

TOURIST DESTINATION COMPETITIVENESS: THE ROLE OF COOPERATION

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1. Introduction

Territories are key in tourism. In years of growing debate on the role of local factors for economic development and of territorial marketing, tourism represents an election field of application of territorial theories. It is affirmed that, unlike any other economic sector, the peculiar tourism product is not a single commodity or service but a whole destination (Murphy et al., 2000; Ritchie and Crouch, 2003). Obviously, if the perspective of the supplier is taken into consideration, the tourist product is simply the single commodity supplied – be it a bed space, a meal, or a guided tour. However, visitors buy the different elements in order to compose their vacation experience. As a result, the tourist product is widely defined as an amalgam, starting from Medlik and Middleton (1973). It is within the destination that the majority of tourism resources, goods and services are provided and experienced, and the destination collects most of the tourist consumption and of the economic and non economic effects of tourism (Antonioli 1999; Murphy et al. 2000; Candela e Figini 2010).

The attractiveness of places, that largely depends – even though not exclusively - on the quantity and quality of their resources, is an essential prerequisite for their tourism development. Nonetheless it is increasingly recognized that the resource endowment is not sufficient: a growing number of destinations is adopting sophisticated strategies to attract visitors, beyond the traditional promotional activities. This is paramount in a competitive environment characterized by significant challenges and rapid changes, exerting pressure on the various actors of the sector. The aggressive push toward free-market systems, the growing environmental concerns and social instability, the rapid growth of new technologies, the pressing need for safety and security present threats and opportunities for destinations and industries (Gibson, Pennington-Gray & Thapa 2003). Competition between and within destinations is fierce and there is constant change in the tourism marketplace. New destinations are entering the market and new strategic alliances are being formed. Tourism demand is also changing: tourists are more informed about products and services and insist on low cost offers

and high quality experiences. As a result, some destinations are suffering despite the growth of the global tourism market and the endowment of potentially attractive resources (UNWTO 2011; WEF 2011).

Moreover it is recognized that, even though competition is played at all geographical scales, the local level is the most relevant: the competitive pressure imposes to local governments and policy makers to reevaluate the use done so far of their tourism resources, in order to capitalize on them and increase the performance of tourism destinations. In particular, community based approaches and theories on clusters, districts and local cooperation are more and more emphasized both by the academia and by practitioners (see for example: Antonioli 1999; Milne & Ateljevic 2001; Denicolai et al. 2010).

2. The debate on the competitiveness of tourism territories

In economics, several studies have approached the general topic of territorial competitiveness, however the manifold and different interpretations and definitions of the concept are an evidence of the difficulties in identifying its constituent factors, coupled with the variability of the contexts of application. In the last two decades, the concept of competitiveness has been applied and adapted also to territories mainly as a consequence of the globalization and of its effects: the increasing and easier mobility of work force and capital between territories has stimulated the idea that territories are in competition in attracting and maintaining labour force, resources, and investments. In the end, territories compete to foster their economic prosperity and the standards of living of their population.

It is not our purpose here to go over this broad ground of debate, but rather to pinpoint and discuss the specific factors recognized as determinants of the performance of a tourism destination, in terms of both attracting visitor flows and generating economic prosperity for the destination through tourism development. The two issues are connected and, even though they do not coincide, it is difficult to establish certain boundaries.

Tourism literature has often concentrated on the issues connected on the attractiveness of tourism territories. The reason is straightforward: tourism requires the movement of the demand from origin (residence) to destination and without this movement the tourism phenomenon does not even exist. As a consequence, tourism literature has deeply studied the various aspects related to the attraction of visitor flows. However, nowadays, the key topic of the debate – also for who is in charge of the governance and management of tourism destinations – is how to make effective and efficient local tourism development, and this is more connected to the concept of competitiveness.

The identification of the factors that determine the competitiveness of tourism areas has gained growing interest among both scholars and policy and decision makers. The key aspect here is not recognized in the resource endowment of an area, rather in the ability to plan, organize, and manage the tourism development of the destination, assuring effectiveness and efficiency to the actions implemented, also compared to those of competitors.

