Luxury and innovation: Towards an evaluative framework

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This conceptual paper uses a historical and psychological analysis of luxury to argue that it is has been, and continues to be, a driver of innovation in the tourism and hospitality industries. In examining the relationship between creativity and innovation, the paper identifies four paradoxes which, it argues, are embedded in the decision-making processes that create new objects and services. The paper argues that, if innovation and creativity are separated from the hegemony of change, then it is possible to devise a set of criteria as to what may be judged to be innovative. A set of seven criteria are postulated.

Keywords: innovation, luxury, creativity, design, history.

Introduction

The purpose of this paper is to explore innovation in tourism and hospitality by developing a conceptual framework that would define what innovative is, based on the notion that luxury is a driving force of innovation. In common parlance, words such as new, original, novel, creative, and change are used to imply that something is innovative. The random use of these words, in our view, exaggerates the quantity of innovation. We share the scepticism of Pandza and Thorpe (2010) as to how organisational change can qualify as being innovative. We take particular issue with the broad brush approach that argues that any “asserted change” is in some way worthy of the appellation innovative (Hjalager, 2010). We ask whether there are criteria that can be applied to tourism and hospitality products and services in a way that assists the judgement as to whether the outputs of a creative process are in fact innovative. By setting standards for what is innovative, we argue that an understanding of how innovative ideas can be judged is helpful to the creative processes of individuals or groups attempting to create something new in the field of tourism and hospitality. In other words, we believe that understanding the judgement process would be helpful to the supply side. We see innovation as the product of creativity and as such draw a distinction between creativity defined as the production of original and functional ideas, while we see innovation as being defined as the employment of those ideas. Innovation is the result of creativity (Weinzimmer & Michel, 2011). In making this distinction, our focus is primarily on the conceptual framework in which creative processes function rather than the psychological basis of them. Our approach is to work from the output towards the context in which it was produced.

Although we start from the perspective that innovation is the product of creativity within individuals and groups, we accept that creativity, even in the form of abstract thought, does not take place in a vacuum – there is always a psychological, social and physical context. Our analysis identifies the concept of luxury as a prime driver of innovation in tourism and hospitality. It is the strongest and most conspicuous influence on progress. This, we argue, is a clear lesson of history, which shows that it is conceptions of luxury that form the “mental material” from which springs consumer aspiration and creative supply, both of which act as the twin drivers of economic development. Luxury is powerful because it defines itself as to what it is; luxury is exclusive and distinctive and by definition this specifies what it is not. It is luxury objects that create aspiration but of equal importance is its power to delineate social groups within societies. In this capacity, luxury objects can be seen as boundary objects that define market segments as well as being able to transform them. Luxury objects and the need for luxury objects have a reciprocal relationship through the creative process and through market processes.

It is easy to forget on a beach or in restaurant that tourism and hospitality products and services have to be planned and designed. This deep background aspect provides a second element to the context, in that design carries within it philosophical and psychological options about aesthetics and markets that are brought into play by the nature of tourism and hospitality products and services and their consumer markets. These options form a platform within the individual’s mind and shape their thinking about a new idea or concept. They influence the whole process from idea to the eventual realisation of the initial idea.

As luxury is central to our analysis, we begin by looking at the narratives within the history of luxury and the lessons that have relevance for modern day thinking.

