RESEARCH

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Tourism and Leisure

Current Issues and Perspectives of Development

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Harald Pechlaner • Egon Smeral (Eds.)

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Current Issues and Perspectives of Development

A Festschrift in Honor of Prof. Dr. Peter Keller

Springer Gabler

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Preface

20 years of AIEST presidency (1994 - 2014): In fact, 20 important years, in which tourism has become an important topic in economy, politics, society and science. Not at least this was the result of Prof. Dr. Peter Keller, who pointed out on different occasions in the framework of its presidency of the AIEST, that only an adequate interplay of business, science, practice and policy copes with tourism needs. It leaps to the eye, that Prof. Dr. Peter Keller emphasized constantly the possibilities of interfaces between politics and science, on one hand as a political actor and manager of the Tourism Department of the State Secretariat for Economic Affairs (SECO) of Switzerland, on the other hand as a professor at the University of Lausanne. Moreover, it was Prof. Dr. Peter Keller, who put the basic issues and problems of the tourism industry in a nutshell and presented these in a macroeconomic context; furthermore he showed a high involvement in the Switzerland tourism promotion.

Prof. Dr. Peter Keller has always been an ambassador of sustainable tourism policy and science. Sustainable, because it was always one of his concerns to establish the interfaces and links. So he brought up questions of a possible interdisciplinary research and the associated problems and perspectives in tourism sciences. Prof. Dr. Peter Keller has advanced tourism as an economic, political and social phenomenon worldwide and in particular on a European level. He always utilized the AIEST annual conferences of the past 20 years to formulate relevant issues and to bring interesting representatives of the areas mentioned together and to discuss current as well as future problems.

The present Festschrift is meant to show this very commendable work. The invitation to the AIEST members to participate in the Festschrift as a tribute of Prof. Dr. Peter Keller with a self-selected topic, has found widespread support. The wide range of topics, that have been proposed and selected to be presented in the Festschrift, also reflects the broad range of activities of Prof. Dr. Peter Keller:

In the first part "Tourism Research: Selected Issues" there are two basic contributions on selected topics in the development of tourism as a science.

The second part "Tourism Policy and Development" ties in with the first part and documents in particular in the article by Prof. Hansruedi Müller the pioneering role of Prof. Dr. Peter Keller in connection with issues of sustainability and tourism policy. The second part has an economic focus and provides a mirror image of topics, which Prof. Dr. Peter Keller liked to discuss in the framework of his activities: Innovation and tourism policy or the linking of tourism and regional development. In this context, the economic policy project "Innotour" also represents a pioneering effort with international status, which is a role model.

The third part "Destination Research Management and Governance" addresses key issues in destination research within recent years; as part of his scientific and political activity Prof. Dr. Peter Keller has been greatly involved into this context. The importance of the tourism organization, destination management and marketing was indeed one of his eminent discussion and operation areas. In the fourth part of the Festschrift "Experience: Customer Value and Involvement" questions are set forth, which affect in particular the customer and market perspective. As an economist, it was a concern to Prof. Dr. Peter Keller, to accentuate especially the view of markets.

In the fifth part "Selected Topics in Tourism Research", various contributions are summarized, which are of great importance for the current tourism discussion. These have consciously not been attached by the editors to the aforementioned four parts; they illustrate through their originality the diversity of tourism science problems in the context of business and politics.

Prof. Dr. Peter Keller has gained tremendous achievements for the European and international tourism discussion. The present Festschrift can represent this merit only partially, but sees itself as a big thank-you to a large tourism researcher and policymaker with expertise for the practically feasible from the scientific community, paying particular attention to the AIEST members.

The editors — Eichstaett, Ingolstadt and Vienna in June 2014

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Part 1:

Tourism Research: Future Challenges

Can Tourism Qualify for Interdisciplinary Research? A European View

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1 Introduction

This paper adopts a political perspective on the disciplinary status of research on tourism and postulates that in "declaring" itself to be on the way towards becoming "a discipline", tourism research could significantly gain and uphold the recognition by policy and industry. This will not call into question the fact that methodological and content criteria ought to be considered and respected, however. Declarations should endeavour to be accepted not only within by the members of the tourism community but also externally. It should clarify that "becoming an academic discipline" is a scenario that could provide a number of opportunities for tourism research. Academic disciplines as distinct segments of knowledge have always contained a political aspect with political implications and it is this dimension that we intend to emphasize. As such, this paper will deliberately seek to identify any institutional developments and requirements that would be helpful in maintaining the ambition of tourism research as an academic discipline alive, as well as some of the possible consequences. The paper begins by discussing theories and concepts which reflect some insights from the European debate, and will then proceed to discuss case studies from Germany and Australia. We now open our investigation as to whether tourism is an appropriate subject for interdisciplinary research.

