation for growth.
- 3 On several types of tourism innovation (product, process, management, institutional and logistics innovation), Hjalager (1997, 2002).
- 4 For examples of innovation in tourism (normal, revolutionary, niche and architectural), Hjalager (2002) and Abernathy and Clark (1985).
- 5 <http://www.internetworldstats.com/stats.htm>
- 6 We use the term “tourism industry” without choosing a position on the conflict “industry vs. activity”, which is not addressed in this paper.
- 7 Along with economic performance, demand’s pressure for quality, technology, business strategy and its respective resources and the state itself (Hall & Williams, 2008).
- 8 The hyper-regulation of the Internet, through the application to all its activity of a multiplicity of laws with the more diverse contents, as well as the existence of contradictory rulings from several countries that consider themselves to have jurisdiction on the disputes arising from it, is likely to curtail that freedom, restricting the flow of information across borders and public access to this (Vicente, 2005, p.95).
- 9 Legal texts deriving mainly from international organizations, of deontological and ethical nature, to which states adhere at their own discretion. In the context of electronic commerce, these are often labeled as “netiquette”.
- 10 As examples, the Model Law of the United Nations Commission for International Trade Law on Electronic Commerce, adopted in 1996; the 1999 OECD Recommendation on Guidelines for Consumer Protection in Electronic Commerce; or the Code of Conduct of the International Chamber of Commerce on Advertising and Internet Marketing, 1998.

Submitted: 15th October, 2011

Final version: 28th February, 2012

Accepted: 24th April, 2012

Refereed anonymously