Some lessons of history

Many words are associated with the idea of luxury; descriptors such as excess, surplus, superfluity, and opulence are
common and its relative status is captured by exclusivity and distinctiveness. One of the clear narratives of history is that the corollary of such epiteths includes descriptors that emphasise luxury’s negative connotations, such as indulgence, idleness, ostentation, and lack of purpose or usefulness. Berry (1994) in a historical review of the concept of luxury highlights the debate between the economic benefits of luxury and its detractors with their claims that it erodes the moral character. The case that the production of luxury objects and services is beneficial to economic development is a clear historical narrative. Although the question of who benefits is a perennial issue, in aggregate terms it would be reasonable to assume that the demand for luxury would be driven by surplus wealth and leisure; at the individual level this connection and its influence may be more complex. Rojek (2000) challenges the Veblen (1899) thesis of the power of the leisure class at the individual level, pointing out that some of the rich work very hard and have very little time for leisure. This argument, whilst plausible, does not however alter the aggregate picture of a dominant influence by the wealthy. Brewer (1998) reviews the historical evidence from Adam Smith and David Hume on the transition from a feudal to a commerce-based society and points clearly to the moment when supporting a feudal community was substituted by expenditure on newly available luxury goods. It was, in his terms, a redistribution of surplus from maintaining a poor population to indulging in new materialism. However, this transfer brought forth a philosophical attrition between the claimed economic benefits of the commerce surrounding luxury and the arguments that its emphasis on excess induces indulgence, idleness and other elements that are said to contribute to “bad character”. This attrition has a long historical thread that even today stalks modern concepts of luxury expenditure where excessive leisure exists alongside poverty and inequality. It is possible, for example, to argue that the modern luxury hotel could be a venue where such philosophical attrition becomes a behavioural reality, with the gap between the wealth of the guest and that of the server conspicuously active. Explanations as to why encounters of this type do not turn into enmity fall into two camps; social emulation and emotional labour. Whilst it is not part of this paper to explain these processes themselves, it is important to note that explanations have a history that accompanies that of the philosophical tradition. Riley (1984), for example, explores a historical narrative to show that the philosophical conundrum need not lead to conflict and emphasises the role of social emulation where both the wealthy and the serving community appreciate the values of luxury (Lockwood, 1958; Pearce and Stamm, 1973). In the case of service employees, there is, at the very least, a “not factory” acceptance of the luxury environment as a workplace (Shamir, 1981). An alternative explanation comes in the form of emotional labour, where it is the capacity of service workers to apply surface acting (faking the emotional response) and deep acting (internalising the emotional condition necessary to the situation and to the organisational context) to moderate and accommodate behaviours that might ensue from a built-in inequality (Hochschild, 1983). Both these explanations have been analysed through atomised encounters (Riley, 1996) and in terms of the broader culture orientation and longer relations (Guteck et al., 1999; Ritchie and Riley, 2007). The qualitative study by Sherman (2007) draws out the important point that the guest too sometimes has to make accommodations to cope with the sensibilities of staff during interpersonal relations and that this can be psychologically problematic. What is significant here is that because the narrative of philosophical attrition continues, explanations as to why and how it is accommodated by individual behaviour are constantly sought. The socio-economic distance between the guest and the employee is a strategic issue for management but is also a factor in the design of products and services. One thing is certain and that is that luxury means something beyond material necessity. It is in fact beyond both material and necessity. Only in the most fundamental terms could one say that someone “needs” hospitality in its basic form as food and accommodation. Yet, if the meaning of “needs” is extended beyond the material to include social and psychological then, even without extending the concept of “need” into “desire or preference”, it is possible to suggest that “hospitality” in its social meaning is a need. Once needs can be defined beyond the material then they enter the realm of desires, which then makes them open-ended. It is this open-ended nature of desire that drives another historical narrative; the power of luxury objects to transform needs into desires and preferences (Berry, 1994). What modern marketing contributes to this process is not just the commercial power to induce desires but that individuals can identify with luxury objects, making them part of a life-style and crucially, in Levine’s (1997) terms, an entitlement. However, a view from history argues that the process of transfer from need to desire is not only, as in the Veblen case, material aspiration based on invidious comparisons but one of learning and of cultural appreciation. What these arguments cannot easily explain is why so many new products and services occur at the non-luxury mass market end of the spectrum. Examples are easy to spot – fast-food based on manufacturing production efficiency, and low-cost airlines are conspicuous. These “innovations” are propelled by the sensing of market opportunity and the readily available economic concepts of economies of scale and production efficiency. They are ideas about spreading access through distribution and cost efficiency – business innovation. Whether sensing opportunity is seen as creative depends on whether reading the asymmetry of market information is seen as a creative process; there is a strong case for this (Gartner, Carter, & Hills, 2003). These new products and services meet the requirement of being beyond necessity but are hardly beyond the material and are certainly not exclusive. Whether they engender aspiration, in the manner of luxury, depends on a judgement as to whether such consumption is on its way to something better.