A discipline can be defined as "a distinctive body of knowledge with an organized set of rules and conceptual structure for advancing knowledge" (Tribe, 2000, p. 810). Through this, we arrive at one of the main questions, namely that

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of specifying the conditions for tourism to become an approved discipline. As this cannot be easily answered – which in itself could already serve as a partial response – the authors re-state some ideas that could prove useful when setting out a direction for the theoretical development of tourism as an object of scientific research. Though these ideas could trigger disagreement (not entirely subconsciously), they may at least prompt discussions about the scenarios of tourism sciences or tourism disciplines and tourism as an object of academic research. However, the question of whether there are predetermined conditions connecting the formal study of tourism with other forms of scientific research activity must firstly be addressed.

Disciplines are organised bodies of knowledge, involving the creation and transfer of knowledge. Concepts with their own internal logic are linked to beliefs and even to values with predetermined rules constituting the backbone of the discipline as a pool of knowledge. Rules require discipline, which in turn can only prevail where there are prerequisite conditions, such as quality, reliability, validity, etc. Discipline can only prevail where there is a "dominant logic" (Prahalad/Bettis, 1986; Bettis/Prahalad, 1995), as the fulcrum or rather a culture pertaining to a group of researchers with a common research interest or objective. Research cultures may be considered and interpreted differently depending upon the research discipline. However, the adoption of new research topics also permit the emergence of new research cultures that cannot completely ignore the cultural background of the researcher. This will generally facilitate digitalisation and the chances of conveying comprehensive discussion whilst developing global research cultures.

2 Discipline requires discipline, or also: Discipline begets discipline.

Assuming that scientific disciplines are also characterised by a dominant logic in respect to their concepts and theories, there also exists a consensus concerning the methods for creating knowledge and ideas in the theoretical and methodological fields of application (Donald, 1986). This necessitates an appropriate discipline for personal self-control and is particularly needed by those who feel they belong to a group operating in a similar field of research. This seems to be a fundamental institutional pre-condition, in order to attain the goal of establishing a recognised scientific discipline. One could say that the disciplinary self-control of the many might contribute to transforming an interest and field of research into a recognized discipline.

The question could be asked: why would they want to do that? Certainly, a unified effort towards the creation of a discipline might be advantageous for researchers interested in the phenomenon of tourism, provided it were possible to raise the reputation of all those concerned. By focusing on the subject of a scientific work as well as the theories and methods for the development along with an elaboration of problems and solutions within the *community*, they could contribute to a new self-awareness. A self-awareness, under certain circumstances, could also constitute the basis for a nascent discipline. From this institutional perspective, the remaining question that needs to be clarified is how a community might be developed and whether the motivation of the individual researcher is sufficient to arouse their interest in contributing to this community.

There could be other factors accelerating the development of a discipline that do not directly relate to the research environment. These include the increasing economic importance of tourism, together with the consequent critical discussions and debates. Offering solutions to related problems might seemingly fuel tourism research and enhance its reputation. At this point the question arises as to where tourism research should look to find its methodology. Does tourism research utilise the methodology of the traditional scientific disciplines or even of inter-disciplinary fields? One would tend to assume that researchers would make use of the prevailing accepted methodologies with which they are already familiar. By way of a quick response, a new object of study will most likely be analyzed and resolved using already established disciplinary methods and resources. Existing research seems to suggest that established disciplines with their theories and methods do indeed have a significant impact on the subject of tourism.

Much has been already been written and intense discussion has taken place on the question of whether or not tourism now actually qualifies as an independent discipline (see e.g. Goeldner, 1988; Tribe, 1997, 2006; Leiper, 2000; Jafari, 2001; Airey, 2008, 2013, Volgger/Pechlaner, 2014). At times the impression exists that this is desired in order to demonstrate more self-confidence vis-à-vis the "mother disciplines". On the topic of institutional criteria for an independent discipline, a principal theme relates to establishing institutions for research and education, scientific societies and professional academic journals and publication series (Jennings, 2010). Many support a close relationship between research and teaching as a condition for the establishment of a discipline (Tribe, 1997). A close connection between research and teaching is supported by the fact that the researcher can put his research to educational use. On the other hand, it can also be developed when teachers are able to resort to a *body of knowledge* that can be regarded as independent and relevant for utilisation. Integrating authentic tourism literature into teaching seems often easier than taking it as a basis for further research. This could be due to the researchers' belief that theories and methods can only be found in the established disciplines. On the other hand, it may also be that in the eyes of some researchers tourism research has as yet to prove distinct and suitable theories as well as their empirical substantiation according to the standards of the scientific community.

According to Leiper (2000) and Goeldner (1988), the disciplinary status of tourism has always been supported by tourism researchers increasingly relying on data taken from tourism journals. This in turn reduces their reliance on the theories and methodologies of other disciplines. Another group of researchers adopts the position that tourism is first of all an object of study and at least at this moment cannot be considered a fully developed discipline (i.e. Echtner/Jamal, 1997; Airey, 2008, 2013, Volgger/Pechlaner, 2014; Pechlaner/Reuter, 2012; Keller, 2011; Bender, 2004) – however, without denying its potential development towards an independent discipline. There is nevertheless, a broad spectrum of consensus purporting that tourism no longer necessitates coupling to one specific *mother discipline* but rather strives for adhering to inter-disciplinary criteria. Peter Keller, in particular, has taken part in such debates within the AIEST, repeatedly raising questions about the future of tourism and its disciplinary orientation.

