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UNDERSTANDING INNOVATION CAPABILITY MATURITY IN RURAL TOURISM

In this research paper we present the findings of a survey on the innovation capability maturity of rural accommodation service providers in one of Hungary's outstanding rural tourism destinations, the county of Veszprém in the Middle Transdanubian region. Using the results of a field survey among rural accommodators operating in the rural villages of Veszprém county we construct an innovation capability maturity index, which measures the average level of innovation capability maturity of rural accommodators in the individual villages.

Our paper draws on the conclusions of an earlier paper (Raffai, 2013), which proposed a refined version of the Innovation Capability Maturity Model version 2 by Essmann (2009) to identify the factors driving the innovation capability maturity of rural accommodation service providers. Raffai (2013) found that the innovation capability maturity of rural accommodation service providers in Veszprém county, Hungary, can be described by five capability areas: market knowledge, training, managing possibilities, guest orientation and rationality. In our present paper we measure innovation capability maturity in these five areas for the individual rural accommodators and aggregate the results to compute innovation capability maturity indices for the villages in the survey.

The resulting indices are useful indicators of innovation capability maturity for all stakeholders in rural tourism. The values of the index can be used to compare the innovation maturity of rural accommodation providers in different communities. We present an example of this when we analyse Veszprém county in Hungary. Besides an assessment of the present situation, such an analysis can also be used to identify those innovation capability areas where rural service providers need to make the necessary steps to improve their maturity.

Key words: innovation capability maturity index, rural tourism, accommodation service providers, Veszprém county, Hungary

Introduction

Tourism plays an important role in the economy of all, however structurally diverse, OECD countries as it promotes economic growth and increases employment through travel and the trade of touristic services (OECD, 2000). The sector's central economic role

as well as the trend of economic globalization compel nation states to increase touristic competitiveness, primarily through innovation (Carvalho – Costa, 2011, p. 24).

This paper deals with innovation in rural accommodation services as part of rural tourism, an important subsector of tourism. Tourism in rural regions stands in sharp contrast with the five-star culture of tourism in metropolitan areas but its economic significance is equally unquestionable. Rural tourism, driven mainly by local players, plays a decisive role in job creation, investments and innovation in most rural areas. Rural tourism covers a range of services provided through the cooperation of many actors including accommodation providers, other service providers as well as local residents. These actors all contribute to creating the harmonious and complex experience, which encompasses all travel-related processes from the guests' choice of destination (e.g. pre-booking telephone inquiry, practical menu system of the hosts' website) to all the stimuli and impressions from the stay (e.g. hospitality of locals, opening hours of the souvenir shop, tidiness of streets and squares, choice of programs).

Rural accommodation is also more than just a room service. Most guests expect extra services and memorable experiences beyond staying in the country house. Satisfying the growing needs of customers, therefore, requires hosts and other regional service providers to cooperate, be open to change, be creative and innovative. Marketable accommodations with returning guests are open to the changing needs of their customers, are ready to cooperate with the right partners and innovate when necessary.

In this research paper we present the findings of a survey on the innovation capability maturity of rural accommodation service providers in one of Hungary's outstanding rural tourism destinations, the county of Veszprém in the Middle Transdanubian region. Using the results of a field survey among rural accommodators operating in the rural villages of Veszprém county we construct an innovation capability maturity index, which measures the average level of innovation capability maturity of rural accommodators in the individual villages.

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accommodators and aggregate the results to compute innovation capability maturity indices for the villages in the survey.

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Literature review

Innovation in rural tourism

Hjalager et al. (2008, p. 42) argue that the system of innovation can be analysed by examining its main components: the participants in the system, their actions and interactions as well as the driving forces behind innovation. In 2008, six authors from five different Scandinavian countries – Denmark, Finland, Iceland, Norway and Sweden – published a sector analysis based on case studies along with a research report with economic policy recommendations, in which they examined ten exceptionally successful tourism destinations as spectacular examples of innovation in tourism (Hjalager et al., 2008). The methodology of the case studies relied on the identification of the participants in the innovation system and their relationships, the mapping of the driving forces of innovation and the classification of the different innovation types.

The major driving force in the innovation process is the entrepreneurial spirit, characterized by the drive to initiate new investments and activities to keep the enterprise alive (Hjalager et al., 2008, p. 42). Another driving force is profit maximization. The classical profit motivation can be identified in most examined destinations but the reinvestment of profits in the broader local environment is also a reoccurring phenomenon (Hjalager et al., 2008, pp. 44-45). In certain cases, the initiatives and volunteering of locals is another important driving force. For example, the financial and organizational structure of the Roskilde Festival was built on the basis of a wide network of volunteer groups (Hjalager et al., 2008, p. 45). In some cases, innovation is driven by the participation of consumers. The owners of Oplevel Oppdal, for instance, provide hiking or team building groups with

several new, customized services, but the idea of an Ice Hotel is also the brainchild of visitors. Volunteering music fans carry out the pre-stage screening of avant-garde music groups wishing to play at the Roskilde Festival, and customers handle the customer feedbacks in the Mountain Destination of Åre or the Whale Watching in Northeast Iceland (Hjalager et al., 2008, p. 47).