The paradoxes of new product and service design

If it is accepted that luxury objects have the power to stimulate desire and induce preferences then the questions arise as to what is a luxury object and how does it elicit motives to consume? Behind the concept of luxury lie two basic motives that inhabit consumption; the first is the public desire within the individual to be distinctive and possibly ostentatious, which connects luxury to aspects of group and class differentiation. The intrinsic problem here for the creator of a luxury object is, if it is designed for a specific group, how will it cope with...
social changes that affect the composition of that group? The second motive is the private desire to indulge the self. What is implied here is not the interpretation of indulgence as rampant hedonism but knowledgeable self-reflection that comes from culture – in psychological process terms, closer to Rerup’s (2005) notion of mindfulness. It is this latter motive, which is internalised, that offers to the designer of a product or service the opportunity to seek out and build upon cultural values and appreciation.

From these basic motivations we argue that the creative process has to continually wrestle with four paradoxes. First, as one characteristic of luxury is exclusivity, where there is the paradox of rendering luxury products and services capable of responding to consumer pressure for mass distribution and therefore losing their exclusivity whilst simultaneously striving for, and maintaining, distinction. Products and services that were designed for exclusivity at the very least subliminally face the commercial temptation to become mass. The creative issue here is whether the design of the product or service could or should allow for extrapolation into the mass market. Here the use of rare materials and special high level skills are part of maintaining exclusivity. However, the pressure to democratise what is exclusive is ever present. Today, imitations of traditional haute cuisine and culturally specific ethnic dishes are globally accessible through supermarkets; in other words, high culture has been democratised. Exclusivity is not just an economic issue, it is a design issue. When luxury becomes accessible to mass this distinction from mass need may have to be remade by means of, redesign, limited access, quality and branding. When a new brand or a new image is created, when a new hotel is designed and when a new dish is created in a kitchen, these are all products of an individual’s creative process and we argue that the individual is more likely to be conscious of the paradox in the form of striving for distinctiveness against the background of uncertainty of appeal and the default temptation to go for mass appeal and commercial feasibility. However, we argue that such commercial feasibility always contains the design dilemma of – how distinctive? How new? This adds to the natural uncertainty which surrounds the creation of something new and draws in the second paradox because the fact of uncertainty and its consequent need for commitment by the designer involves philosophical inclinations.

The second paradox is that, on the one hand, creation can be out of a philosophical inclination to be responsive to consumer demand or, on the other, out of an egoistic inclination to create from purely personal imagination; the “build it and they will come” philosophy. To put it crudely, backing yourself or backing what market research says is a dilemma that is part of the creative process. In modern times it may be that the first option will be the favoured choice of the corporate world with the second being the home of the entrepreneur and the small independent business.

The third paradox acknowledges the historical and contextual continuum from which new material is created. In other words, whatever is conceived as being “new” was grown in the soil of existing history and culture. Whether history and context are a structure which inhibits or encourages creativity is an important issue. The perceived need for authenticity which has the status of a norm in tourism analysis could be seen as pressure that brings history into current creativity. It is not difficult to see that a discourse, within the individual designer of products and services, between historical tradition and modernism could have a stifling effect on innovation (Nuryanti, 1996). Can a product or service be either new or original and at the same time be authentic within some historical or cultural paradigm? This question is further complicated by the argument that authenticity in tourism products and services can be socially constructed by consumers (Kolar and Zabkar, 2010). The fourth paradox is about duration and change over time. Many tourism and hospitality products are capital items and therefore will exist beyond the existence of the demand which engendered them. It may well be that the creators of a tourism product will bring into its design the fact that it will fade into something outside the original concept and possibly be adopted by an unintended market. The tourism literature has developed concepts such as lifecycle that represent changes in the attractiveness of a region or facility and report solutions, but do so without explanation of the creative processes that brought about regeneration (Romao et al., 2012).

We attempt now to show that these paradoxes concerning exclusivity, philosophy, cultural anchorage and forward projection are always present when the individual or group attempts to create something new because they imply decisions that have to be made about design and markets.