The theoretical basis and empirical research on tourism competitiveness are derived from multiple bodies of knowledge. The tourism literature offers a variety of approaches that have dealt with some aspects that are considered relevant for the success of a tourism destination, but often without developing a comprehensive conceptual framework of tourism competitiveness.

Some scholars have studied the competitiveness of geographic areas using strategic planning and management concepts (Go & Govers, 2000), also applying Porter's studies with limited attention to more tourism specific elements, while other works, more concerned with the demand or market outcomes of competitiveness, have built knowledge in the field by adopting marketing concepts: in particular - as we will see more in detail - the role of the destination image has a very long tradition.

Price has been seen as a key determinant of competitiveness in a number of studies (Mangion, Durbarry, & Sinclair 2005; Papatheodorou 2002, Forsyth & Dwyer 2009): the tourist demand is price sensitive, determining the importance of price factors in international competition. However, this does not mean that destinations can compete just by lowering prices, since they can rely also on reputation and quality factors that allow obtaining premium prices (M. J. Keane, 1997; Mangion et al., 2005; Papatheodorou, 2002).

Very little literature has produced comprehensive conceptual models of tourism competitiveness and basically the reference is at the models developed by Dwyer and Kim (2003) and by Ritchie and Crouch (1998; 2003). In terms of sources of competitiveness there are not major differences between the two models, apart from the explicit recognition by Dwyer and Kim of the importance of the demand conditions as a determinant of competitiveness. While many general studies on competitiveness concentrate just on supply-side factors, tourism destinations are characterized by the market segments they serve. They may be competitive for certain markets and not for others, and also the price sensitiveness changes from one segment to another, giving more or less importance to price factors. The demand conditions are therefore included in the framework through demand-awareness, perception and preferences.

Ritchie and Crouch are the authors who have studied the topic more extensively, arriving at the proposal of a conceptual framework including a wide range of factors driving competitiveness. The starting point of the authors is that

‘competitiveness without sustainability is illusory’, meaning that the short term and long term perspectives need to be integrated and that the final end of tourism competitiveness is related to the wellbeing and standards of living of residents. The conceptual model is broad in scope, since it aims to collect all the aspects that can be sources of competitiveness, regardless the territorial scale of the destination and its development level. The model is based on Porter’s theory of competitive advantage, but also considers the comparative advantage of a destination, since the resource endowment is considered key in tourism. Thus, the factors outlined in the conceptual model pertain both to the resources that a tourist destination has at its disposal (natural and created resources; human and capital; infrastructure and superstructure), and to the modes of deployment of this resources. The factors that drive destination competitiveness are classified in the following groups: (a) supporting factors and resources that support the possibility to have tourists at a destination; (b) core resources and attractors that are the main motivations to visit a destination; (c) destination management, meaning the activities that implement the strategic framework of a destination and enhance the quality of the supporting and core resources; (d) destination policy, planning and development that relate to the ability of a destination to have clear strategic goals and to implement them; (e) and, finally, qualifying and amplifying determinants, meaning those factors that can amplify or condition the competitiveness of a destination.

While inherited resources are paramount in order to attract visitors, their role in terms of long-term prosperity may be questionable. Destinations relying too heavily on their resources may not be able to upgrade true underlying competitiveness and long-term prosperity. As a consequence, and even though the importance of the comparative advantage is recognized by this model, the relevance of the factors pertaining to destination management and destination policy and planning needs to be stressed.

In particular, the effectiveness of the strategies and actions implemented by tourism destinations is grounded on the ability to create local networks that can guarantee the governance of the destination. A district approach is required: a district characterized by barriers and economies of scale and scope quite different from manufacturing districts, both in terms of types and roles of stakeholders involved, and in terms of environmental and socio-cultural aspects.

The following pages, thus, concentrate on two strategic aspects that tourism destinations are facing in a growing competitive environment. First, the efficient management of local tourism supply networks through a district approach is discussed. Second, a concrete issue related to the former is considered: the benefits of cooperation for the image formation and promotion of tourism destinations, also through Information and Communication Technologies (ICTs) .

3. Local networks as sources of competitive advantage: a district approach

The development of the tourism sector, mainly in the last decade, has demonstrated the need for a systemic approach to its management. This for several reasons, starting from its collective nature and the relevance of the territorial assets, arriving to the various economic advantages that derive in terms of economies of scale, economies of scope, and creation of positive externalities.