Reference should be made to the increasing *body of knowledge* relating to tourism and hospitality. It should also be noted that the *tourism sector* has a recognisably stronger leaning towards research than the *hospitality sector*, which is more industrially oriented. Nevertheless, many tourism researchers would probably agree that reliance on the theories and methodologies of other disciplines should continue, as the current *body of knowledge* must be seen as insufficiently integrated (Keller, 2011), lacking independent corroboration with many researchers whom still consider it necessary to publish in the most widely-read journals. In the context of research, it has therefore been necessary for authors to openly cite one of the more established disciplines and publish in their specialist journals when making their findings. This could also obstruct interdisciplinary links in publishing that could simultaneously inhibit innovation. Thanks to the established review processes, new intellectual development is based on previous assumptions and existing theories and therefore the link to prevailing knowledge is sometimes prevalent.

The current state of tourism research is perhaps best encapsulated in a multidisciplinary approach. Traditional disciplines are rarely called into question and there is a general acceptance of a so-called basic "parallel co-operation" (Pechlaner/Reuter, 2012). Researchers from different disciplines may jointly determine research issues, even if theories and methodologies remain pertinent to established disciplines. Yet even this practice is not quite that straightforward. It should be reiterated that there is considerable temptation for research groups within the same discipline to downgrade multi and interdisciplinary associations into mere disciplinary interest groups, or to form subgroups with an insular disciplinary view.

In academic debates on tourism, fluctuations in the multi and inter-disciplinary fields can be observed with the latter tending to minimise the distinction between established disciplines whilst attempting to promote an integrated approach – especially with regards to methodologies. The development of new theories and methodologies is the often proclaimed objective, despite the fact that such attempts may fail already in the attempt of defining shared concepts. Schummer (2004) utilises the example of nanotechnology when citing examples of when borrowing from other disciplines may be desirable.

In some cases, the trans-disciplinary approach could be a way to supersede prevailing notions, leaving aside disciplinary boundaries whilst at the same time attempting a new approach. Trans-disciplinarity refers to researchers undertaking integrated and problem-oriented research. In this context one of the major obstacles is a lack of appropriate terminology, which entails the risk of superficiality. In contrast, extra disciplinary study prioritises the creation of knowledge outside existing boundaries (Tribe, 1997) and the point of departure is explicitly determined by the problems and the commitment to finding solutions. As such, theory remains strictly tied to the practice. Whether a new discipline can be created as the result of a trans-disciplinary approach or whether it is actually avoided makes for an excellent topic of debate (Buckler, 2004). Moreover, within this context a post-disciplinary approach comes into play, focusing mainly on academic issues, while the trans-disciplinary discussion remains oriented towards the practical level (Tribe, 1997). Issues of mobility or customer value along with increasing debates within the tourism industry (on topics such as crises, tourist safety, tourist health, demographic change, climate change and resilience) may call for a conscious abandoning of the traditional schemes of perceived disciplinary boundaries (Volgger/Pechlaner, 2014).

Whilst broadly surveying these definitions, it becomes increasingly clear that tourism could be somehow connected to almost all concepts of ways to cross or overcome traditional disciplinary boundaries. However, the multi-disciplinary approach points to what is probably the most likely positioning of tourism research at this juncture. To date, there has been little integration of tourism research results in the general body of knowledge, since a coherent path towards that has not yet been developed. Consequently, there has hardly been any movement towards a real inter-disciplinary approach, something Keller refers to as "multi-disciplinary trap". This is also supported by an increasing number of journals in the field of *hospitality*, *leisure* and *tourism* that most often represent inter-disciplinary approaches in aspirational terms. In reality, the tendency is more towards multi-disciplinary and is scarcely capable of promoting inter-disciplinary co-operation due to established networks (of reviewers) or networks dedicated to the culture of specific disciplines.

Inter-disciplinary research applied with discipline is necessary in freeing science from a "multi-disciplinary trap", which would partially inhibit the generation of new knowledge, as Keller has stated. Inter-disciplinary research applied with discipline can serve as a balance between new and established knowledge as well as innovative and embedded knowledge. When inter-disciplinary research is applied with discipline, then it may pave the way to the development of an independent discipline, by virtue of its having reached its own maturity.

3 Discipline requires referencing to the fundamental questions

An inter-disciplinary perspective could potentially be the first step towards the development of a discipline – but is such a development needed and would it prove useful? Perhaps we shouldn't be too optimistic about the real prospects for tourism research and instead be prepared to take a more practical approach, capable of leading to a further development in the "disciplines of the phenomenon of tourism". According to the authors, tourism research should increasingly tackle the fundamental questions governing tourism on an ongoing basis.