Rønningen (2010, p. 16) understands innovation as a complex process, similarly to Hjalager et al. (2008), and emphasizes that the pace of innovation is rather slow in the touristic sector, unlike in other services. He provides a comprehensive review of the literature on innovation in tourism and cites authors (Hjalager (2002) in Rønningen, 2010, p. 17; Fussing-Jensen et al. (2001) in Rønningen, 2010, p. 17) who point out that small enterprises do not always possess the knowledge base of innovation and are also unwilling to participate in cooperation structures, which inhibits the exchange of experiences as well as their knowledge sharing and innovation capabilities. Hjalager (in Rønningen, 2010, p. 16) explains this low level of innovation in tourism by the mutual lack of trust among touristic enterprises. Certain authors (Hjalager (2002) in Rønningen, 2010, p. 17; Fussing-Jensen et al. (2001) in Rønningen, 2010, p. 17; Pechlaner et al. (2005) in Rønningen, 2010, p. 17) suggest implementing a cooperation strategy to enhance innovation capability. They argue that cooperation provides for the flow of knowledge and enables involved parties to lower their transaction costs. Moreover, an empirical study by Pechlaner et al. (in Rønningen, 2010, p. 17) demonstrates that any cooperation that promotes knowledge and experience sharing expands the combined innovation capacity of businesses. Nevertheless, Sorrensen (in Rønningen, 2010, p. 17) opines that differences in the density and intensity of cooperation networks fail to explain the differences in the innovative behaviour of enterprises.

Innovation capability determinants in rural tourism

The complex nature of innovation calls for an investigation of the components of innovation capability from multiple perspectives. The success in the competition of the 21st century lies in the exploitation of the potential of new ideas (Hamel, 2000; Maier et al., 2012). Kim (1997) defines innovation capability as the ability to create new and useful knowledge on the basis of existing knowledge. Burgelman et al. (2004) give another definition describing innovation capability as comprehensive organizational characteristics that support and promote innovation strategy. Atoche (2007) expands the former by defining innovation capability as a higher order “capability of integration”

that shapes and manages the different organizational capabilities and resources that encourage innovation activity.

In his analysis of rural tourism in Norway, Rønningen (2010, p. 18) emphasizes the following factors enhancing innovation:

- The innovation capability of small enterprises is smaller than that of large ones.
- Cooperation boosts innovation capability.
- Knowledge and competences are decisive.
- Government subsidies may improve the innovation capability of enterprises.
- Export orientation leads to product innovation.
- Market orientation and the involvement of employees may enhance innovation.

We illustrate in Table 1 the factors deemed most important in facilitating innovation by the various authors, together with academic references and capability areas considered crucial for innovativeness.

Fazekas (2007) considers knowledge as one of the most important factors of development. He argues that missing information on technological and market conditions as well as potential communication failures and the lack of skilled workforce can all hinder innovation activity. Service providers can acquire most of the necessary knowledge and information in trainings and vocational courses.

Several Hungarian and international studies emphasize the positive impact of cooperation on innovation (Inzelt – Szerb, 2003; Jancsik, 2007; Rønningen, 2010). The results obtained by Inzelt – Szerb (2013) show that the share of new products is significantly higher for enterprises cooperating in innovation than for their non-cooperating peers. The innovation capability of enterprises operating in isolation is also weaker than that of their cooperating peers. Good decisions on the forms of cooperation or the choice of cooperating partners call for the necessary skills to realize business opportunities, the ability to take calculated risks, and, according to Hjalager et al. (2008), entrepreneurial spirit and personal motivation. This is one of the main reasons why decision-making skills play a crucial role both in the strategic and in the operative processes of service providers. Furthermore, guest orientation is another important driver of innovation in tourism. As Decelle (2006) points out, the success of tourism service providers hinges on their ability to adjust their services to the demand and to quickly adapt to changes.