Interestingly, the advantages arise for the tourism industry but also for the communities involved, as a consequence of the relevant local impacts that distinguish the tourism sector. The advantages of a tourism district, that have important effects on territorial competitiveness, are several but the main are identified in the following ones: uphill economies of scale and for the internal management of common services and local assets (destination price policies and costs reduction); economies of specialisation and of scale for communication and promotional activities also through an increase of the bargaining power towards intermediation, the creation of centralized reservation systems, and the management of independent demand; economies of specialisation and of scale for information handling, overcoming asymmetric information issues affecting the sector; and finally, the creation of economic links with other economic sectors at local level and the reduction of economic leakages (Antonioli 1999)

The essence of a district approach in tourism lies in the ability to put into operation a system of coordinated relational networks among the various decision-makers and the various public and private operators of a destination. It has to be remained that the tourist experience is a composed one and refers to a combination of structures, infrastructures, services, and resources. All of them refer to different actors that generally do not act together as a finalized organization. As a consequence, the tourist product is structured just after a process of organization based on the coordination of the single decisions and intervention tools and, finally, on the activation and management of an effective network.

However, the creation of these type of networks and synergies is complex and often represents a key obstacle to the progress of tourism territories.

The difficulties derive from the management of these multifaceted networks, that cannot be framed either in a corporate logic or in a relationship between companies one. The extra-economic networks - meaning the relationships between public sector, private operators and local community - have a significant influence in tourism. The understanding of the underlying dynamics of these type of relations is crucial and must be based on a concrete and clear definition of specific roles for the subjects involved and on the choice of common strategic objectives, identified on the acceptance of stakes and advantages that are necessarily different for the various groups involved.

Moreover the complexity of the tourist product imposes to act not just in a cooperative way enhancing territorial resources and competences, but requires also the adoption of integrated management tools or the implementation of the so called destination management. As such, destinations have been more and more recognized and highlighted as active agents of the tourism system.

Over the last decade the relevance of managing the destination has emerged significantly and has represented a main stream of interest for both practitioners and researchers involved in tourism. The literature has stressed in particular how, in order to benefit from the economic outcomes of tourism, organizations and firms have had to increase their efforts to promote and sell their products, basically reinforcing marketing activities, striving to enhance their differentiation and image, and focusing on the quality and value of the destination product. On these issues, central in the debate on tourism competitiveness, we concentrate in the next section.

4. The integrated image of tourism territories: new strategies and new challenges

Image is a key driver of destination marketing strategies, as it has been largely identified as one of the most important factors for tourism destinations in order to increase their attractiveness and differentiate from competitors. An interesting and growing stream of research has concentrated on destination brands as tools to manage the image of tourist destinations in an integrated way, highlighting their multiple strategic functions, both in terms of building and consolidation of the proper identity of a territory and in terms of being a driving force of promotion and internationalization, and finally also in terms of being a guarantee of quality of the tourism offer of a destination (Morgan & Pritchard 2002; Murphy, Moscardo, & Benckerhoff 2007). In particular, the role of this strategies is relevant in the processes of innovation of the destination product as a whole and of the single components of the value chain. This because the destination branding policy generates significant economies of scale and of agglomeration for the companies within the tourism district.

The communication of a territory is a more complex task than the communication of single products in consideration of the aspects seen above: first the need to synthesize the variety of resources, attractions, and activities offered by a destination that – all together - compose an articulated system determining the value and image of the territory. Second, the presence of a composite array of stakeholders that are represented by the destination brand and that want their say in how the brand is defined and communicated (Marzano and Scott, 2009). Even

though tourism communication is generally analyzed with reference to the final users, the tourists, its effectiveness is rooted in the internal context of the destination.

If we consider the process from the internal side, two factors must be guaranteed. First of all, the main local stakeholders must provide proper support to the marketing policy. According to Hankinson (2007), brand managers should identify a set of core brand values together with partner organizations and establish partnerships across different sectors, by managing the conflicting interests of local tourism operators and residents. Internal communication should support all the phases of the branding process and the creation of a proper internal brand equity has proven to be relevant in making effective the diffusion and promotion of the destination brand by the local stakeholders (Sartori, Mottironi & Antonioli 2012). Second, the efficacy of destination branding depends also on the ability to generate and manage its effects locally. Key issues here are the control and guarantee of the brand, the creation of intersectoral links, and the containment of free-riding phenomena deriving from the fact that the image of a territory is a public good for all the local activities.