"We know the meaning of a hotel, but we don't know what is hospitality": an apt characterisation by a tourism researcher (Pechlaner/Volgger, forthcoming). The acceptance of tourism as an independent field of research in its own right can only develop if we are able to link specific questions of that field with the fundamental questions concerning science and the creation of knowledge in general. Tourism research can only grow if it consistently provides new answers to the questions of what tourism, hospitality, vacation or travel may be by focusing on specific examples. However, this must be done without ever losing sight of its meta-connections and fundamentals. Only then will tourism become acknowledged as an independent field of research in its own right, dealing not so much with its development as a discipline, but rather with the approach in finding solutions to pressing issues as well the support of its claim for excellence in research and education. If this were to happen, it would also have the end-result of enhancing the reputation of a dedicated scientific community which was specifically focused on tourism.

It is of primary importance to organise empirical research on tourism in such a way that the resulting insights can be absorbed into a central body of knowledge. An essential criterion for its evaluation is the contribution made to strengthening this body of knowledge. Efforts must be made to consistently test the basic assumptions governing the phenomenon of tourism, repeatedly modifying and extending them where necessary. In such conditions, it becomes difficult to separate applied research from basic research (Pavitt, 1991), as "the aim of research – and particularly that of applied research – is to help to find ways of improving the human condition for future generations" (Keller, 2011, p. 3).

One of the main underlying issues is that the increasing differentiation of the various research objectives and questions – particularly in journals – could foster an orientation in tourism research focusing on these specific issues and their attempted solutions. At the same time, the basic and highly important challenges that include a definition of what is fundamental, might be vanishing. In this context, research questions tend to be predominantly based on already existing knowledge rather than a renewed orientation towards tourism practitioners. As such, there is a constant conflict with respect to the "relevant" issues, characterized by a highly dynamic structure. Could it be that the research objectives and the provided responses on the one hand and the specific problems in practice with their corresponding attempts at solutions on the other hand are actually shifting apart? Are we seeing an increasing gap between the tourism academia and the tourism practice? May we possibly be observing the creation of a "disciplinary gap" between research and practice?

This also leads to on-going debates with regards to the fundamental assumptions, showing that tourism corresponds to a "pre-paradigmatic science" whilst there are currently no agreements on essential definitions, theories and methods (Kuhn, 1977; Bieger, 2004). The reason for this could be that tourism allows many diverse disciplinary perspectives to be adopted. Additionally, although it is considered an applied field (Keller, 2011) because of its close proximity to the industry, sometimes its orientation towards practical issues dissipates. Universities and research policy define the rules governing an academic career, often without considering that some of these rules do not provide incentives to tackle practical issues (e.g. by somehow overestimating the importance of journals or not taking into account other modes of communication permitting closer interaction with industry practice). Moreover, many universities promote communication with the industry whilst at the same time obstructing transfer of knowledge between research and teaching. As a result, there is insufficient scope available for consistent research. Even more problematic and partly contradictory is the on-going practice linking university financing exclusively to research outcomes. This results in publication rankings that are biased against an interdisciplinary approach, simply because the research community and its mechanisms of evaluation favour specialist journals linked with a disciplinary background.

4 Discipline requires dedication to the relevant questions in practice

It could be argued that the proximity of tourism to industry practice might be of higher importance than its development towards an academic discipline. Given the insight that "there is nothing as practical as a good theory" (Lewin, 1951), the advancement of tourism as a discipline requires it to be practically relevant. In turn, by ignoring sound theories the tourism practice will in turn, weaken itself. It is vital to develop the basic research questions out of a practice and out of a profound comprehension of practice. This also means however, tourism practice needs to be willing to resolve their problems by resorting to and relying on established theories and methods of the tourism disciplines.

As a result, this situation brings a reciprocal aspect in the relation between tourism practice and tourism research; tourism practice can bring relevance within this relation, while tourism research can bring a controlled and systematic approach within the analysis of ongoing issues. As long as the reciprocal component is not ignored, a strong focus of tourism research on the key issues of the tourism industry will not necessarily be equated with a strong dependence on the tourism industry. It is not possible for a field of study or even a discipline to develop if it is strongly dependent on the influences and concepts of particular interest groups and stakeholders. This also applies to tourism. As an interviewed tourism researcher stated: "We should lead the industry and not be led by industry" (Pechlaner / Volgger, forthcoming).

Within this context, it is necessary to discuss how the relationship between disciplinary and inter-disciplinarity research relates to the development of a research field. Undoubtedly there will be no decisive answer. However, tourism is currently a field of research that due to the definitions previously discussed, displays some basic principles of a discipline, or at least of a mature research field (Xiao and Smith, 2006; Airey, 2008). The fundamentals of a discipline are provided by the self-conceptualisation of the researchers allocated to a research area, as well as by the acceptance of a research area amongst other research disciplines. As such, tourism has made excellent progress towards making itself an independent discipline. A vital weakness however, is the sometimes occurring lack of theoretical foundation of applied research projects. Another deficiency is the lack of an equally important critical appraisal of the relevant theoretical apparatus (Jennings, 2010). Thus, there is still a long road ahead before tourism could ever become a recognised discipline, however.