Market knowledge	Essmann, 2009	Rønningen, 2010	Chikán, 1998	Kaplan – Warren, 2010
	Ottenbacher et al., 2005	Brackenbury, 2006	Williams, 2010	Quadbeck-Seeger, 2007
	Hjalager et al., 2008	Jeffrey et al., 2009	Weiermair, 2008	Spielkamp – Rammer, 2006
Training, competence	Essmann, 2009	Kim, 1997	Cohen – Levin, 1989	Hjalager et al., 2008
	Francis, 2005	Ottenbacher et al., 2005	Atoche, 2007	Quadbeck-Seeger, 2007
	Rønningen, 2010	Carvalho, 2008	Csath, 2004	
Cooperation	Essmann, 2009	Keller, 2008	Bell – Pavitt, 1985	Hjalager et al., 2008
	Pechlaner – Bachinger, 2010	Ottenbacher et al., 2005	Scott et al., 2008	Porter, 1993
	Rønningen, 2010	Weiermair, 2008	Flagestad, 2001	Hall et al. (eds.), 2005
	Jancsik, 2007	Inzelt – Szerb, 2003		
Decision making	Essmann, 2009	Essmann – du Preez, 2010	Atoche, 2007	Bell – Pavitt, 1985
	Francis, 2005			
Risk taking	Decelle, 2006	Chikán, 1998	Zoltánné, 2002	Fazekas, 2007
	Pakucs – Papanek, 2006			
Entrepreneurial spirit	Schumpeter, 1934	Hjalager et al., 2008	Fazekas, 2007	Hall – Williams, 2008
	Fugslang – Sundbo, 2005	Zoltánné, 2002		
Guest orientation	Essmann, 2009	Hjalager et al., 2008	Ark et al., 2003	Szabó, 2012
	Weiermair – Fuchs, 1999	Sundbo – Darmer, 2008	Csizmadia, 2009	Decelle, 2006
	Csath, 2004			
Rationality	Essmann, 2009	Williams, 2010	Weiermair, 2008	Chikán, 1998
	Hjalager et al., 2008			

Table 1 Factors influencing innovation capability in rural tourism.

Source: Raffai (2013).

An innovation capability maturity model for rural tourism

Scholars in both management (Williams, 2010; Essmann, 2009) and tourism sciences (Marchiori et al., 2012) have attempted to provide descriptions of innovation capability maturity. This section presents a model describing the innovation capability maturity of rural accommodation service providers.

We consider Essmann's Innovation Capability Maturity Model version 2 (ICMMv2) as the basic model to describe the innovation capability maturity of rural accommodation service providers. Essmann's ICMMv2 is an advanced innovation capability model, developed from ICMMv1, an earlier version. Essmann – du Preez (2009) argue that ICMMv2, unlike the earlier model, “defines the ‘what’ of innovation capability and not the ‘how’. This is intended to be the ‘essence of innovation’ that ... is the same in every organization” (p. 408). It is obvious that a rural accommodation service provider is practically not an organization, but an individual or family. Operating such a business, however, requires the application of the structured business logic and attitude of an entrepreneur.

The model, published in Raffai (2013), is a simplified version of Essmann's more formalized and complex ICMMv2. ICMMv2 classifies capabilities into 42 construction units (criteria) in order to build a model that grasps the innovation capability maturity of any organization involved in any type of activity. The criteria in ICMMv2, however, cannot be fully adopted in our research because Essmann's model is more formalized and complex than what we need in the case of rural accommodation service providers. The model we use drops the criteria (e.g. treatment of intellectual property rights, suppliers' competence) which are only relevant to a formal organization. Furthermore, in the maturity model of rural tourism, we divide the criteria of cooperation (building formal and informal external connections) into three parts: cooperation with touristic and non-touristic service providers and availability to service providers). We use a total of five capability areas out of Essmann's set of criteria, which we describe in the next five paragraphs.

The capability area of “market knowledge” includes the criteria of understanding customer needs, knowing regulations and processing the news. In rural accommodation, awareness of the needs and expectations of guests is of key importance. It is also indispensable to keep track of regulations and consumer trends. We deem the criterion of processing the news to be important because only evaluated and processed pieces of news can adequately inform the process of planning, making changes in the supply of services and reacting to market changes.

The capability area of “training” involves the criteria of training strategy and training program. In the world of services, the importance of possessing up-to-date knowledge and

skills needs little explanation. Most rural accommodation providers, understandably, hold neither a touristic nor any other college degree. But their training is a vital necessity if they wish to follow the latest developments and apply new practices. To this end, they regularly participate in vocational programs such as trainings on accommodation, language courses, team buildings or hiking, where they can learn about and make use of best practices and applicable solutions. This is very profitable, because according to Keller (2008, p. 35), model imitation pays off in tourism because service providers can save the costs of experimentation and research.

The capability area of “managing possibilities” encompasses several criteria. Idea management and project applications can indicate openness to entrepreneurial spirit, change and making changes. Cooperation with and availability to touristic and non-touristic service providers, institutions of education and research also plays a crucial role within the driving forces of innovation. Cooperation is an efficient way of sharing information, resources and knowledge, in which all actors are interested in participating. Still within this capability area we have also included decision making, risk management and innovation communication. The ability to seek solutions to different problems, choose the right alternative and communicate the realized innovation are further aspects of innovation maturity.