Finally, the use of Information and Communication Technologies (ICTs) has to be mentioned among the driving factors of destination competitiveness. The ICTs have facilitated the integration of tourism destinations, pushing innovation and creativity. In particular, the ICTs represent a powerful tool to create a coherent and innovative integration between the traditional tools of promotion, communication, and commercialization, guaranteeing the development of local networks, at least for marketing purposes (Antonioli, Baggio, 2011).

ICTs have been proved to be powerful, when used in a strategic way, to create and widespread the image of territories on the tourism marketplace and to put into practice a comprehensive promotion of the whole destination. Many examples can be cited of their positive contribution to the competitive advantage and profitability of destinations and single operators (Buhalis and Egger, 2008). In turn, the literature has often considered the conditions and the requirements needed for obtaining such good outcomes (Buhalis and Law, 2008).

In order to be effective, the adoption of ICTs requires a strategic approach which is not always granted. More specifically, the literature has consistently shown the relevance of strategic alignment between business and ICTs in order to attain a positive impact on the performance of an organization. If this does not happen, the ICTs risk to remain a mere administrative support instead of evolving in a concrete competitive asset. In particular, Chang (2003) shows how this applies also to tourism destinations. Even if the organizations in charge of destination marketing and management commonly recognize the importance of ICTs, they

often fail in exploiting their strategic support function as a real source of competitive advantage.

Moreover, what can hinder the advantages of a rational and effective implementation of ICT tools is the lack of a full integration into the operations of the organization and its strategies, which is considered critical for the survival of the organizations themselves in their role of marketing the destination and facilitating the exchange of information between suppliers and consumers (Park and Gretzel, 2007). For example, an evaluation of the regional authorities in charge of tourism destination marketing in the Italian context has shown a growing commitment in the use of ICTs for tourism promotion, at least in their marketing plans. However, only a handful of regional organizations show to be able to put fully in practice what they assert. Despite the declarations contained in most regional tourism plans, centred on the creation of a strong brand awareness and image through the online channels, the regional tourism websites, in too many cases, do not return the expected outcomes. On the contrary, the image perceived by the visitors is compromised by the lack of some important features, mainly the interactive ones and those connected with the Web 2.0 (Baggio, Mottironi & Antonioli 2011).

5. Conclusions

The literature recognizes the relevance of territorial factors in the decision and evaluation process of the tourism demand. Moreover territorial factors also support the growth and prosperity of tourism companies. Among the factors that determine the attractiveness and competitiveness of tourism destinations, the active role of territories – or the territory as an active agent of local development - is probably the most relevant and, in any case, a necessary prerequisite for the implementation of effective strategies of tourism development.

Destinations as active agents of development are destinations able to create local networks and generate typical tourism district economies and able to adopt appropriate models of destination governance and management. All these aspects are recognized as competitive advantages for the tourism industry, mainly for SMEs. The relevance of these aspects derive from the fact that a destination is a system of resources, attractions, products, and services that all together create and qualify the tourism experience. A system where the various components are owned and managed by different stakeholders, thus posing the problem of the appropriate models to represent their typical interactions and dynamics. The district approach applied to tourism shows how a number of sources of competitive advantage can derive from the ability to create and effectively manage local networks, able to

guarantee the local governance and to push the attractiveness of the area and to differentiate it from competitors. The new approaches to destination marketing and to ICTs have been proven to benefit from cooperation and – at the meantime – support an integrated management of destinations.

However, to close, it is appropriate to consider also the main difficulties and shortcomings of cooperation. Phenomena of organizational complication instead of rationalization, a focus just on promotional strategies instead of real local development, the prevailing of a logic of delegation instead of active cooperation, and, finally, a scarce participation of the stakeholders that do not allow to reach a satisfactory critical mass as a prerequisite for the implementation of incisive network actions are the most diffused problems arising from the analysis of various forms of cooperation in tourism.

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SUMMARY

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