As we have already noted, however, completely renouncing to the disciplinary aspiration could bring forward the possibility of tourism falling into the "multidisciplinary trap" (Keller, 2011). The question is: will clinging to mother-disciplines adequately reflect the unique phenomenon of tourism? In any case, there is sufficient recognition amongst researchers to say that the area of tourism must be viewed from several different angles and needs to draw upon a number of mother-disciplines (Jafari/ Ritchie, 1981). It could however be a good prerequisite for the aspiring inter-disciplinarity, when there is an increasing conviction that dynamic interactions across disciplinary boundaries are necessary to find better answers to the research questions (Darbellay/ Stock, 2012). The previously-discussed post-disciplinarity could also raise crucial questions in this regard. This would make it possible to consciously and critically question the development of disciplines and their function for knowledge acquisition, dissemination and utilisation. Undoubtedly, disciplines sometimes implicate an "artificial division of academic labor" (Goodwin, 2004, p. 65) which can inhibit the development of an ambitious research field. This would especially be the case with regards to the rigorous confrontation with tourism practitioners as well as those knowledgeable in the political, social and cultural oeuvre. It would also affect the consistent recognition of relevant issues, which are not yet recognized within established disciplines requiring ongoing development and research.

An inter-disciplinary understanding is necessary order to understand other theories and methods with respect and humility, as well as to recognise their potential for integration with established sets (see also Lohmann et al, 2013). A post-disciplinary understanding helps to realize basic assumptions and to overcome arguments of delimitation towards others, which hinder harnessing the potential provided by new and uncommon points of view. As the practice and industry both have the tendency to see problems mainly from their economic or operational perspective, it becomes even more important to complement the economic view of tourism with alternate perspectives. This could be particularly difficult for researchers with economic backgrounds, because It is sometimes too easy for researchers with economic and management background and tourism practitioners to find consent on determined issues; as the basic patterns of thought and unspoken assumptions are similar. It may be questioned as to whether or not this is sufficient to meet the tourism phenomenon to its fullest extent.

5 Examples for the further development of tourism research

It appears beneficial for the development of tourism as an academic subject to position itself in-between inter and post-disciplinary approaches. It is for this reason that we believe that the issue of tourism as an academic discipline and its disciplinary development whilst significant, is only of secondary importance. What appears to be of greater importance is the question of how industry and practice can become successfully involved in tourism research without prejudicing independence of research Their involvement appears to be of primary importance particularly when formulating research problems. It must however be achieved without business and politics dominating academics which would leave little room for inter and post-disciplinary development. The authors have become aware, through many discussions with persons involved in the tourism industry, that while they can easily list relevant problems, they have rarely managed to pose the problems in a systematic manner within their broader context. It is in this area that research can play an active role and offer added value.

Bringing business and academia together can, however, lead to various misunderstandings. For instance, they can occur when multidisciplinary and - where applicable - interdisciplinary approaches ask for a broader perspective that goes beyond pure business issues. This broad perspective often entails interacting with more than one researcher, resulting in increased transaction costs, which could provide a (too) easy argument against proceeding in this manner. Asymmetries can easily appear when bringing business and academics together, partly as a result of differences in the perception of relevant research questions partly because of differences in the perception of suitable methods. Professionalism and humility is required of both sides when this occurs. On the one hand, tourism practitioners should recognize the value of high quality tourism research and respect its needs, whilst on the other hand researchers must strive to impress this need on a promising field of research for practice and industry.

The TUI Think Tank has formulated the need as follows: "Leisure and tourism are among the most important growth markets of the future. We, therefore, need a differentiated perspective of new products, social changes and global challenges. This can be achieved through efficient research into tourism to identify problems and contribute to their solution" (http://www.tui-group.com/de/innovation/think_tank/trends_reisemarkt/tourismuswissenschaft_videostatements). There can be no doubt that the tourism industry expects research to be efficient and relevant. In addition, we believe that research must further the knowledge of theories and methods that are as free as possible of ulterior motives: "Research and therefore also tourism research must be free and independent from ideological, political and economic lobbying as much as possible. It is not always possible to measure its value and its utility" (Keller, 2011, p. 3).

In a Five-point Declaration of the TUI Think Tank entitled "Tourism and Academia" which was based on a round table discussion "*Tourismuswissenschaft – Quo vadis*?" (Tourism research – Quo vadis?) held in Hanover on 19 January 2012, the discussants underlined that the tourism industry must become more scientific: "Unlike the overall economic and social importance of tourism, the scientific approach to the fundamentals of tourism is under represented. The innovation and strategy needed for success can above all be created by industry through effective research." An additional conclusion of the Five-point Declaration is the need to not only increase research into tourism, but also the teaching – particularly as universities in German-speaking countries in Europe have eliminated chairs of tourism and specialised tourism institutes. Although universities of applied sciences have placed emphasis on tourism as a teaching subject in turn, they do not promote research to the same extent. The Five-point Declaration expands on this by stating: "Although university research into tourism was once relatively independent, it is now being wound down or subordinated to other academic fields as a result of policy changes. Tourism has consequently lost its unique selling proposition" whilst also explaining: "research projects need a solid funding base in order to engage in long-term projects".