We included the criteria of guests’ contribution to innovation and availability to guests in the capability area of “guest orientation”. Customer satisfaction and, in the long run, commercial success, hinges on the human factor and the personal dimension. Informality, being open and reacting flexibly to personal needs is essential in services, and even more so in the innovation maturity of rural service providers.

Our last capability area is “rationality”, which covers financial planning, measuring innovation performance, choosing the target group, and keeping guest records. Rationality leads to long term strategic thinking, consciousness, and continuous investment into the business, which promote renewal and are the manifestation of an entrepreneurial attitude.

Raffai (2013) applied the above indicators of the five capability areas in a survey among rural accommodation service providers in Veszprém county, Hungary. The preliminary categories of the indicators were also confirmed by conducting principal component analysis, using the results of the survey as input data. Raffai (2013) found that the innovation capability maturity of rural accommodation service providers in Veszprém county, Hungary, can be described by the above five capability areas. The five capability areas and the relating eighteen significant indicators describing these areas are summarized in Table 2.

Innovation capability areas	Indicators
Market knowledge	<ul style="list-style-type: none"> • Understanding customer needs • Knowing industry regulations • Processing the news
Training	<ul style="list-style-type: none"> • Training strategy • Training program
Managing possibilities	<ul style="list-style-type: none"> • Idea management • Tender applications • Cooperation with touristic service providers • Cooperation with non-touristic service providers • Availability to touristic service providers • Decision making • Innovation communication
Guest orientation	<ul style="list-style-type: none"> • Guests' contribution to innovation • Availability to guests
Rationality	<ul style="list-style-type: none"> • Financial planning • Measuring innovation performance • Choosing the target group • Keeping guest records

Table 2 Areas and indicators of the model of innovation capability maturity in rural tourism
 Source: Raffai (2013).

Determining innovation capability maturity levels

Having identified the innovation capability areas, the innovation capability maturity index can be calculated. Essmann (2009) identifies five levels of innovation capability maturity, the description of which we adopt in our calculations of the innovation capability maturity of rural accommodation service providers. In our calculations these five levels of maturity are translated into an index with a value of 1 to 5.

On the bottom (first) level innovation is not yet present. The least innovation mature accommodation providers basically improvise in the process of providing their services.

Even if there exists a process of innovation service providers do not follow it and there are no regulations that insure that such processes are followed. Such accommodators react to changes rather than consciously initiate them. Their planning horizon is short and they deal with the problems as they emerge. Quality and performance cannot be measured in an objective fashion.

As we go up to higher levels of maturity conscious innovation is becoming an integral part of business processes. On the second level, service providers perceive the need for innovation, define innovation accurately and understand the different factors driving innovation. The innovation process is transparent but its outcome is yet inconsistent. On the third level, service providers support and manage innovation by appropriate practices, processes and tools and encourage their clientele to share innovative ideas. The outcome of innovation processes is foreseeable and insure sustainable market share and position. On the fourth level, innovation processes are integrated into service activities. The link between business expectations and the internal innovation model is clear and the innovation model operates reliably.

On the top (fifth) level, innovation becomes part of everyday routine. Innovation mature accommodation providers are capable of managing the entire service process and understand the significance of each internal process within the full process. Their decisions are for the long haul and they continuously expand the range of their services, and apply objective methodology to monitor the satisfaction of their guests.

Research design

Data set

Within Hungary's Middle Transdanubian region, our broad area of interest, the performance of rural touristic service providers in the county of Veszprém is outstanding, by far exceeding the performance of those operating in the other two counties (Fejér and Komárom-Esztergom). Based on this consideration, our research sample includes those rural accommodation service providers in Veszprém county which operate in villages with unquestionable rural touristic performance. We use 2009 figures of the villages from the dissemination database of the Central Statistical Office to define the cut-off values for entering our sample. These values are 600 registered guest nights and 200 accommodated guests, which, then, predetermine the range of accommodation service providers entering

the research sample. In Figures 3 and 4 in the Appendix, we illustrate on a map the geographical distribution of these villages in Veszprém county.

As can be seen in Table 6 in the appendix, a total of 82 rural accommodation service providers (out of the 253 total) in Veszprém county answered our survey questionnaire.