**Transgressing borders, rules and norms; criteria for innovation**

One way of looking at innovation is to expect it to be about originality and novelty. This perspective is an unresolved debate which ranges from the case of innovative thinking stemming from abstraction, image and imagination as against the position that innovation can be a matter of interpretation and adaptation of existing concepts and substantive knowledge. These positions are captured as psychological constructs by Kirton (1976) in his adaptor innovator theory. If we ask customers what they want, they are likely to answer only from what they already know. Even a request for something “new and different” is derived from an established knowledge base. What then is something “new and different”? And, can we apply criteria to its recognition and acceptance? Similarly it is easy to argue that innovation stems from recognised opportunity or problem identification but these activities do not in themselves suggest solutions – they are just the important starting point. There is always a gap between identifying a need and meeting that need, but that gap does not necessarily kick-start the creative process. One way to perceive the creative process that follows is to ask: what would an innovative solution or new conception look like? Are there criteria by which we can say – this is innovative? If innovation is about creating something new and about recognising opportunity, then the first criterion for innovation must be that it changes people’s cognition and learning patterns associated with the output. In other words, it makes the individual see something differently and change their learning processes in order to appreciate it (van Aken, 2007). However, to change an individual’s cognition, the innovation must make an impact. Consequently, the second criterion is surprise (colloquially – the wow factor). An innovative idea may not be truly original but it must have an “epiphany element”; which means there must be an element of surprise and of awe which is simultaneously recognised and appreciated, like
We argue that whether the new tourism and hospitality idea comes from inspired abstraction or adaptation of what is known, it can be judged to be innovative if it meets the seven criteria:

- That it changes cognition and learning processes
- That there is an epiphany element
- That it has the power to cross borders and change boundaries
- That it has the power to break through established norms, expectations and practices in consumer thinking, marketing and in organisation
- That there is an element of risk
- That it should be a path towards something further
- That it should be capable of being liked.

Creativity and organisation

At the outset, it is important to acknowledge that there is a danger in the famed uniqueness claimed by the tourism and hospitality industries. For one thing, it limits the breadth of thinking, particularly analogical thinking – looking for comparisons that are not obvious outside the industry (Gassmann & Zeschky, 2008). The more likely case is the introspective one where the industry uses “industrial recipes”, that is, same issues same solutions across organisations (Spender, 1989). This may be one explanation for the conclusions of Hjalager’s (2010) review of research into tourism and innovation which applied the standard industrial lens of innovation determinants and which found only limited evidence of innovation.

That said, the rationale for looking at innovation from the perspective of judging the output is that it reinforces the idea that creativity is a continuous process. Something new and original can be the product of a one-off project which is perfectly legitimate, but then it has to exist within and rub up against the status-quo; things change because of it rather than it being the product of change. The pragmatic context of innovation is, of course, the organisation, and we see innovation as an issue of organisational culture. The debate about the bureaucratic processes and routines of an organisation being seen as inhibitors or progenitors of innovative thinking is not central to our analysis. In tandem with this debate is the argument that information asymmetry is at the heart of the problem and can be tackled through knowledge management strategies (Nadkarni, 2008). Whatever the merits of such arguments, we argue that, organisations, as social entities, need continuous communication around change, opportunities and problems rather than ad hoc arrangements such as projects and taskforces, however well focused. Even accepting the “stickiness” inherent in knowledge exchange forums (Szulanski, 1996), we argue that tourism and hospitality employees with their propensity for pro-social attitudes are especially attuned to taking in the perspectives of colleagues and customers, which is one of the acknowledged facilitators of creativity (Grant & Berry, 2011).

Discussion

Our analysis has shown that luxury is a spur to creativity and that the decision process involved in creating is imbued with paradoxes. We conclude that it is the aspiration property of luxury that can explain how tourism and hospitality
products are developed. We acknowledge that to an extent our arguments have side-stepped the evidence of mass market innovation but we argue that it does not contest the aspiration thrust of our stance. Furthermore, as the gap between rich and poor widens, the role of the transfer of once luxury tastes to mass consumption will play a part in moderating potentially conflicting differentials by democratising luxury.

From this analysis we have attempted to develop a set of criteria for judging whether an object or service is innovative. To do this we have taken a perspective from the impact of the end-product in terms of how it is receive by the imagination rather than in terms of satisfaction. The criteria are subjective and possibly contentious, but our point is that judgemental criteria as to what is innovative give some guidance to the creative process in that it assumes a path creation approach to which the end will be novelty. At the core of the criteria are the enforced changes in cognition that promote learning, but these, it could be argued, are the possible implications of any systematic change. This is not disputed, but we argue that the other criteria suggest that the output is the product of deterministic creativity; that is where the designer’s intention was to be novel for its own sake as well as for commercial success (Krippendorff, 2006).

This narrower perspective on innovation based on how its originality and its impact are evaluated will, we suggest, be more helpful to future progress than simply aligning creativity and innovation too immediately and too closely with the all-embracing and suffocating concept of change.

References