An additional point expressed is that: "Tourism research is and must remain multidisciplinary. The subject of tourism is primarily treated as a part of business administration studies or geography but is embedded in an inter or multidisciplinary research field that includes aspects of geography, economics, sociology, psychology, education, cultural anthropology, law, architecture and landscape ecology. This creates many points of contact between disciplines that must be used for the transfer of knowledge from other disciplines to tourism and the acceptance of tourism research by the academic community". This example illustrates that a large tour operator, for example, is sensitive to issues on the interface between academics and the tourism and leisure industry.

The last of the five points explains that: "A new partnership between the tourism industry and academia. ...A new partnership between the industry and academia should emerge that is multidisciplinary and has an international bias, one that is based on new networks and discussion platforms, and one that facilitates a continuous flow of information between the tourism industry and academia that goes beyond pure market research."

The importance of establishing a dialogue between tourism industry and tourism academics cannot be overstated. Both groups must be aware of the fact that they need to combine forces for applied research into tourism. Tourism research can offer a contextualisation of problem solving and increase awareness of tourism by society, which can be of benefit to tourism industry. In turn, cooperation with industry can motivate tourism researchers to continuously question the premises and assumptions of tourism that – as described above – can serve as a keystone to the expansion of knowledge.

The TUI Think Tank's five points make it apparent that the role of tertiary education policy cannot be understated and that politics are key to the promotion of research into tourism and of the promotion of tourism as an academic discipline. One of the cornerstones for the above debate was the resolution of the German Society of Tourism Research (*Deutsche Gesellschaft für Tourismuswissenschaft* – DGT, 2011) to include tourism as a subject in tertiary education. In particular, the effects of educational reform on tourism studies and research were explained as follows: "As part of its work in connection with the efforts to consolidate tertiary education policy, the German Society of Tourism Research has attempted to underline that tourism research and studies are to a great extent dependent on interdisciplinary activities. The goal of the German Society of Tourism Research is to assure that this interdisciplinary approach is not lost as a result of many universities' withdrawal from the field of tourism and leisure."

Whereas the focus of the TUI Think Tank is the relationship between industry and academia, the focus for the German Society of Tourism Research differs. As the representative of tourism researchers in German speaking Europe, it provides context to the role of politicians with regards to tertiary education policy and tourism research - making its development possible. The role of research, the training of tourism students and the internationalisation of education are of central importance in this connection. Politicians in Germany have become actively involved in these initiatives. A hearing was held on 7 March 2012 by the German Bundestag's Tourism Committee on Tourism entitled "Tourism and Academia - Education, Research and Know-how transfer" (Deutscher Bundestag, 2012). The need for society's awareness of tourism to be considerably strengthened was cited as the prime challenge for the promotion of tourism studies. The role of politicians in this connection is to place greater emphasis on the tourism industry and its growing economic importance. A further aspect is that tourism was practically disregarded in as far as economic and academic funding programs were concerned. The focus is on established disciplines and new politically relevant subjects, such as environmental protection and the promotion of research into climate change. This could be a possible explanation for the fact that climate change research is often conducted by tourism academics. Although this should not be discouraged, there is no direct connection with tourism. A third point described as a weakness was political governance. At Federal level in Germany, it is possible to underscore the importance of the role of policy in the development of tourism studies. However, these measures need to be primarily implemented by the *Länder,* which means that there is no single national political representative involved.

Another round table discussion was held in 2013 in the German Bundestag at the initiative of the professors of tourism of the Leuphana University of Lüneburg, alongside the Catholic University of Eichstaett-Ingolstadt and the German Society of Tourism Research: "A Dialogue with Academics, Industry and Politics" (Conrady *et al.*, 2013) was undertaken. This was the first time it was possible for politicians to bring representatives of three relevant stakeholder groups together at one table to explain their positions and to discuss the roles and responsibilities of stakeholder groups. The objective was to sharpen focus on the position of tourism. The subjects of the round table discussion were recommended policies for the consolidation of tourism as an academic subject, education and the promotion of research. The underlying theme of the discussion was that politicians of differing levels are able to play a leading role in the bringing together of industry and academia. It is particularly possible for them to strengthen tourism as an academic field and to promote an increased interdisciplinary approach to tourism research as recommended by the TUI Think Tank for a new partnership between the tourism industry and related studies. This can provide an important interface between tourism studies and the tourist industry. The importance of politics in the debate and governance of tourism was also a topic of the round table discussions in the German Bundestag. The division of roles between industry, academia and politics was then discussed, with the following subjects being simply a list of suggested topics:

Industry

Experience: Transfer from industry to academia

Resources: Arrangement of (co) finance
Problem: Recognition of research needs

Academia
Interest in knowledge and learning
Discussion on methods
Focus on interdisciplinary approach
Transfer competences: Improvement of transfer of know-how
Establishment of a graduate school

Policy
Resources: Establishment of a research promotion fund
Ground rules: Competition for resources
Coordination: Political governance on differentiated spheres of political Influence

6 Academia – politics – industry: three key components for the success of the development of tourism studies

An example was discussed at the round table in the Bundestag in Berlin that has been able to provide the ground for the development of tourism as a result of the alliance between academia and industry. The Sustainable Tourism Cooperative Research Centre – the STCRC initiative of the Australian Federal Government, combined at least several of the conditions discussed together in the above contribution for the promotion of tourism and tourism research.