		Age (year)	Duration of service (year)	2011			2012
				Net profit spent on maintenance and upgrade (%)	Revenue spent on communication (%)	Number of guest nights	Room-price (high season, person/night, HUF)
N	Valid	82	82	82	82	82	82
	Missing	0	0	0	0	0	0
Mean		50.5	9.5	36.0	8.6	350.1	3420.7
Median		50.5	9.5	30.0	10.0	270.0	3050.0
Std. Deviation		10.9	5.5	29.2	7.0	336.6	1027.8
Skewness		-0.1	0.7	0.5	1.3	2.0	2.6
Std. Error of Skewness		0.2	0.2	0.2	0.2	0.2	0.2
Kurtosis		-1.0	0.9	-1.0	2.1	6.3	10.3
Std. Error of Kurtosis		0.5	0.5	0.5	0.5	0.5	0.5
Range		42	28	100	30	2000	6800
Minimum		28	0	0	0	0	2200
Maximum		70	28	100	30	2000	9000

Table 3 Descriptive statistics of the sample

Source: own construct

Table 3 shows the descriptive statistics of the hosts and the places of accommodation. The average age of the hosts is 50, with a minimum age of 28 and a maximum of 70 years. They have been involved in rural tourism for an average of 9.5 years, with their experience ranging from 0 to 28 years. In 2011, the interviewed hosts spent an average of 36 per cent of their annual profit on the maintenance and upgrading of their facilities. They

spent 0-30 per cent of their annual sales revenue on communication and advertising. The number of guest nights in 2011 ranged between 0 and 2000 with an overall average of 350 guest nights. Guest rooms cost a minimum of 2200 Hungarian forints (7.5 euros) and a maximum of 9000 forints (30.5 euros) per night.

In our questionnaire, we asked hosts to answer a total of 19 questions that each pertain to one particular indicator. The questions are clustered together to indicate the five aforementioned capability areas they belong to. To each question, we asked the interviewee to choose that one of the three possible answers that he/she felt the most adequate for his/her services. When he/she could not choose between the three given answers, or if two subsequent answers were both partly true, we asked him/her to check one of the two alternatives in between the three answers. The answers to these questions become our indicators of innovation maturity, ranging on a likert scale between 1 and 5. Innovation maturity is then calculated as the arithmetic mean of the scores of these indicators within one particular capability area. Finally, total innovation capability maturity is calculated as the arithmetic mean of the innovation maturities in the five capability areas.

Results and discussion

After calculating the innovation capability maturity index of each accommodation provider in the sample we averaged these values in each village. Table 4 shows the average values of the innovation capability maturity index for the surveyed villages in Veszprém county, Hungary.

The average value of innovation capability maturity indices for rural accommodation service providers in Veszprém county is 2.86 but the indices show great variance not only throughout Veszprém county but also within the individual villages. The average difference between the minimum and maximum index values within the individual villages is 1.36. For instance, in Felsőörs and Lovas, two villages in the southern part of the county close to lake Balaton, this difference is strikingly high. In these villages we saw significant deviation in the attitudes of rural service providers to innovation: while some are proactively and incessantly seeking possibilities of innovation, others have not made even the slightest change in the range and type of their services for the last twenty years.

Figure 1 displays the innovation capability maturity indices averaged by village and shown in table 4. This presentation also highlights the differences between the different villages covered in the survey. The numbers on the figure indicate outliers (e.g. 78 stands for the index value of a service provider in the village of Magyarpolány whose questionnaire was marked number 78).

Village	Number of observations	Standard deviation	Minimum	Maximum	Average
Nemesvámos	4	0.6825	2.83	4.44	3.62
Dudar	5	0.5435	3.11	4.44	3.60
Vászoly	3	0.3379	2.94	3.56	3.33
Ganna	4	0.4468	2.61	3.61	3.11
Lovas	7	0.7136	2.11	4.28	3.06
Csesznek	6	0.6428	2.22	3.83	2.96
Bakonybél	13	0.7680	1.50	4.00	2.91
Magyarpolány	8	0.6482	2.28	4.22	2.83
Felsőörs	6	1.3294	1.39	4.44	2.68
Eplény	5	0.5046	1.78	3.00	2.67
Bakonyszentkirály	2	0.8250	2.06	3.22	2.64
Nemesvita	4	0.4612	1.94	2.94	2.57
Öskü	4	0.2581	2.22	2.83	2.57
Pécsely	2	0.4321	2.17	2.78	2.47
Szentbékáll	3	0.3889	2.06	2.78	2.33
Németbánya	3	0.3572	2.00	2.67	2.26
Mindszentkál	3	0.7398	1.56	2.89	2.04
Total	82	0.7300	1.39	4.44	2.86

Table 4 Innovation capability maturity indices of rural accommodation providers in Veszprém county (averaged by village)