The STCRC was established in 1997 as part of the Australian Government's Cooperative Research Centres Program. In the fourteen years of its existence, the STCRC became one of the largest tourism research programmes in the world (STCRC, 2005). It was originally led by a number of universities (Griffith, Southern Cross, James Cook and Northern Territory Universities), the Tourism Council Australia (the official representative of industry), the Australian Federation of Travel Agents and the Queensland Tourist and Travel Corporation.

During its first seven years, the programme was funded by the government's (Australian Research Council) contribution of two million Australian Dollars per year with an equal amount having been provided to the programme by industry. "STCRC has 16 university research 'supplier' core partners and 18 private sector and government tourism industry 'user' core partners – a total of 34 – significantly more than most other CRC's" (STCRC, 2005, p. 5). "Under the Federal Government's unique CRC program, research was conducted cooperatively between industry, government and universities to deliver cutting edge innovations to support Australia's competitive advantages" (STCRC, n.y.). The STCRC has provided postgraduate research education programmes, scholarships in industry designed projects and the development of education and training products.

An important aspect in this connection was the co-operation between industry and academia under the auspices of the government which placed great emphasis on applied research. A misunderstanding – which became apparent when the programme was established – was that the industry was interested in consulting, whereas the government wanted to place greater emphasis on the promotion of applied research. The programme's key objective was "innovation driving a dynamic, internationally competitive and sustainable tourism industry" (STCRC, n.y.) which have resulted in the emergence of three fields of research since 2002: sustainable destinations, sustainable enterprises and sustainable resources. A further objective of the programme was to foster external development and dissemination: "Collaboration with industry and government partners, spin-off enterprises, licensing of its intellectual property, business tools, kits, manuals and expert systems, conferences, workshops and seminars, published reports, summary sheets and extension flyers, internet-based information services, training products, courses and programs, and international consulting services" (STCRC, n.y.).

The STCRC was principally a very successful programme which suffered from a number of weaknesses which were, in all likelihood, responsible for the programme's discontinuation. Based on interviews with former supporters and researchers (Pechlaner/Volgger, forthcoming) it was possible to identify some reasons the STCRC was discontinued. This was primarily because of the divergence of the objectives of industry and government, as discussed above. The dividing line between consulting and applied research was not clearly defined or regulated. A further difficulty was the fact that industry, the involved universities and the government wanted to draw direct benefit from the programme. Having contributed an equal amount to the programme's funding as government, industry expected to be compensated by the award of consulting contracts of more or less the same amount. A further problem was that Australia did not manage to formulate a uniform national research programme but, instead, permitted the single states to have an extensive influence on the development of research in accordance with their individual interests. This was exacerbated by the employment of numerous coordinators at the universities as a result of the direct interest and pressure of the universities to obtain projects in exchange for the funds they had invested. This meant that short-term financial and technical resource considerations dominated the projects and this proved to be an insurmountable hurdle.

One of the positive points was that the combination of industry, academia and government provided focus. The programme initially, prior to the establishment of the STCRC, focused on eco-tourism. Once the STCRC was established its focus became destinations, enterprises and resources. In the second part of the programme from 2002, much more emphasis was placed on the involvement of academic disciplines. In conclusion, one of the benefits was the development of a partnership approach and the strengthening of research and related publications as well as targeted promotion of a new generation of academics. The programme's weaknesses were doubtlessly the lack of influence on industry and politics as well as insufficient dissemination of information. The primary cause of its failure, however, was the short-sightedness of all of the programme's stakeholders - in particular the representatives of industry, who were more focused on immediate benefits than the other participants. This resulted in a loss of focus on the general underlying issues faced by tourism, due to the fact specific reports were written on even more specific topics. The main objective of the second part of the STCRC was the development of a research programme that had been lacking up to that point and this was regarded as a critical aspect by the states.

Of primary importance for the authors is the fact that the programme had many favourable aspects and the fact it combined government, industry and academia into a single initiative was fundamentally correct. What was lacking, however, were clear external guidelines as the programme progressed and uniform objectives for all participants. There is now, post-CRC, a lack of sufficient research funding which is partially responsible for the vacuum and this is a very challenging situation for researchers. It can clearly be seen that it would be sensible to establish national terms of reference as a first step to create a framework for Länder, single states or regions. This means that overall coordination should be provided at national level in order to avoid overlaps and to facilitate the transfer of knowledge. In conclusion, although "sustainability" was the theme of all projects, the overall programme did not achieve to become sustainable.