Sources: own construct

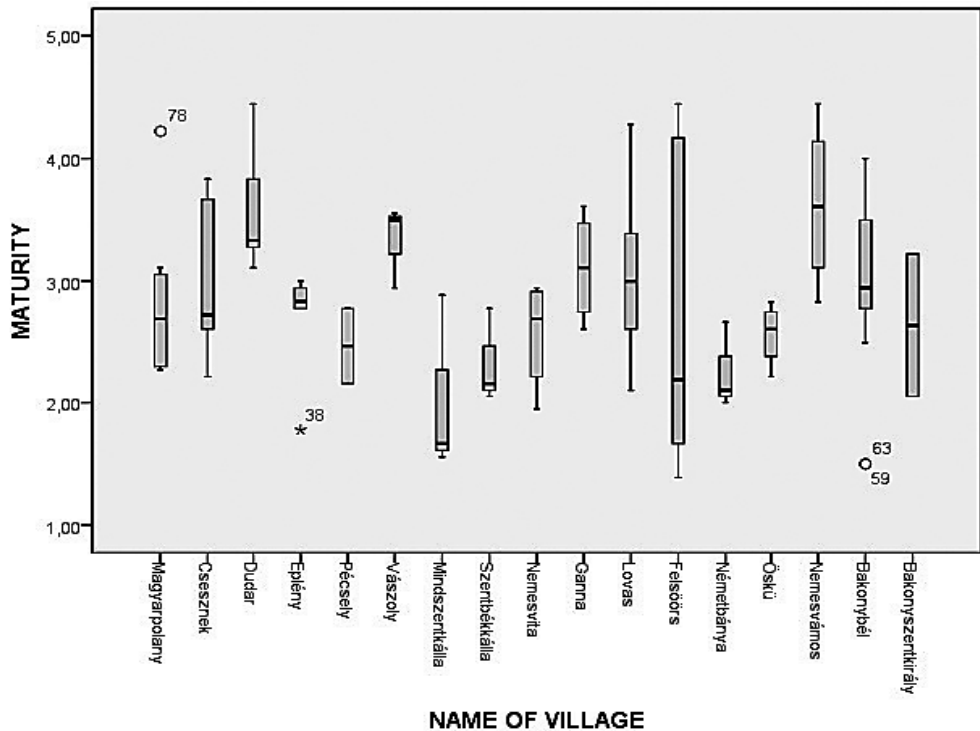


Figure 1 Boxplot diagram

Source: own construct

The innovation maturity of a given rural accommodation service provider can also be plotted on a radar chart, which we call innovation maturity profile. This profile shows in one diagram the innovation capability maturity of a given service provider in the five innovation capability areas. Figure 2 shows the innovation maturity profile of one random rural accommodation service provider, based on the values displayed in Table 5.

Market knowledge	Training	Possibilities	Client-orientation	Rationality	Maturity index
3.67	2	3.33	3	3.5	3.1

Table 5 The maturity of the innovation capability areas of a random rural accommodation service provider

Source: own construct.

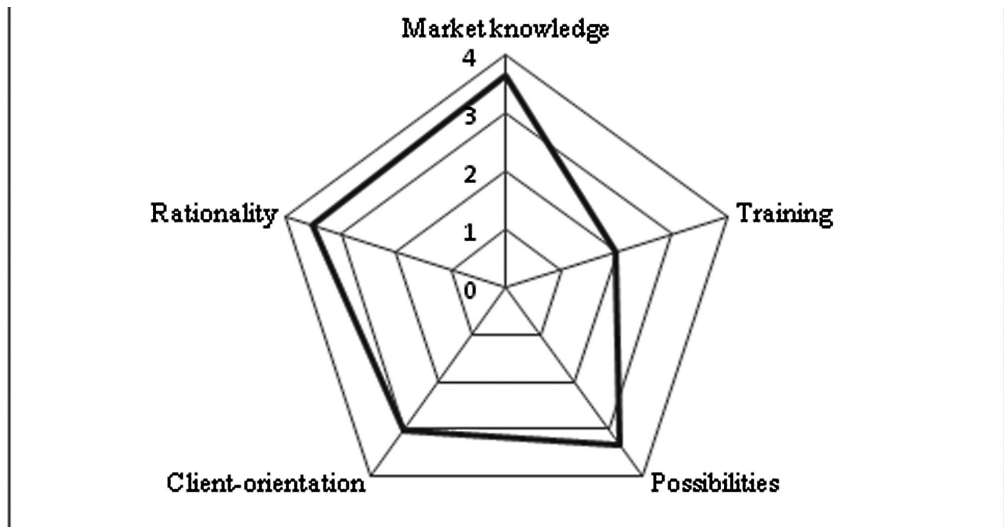


Figure 2 The innovation capability maturity profile of a random accommodation provider in Veszprém county

Source: own construct

Conclusions

The purpose of our research is not exclusively to expand the theoretical framework of rural tourism but also to construct a method that can be applied with ease. The proposed innovation capability maturity model coupled with the innovation capability maturity index enable rural accommodators as well as other stakeholders in rural tourism to measure and compare innovation capability maturity of different accommodation service providers. The measured levels of maturity in the different capability areas point beyond an assessment of the present situation and help service providers map their innovation capability areas, spot their weaknesses and create a development strategy to correct shortcomings. Such a strategy should focus service providers' efforts on developing the particular components of the services found to be less developed in any of the capability areas (e.g. getting to know clients' needs better, communicating realized innovation, submit more tenders bids). Based on these corrections, accommodators can lay out the future path of development.

It is noteworthy that our experiences with the interviewees reinforce our research findings. In our research sample, accommodation providers with a high value of the

innovation capability maturity index entirely identify themselves with the provided services and activities. Apart from accommodation, most of them offer other programs and experiences (cheese making, cooking, courses, etc.). Although our research ignores the aspect of satisfaction and happiness the research experiences also fully support the argument in Michalkó (2012), according to which, „being involved in rural accommodation services unquestionably improves the subjectively perceived quality of life” (p. 117) and the arrival of new guests is a source of positive state of mind and good mood.

Although the results of our research do not offer a recipe for successful innovation, they carry well discernible messages for rural accommodation service providers. On the basis of the best practices of accommodation service providers with a high maturity index value, we have three pieces of advice to entrepreneurs in the rural accommodation business. First, rural accommodation providers should look for ways to cooperate with other touristic and non-touristic service providers. Joining a local or regional destination management organization (DMO) or, cluster, could enhance their innovation capability maturity. Such cooperation contributes to the success of participants through different channels, including professional lobbying, information service on new funding opportunities, assistance in compiling tender applications, joint media coverage and professional training programs.

Second, in order to better meet customer demand, accommodation providers should clearly identify their target group (e.g. groups of students, couples with children, seniors, etc.). Satisfying the needs of a well-defined target group is always easier than satisfying the, sometimes opposite, needs of all possible types of customers that might look for rural accommodation. Hungarian service providers are especially advised to be more conscious in targeting a specific segment of customers and streamline their services in line with their needs.

Third, long term success requires constant adaptation to the changing environment. Besides the aforementioned continual search for new information and lifelong training, this approach also includes identifying new customer needs, following the latest market trends and repeatedly measure the satisfaction of customers. The information in the feedbacks can be used to improve the accommodation service, expand the range of accompanying services and, thus, increase the number of returning guests.

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Appendix

Sub regions	Village	Hosts in the sample	Total hosts	Coverage (sample/total)	Local tourism tax revenue (HUF 1000)	Number of bedplaces	Number of guest nights	Number of guests	Average frequency*	
Ajkai	Magyarpolány	8	17	47%	641	102	1653	4%	558	5%
Balatonalmádi	Felsőörs	6	33	18%	516	356	2875	8%	495	5%
Balatonalmádi	Lovas	7	35	20%	2619	211	3185	9%	865	8%
Balatonfüredi	Óbudavár	0	6	0%	0	57	1195	3%	275	3%
Balatonfüredi	Pécsely	2	18	11%	122	97	788	2%	290	3%
Balatonfüredi	Vászoly	3	8	38%	342	81	1712	5%	515	5%
Pápai	Ganna	4	7	57%	381	42	1865	5%	462	4%
Pápai	Németbánya	3	3	100%	129	19	2451	7%	424	4%
Tapolcai	Mindszentszálla	3	6	50%	737	34	1020	3%	281	3%
Tapolcai	Nemesvita	4	13	31%	165	81	955	3%	318	3%
Tapolcai	Szentbékállá	3	16	19%	912	92	2182	6%	737	7%
Várpalotai	Öskü	4	10	40%	0	52	1466	4%	311	3%
Veszprémi	Hárskút	0	2	0%	211	19	606	2%	267	3%
Veszprémi	Nemesvámos	4	3	133%	0	16	880	2%	250	2%
Zirci	Bakonybél	13	35	37%	3943	250	5070	14%	1714	16%
Zirci	Bakonyhána	0	11	0%	782	73	3155	9%	561	5%
Zirci	Bakonyzentkirály	2	5	40%	0	35	692	2%	205	2%
Zirci	Csesznek	6	9	67%	301	66	1633	4%	776	7%
Zirci	Dudar	5	6	83%	0	31	698	2%	294	3%
Zirci	Eplény	5	4	125%	96	44	724	2%	339	3%
Zirci	Jásd	0	6	0%	717	52	2022	5%	571	5%
Total:		82	253	100%	12614	1810	36827	100%	10508	100%

Table 6 Selected data from 2009 on villages of Veszprém county in the sample

Source: own construct

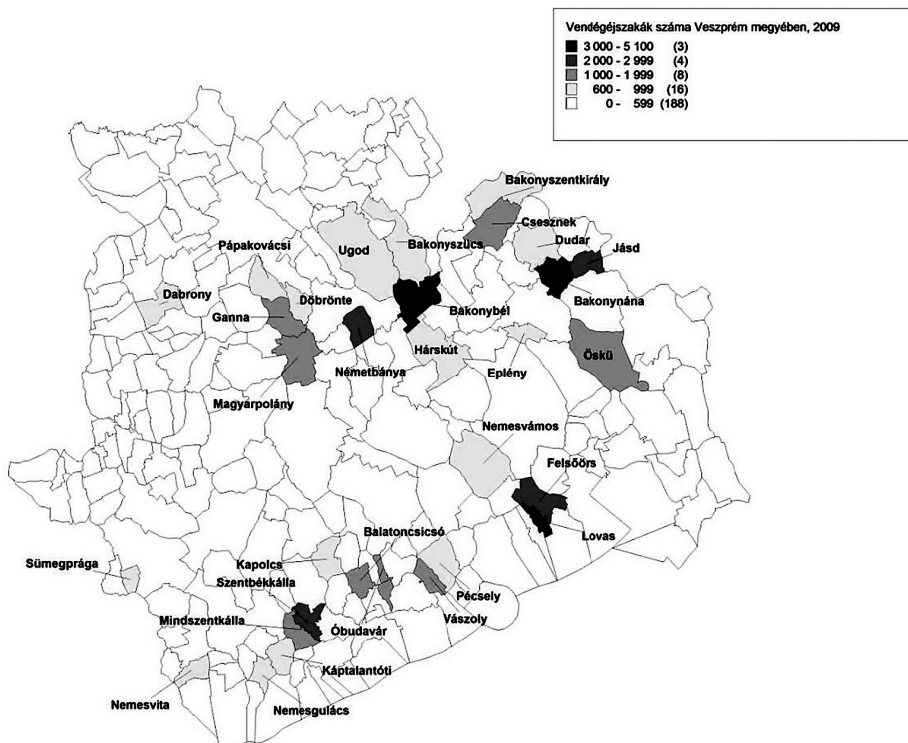


Figure 3 Number of guest nights spent in the villages of Veszprém county

Source: own construct

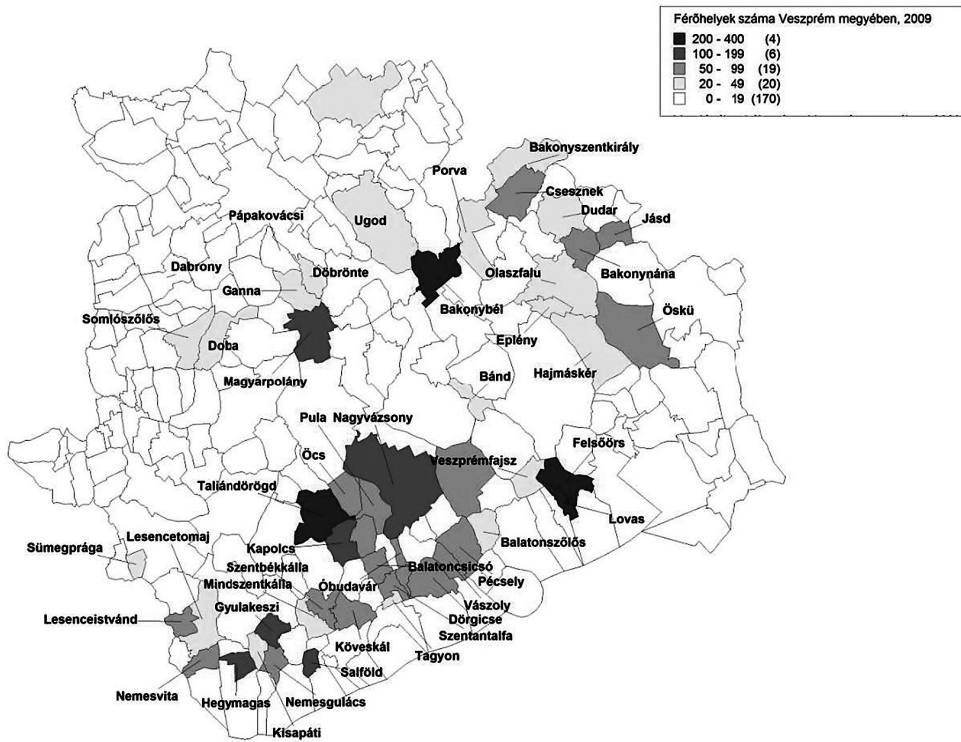


Figure 4 Number of bed-places in the villages of Veszprém county
 Source: own construct



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