7 Summary and outlook

An inter-disciplinary approach must necessarily be accompanied by the requisite rigour. It is more of a priority not to lose sight of inter-disciplinary cooperation as an end in itself than to transform tourism into a recognized discipline per se. This must be the true challenge since the different points of convergence in the relationship between the varied stakeholders (i.e. those connected to tourism as the subject of research) do not necessarily contribute to a concerted development in this direction.

Tourism industry, which is enormously important for the prosperous development of tourism studies and disciplines, is primarily focussed on the short-term, such as finding solutions to contingent problems. Such solutions may be produced most easily by coupling with economic and management disciplines, which therefore today represent the strongest group in applied tourism research. The tourism industry has good reasons for its behaviour, which however has the effect of delaying the development of a profound inter-disciplinary approach in tourism research. On the other hand, tourism research is strongly dependent on tourism business and industry, as close coordination on relevant issues may serve as a pre-requisite for the establishment of a relevant theoretical platform. Tourism research should thus seek to formulate its precepts in conjunction with industry and other stakeholders in the tourism sector.

A further issue is that higher education is increasingly coming under financial pressure as authorities formulate budgets exclusively on the basis of performance criteria and accreditations. When it comes to instruction, it is increasingly up to the student (as the client) to evaluate the tutorial quality, affecting subsequent decisions as to the subsequent syllabuses. Regarding the evaluation of research, it is increasingly left to the academic journals to serve as the measure of research quality, determining the level of excellence in research. The grading of excellence is what might be published in A and A + journals, with less outstanding work being relegated to B, C or even D-level journals. That begs the question as to how the rankings are determined – a question that cannot be treated here.

Pressure on tourism research and tourism studies is no doubt felt as the result of a policy that increasingly exposes the study of education to the private sector. Researchers react to these developments and alter their behaviour accordingly. As the result, tourism studies are moving away from the central issues affecting the economy, since it neither adopts the same rating criteria nor does it reference itself to the same communication channels (journals) with respect to the industry. All this contributes to a failure to promote inter-disciplinary and post-disciplinary research on tourism; partly as the journals (which base themselves on review processes), are rather less biased towards innovation (both theoretically and methodologically), than in the application of already established theories and methods derived from the mother disciplines. The further tourism studies and the industry diverge from each other, the further the goal of research to establish itself as a starting point for inter-disciplinary behaviour recedes into the background.

It would be desirable to move away from this "multi-disciplinary trap" by seeking cooperation with the tourism industry, without being subordinated to profit-driven considerations. As was demonstrated by a few cases in Germany and Australia, governments can certainly play an important role by exerting a moderating influence in bringing industry and academia together on key issues. However, in the opinion of the authors, the moderating role of politics is even more crucial when it comes to enabling an interplay between post and inter-disciplinary approaches. This might be more important than ensuring that the "tourism as a discipline in its own right" discourse is overly emphasised. Without doubt, not every single aspect of tourism is suitable for inter-disciplinary research. Yet, inter-disciplinary research is well-positioned to study the phenomenon of tourism as a whole in a way that conforms to the characteristics of that phenomenon. A multidisciplinary approach is insufficient. Unfortunately, it is rarely able to produce new, distinct and independent research findings, and quickly degenerates into a "multidisciplinary trap" (Keller, 2011). But new and distinct insights are the basis for the further development and growth in tourism studies and its numerous applications.

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Challenging ‘Common Knowledge’ in Tourism – A Partial Polemic

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Abstract
Tourism research as well as practice is very heterogeneous, due to its different cultural roots and dominant business patterns. Despite this heterogeneity, dominant intellectual avenues in a number of domains have emerged. As a result, we today are essentially stuck in a sort of trenches. In our paper, we try to identify some of those intellectual trenches and call for/ propose ways to get out of them. They include, among others, topics related to consumer behaviour, destination management, and sustainable tourism. Although we try to provide evidence for our claims, we might appear polemic at times, as we intend to provide contentious arguments about sometimes very controversial topics.

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Introduction

In the past decades, **tourism and hospitality research has been very expansive**. There are a number of indicators supporting that claim.

- Take the number of journals: 69 years ago the first tourism journal was launched by colleagues' at the University of Berne and St. Gallen respectively (today: Tourism Review which will celebrate its 70^{th} volume in 2015); today, and according to a list compiled and distributed in TRINET by our colleague Bob McKercher from Hongkong Polytechnic University, there are close to **250 (!) tourism and hospitality related journals** on this globe.
- Or take the **number of researchers and/ at research entities**, be they at universities or outside core academia: Tourism related content has become so popular that it is taught and researched in an ever increasing number of tertiary education institutions worldwide (Maggi and Padurean, 2009).
- Last but not least, the **exigence of *Publish-or-Perish* has become literally endemic**, in such ways that it determines and makes or breaks entire (academic) careers. Getting cited has become the predominant measure of the quality and quantity of research output (Ledger and Roth, 1980).

Hence, it should come to no-one's surprise that more and more people are dealing with more and more similar topics (one wants to get cited); it should also come at no-one's surprise that by this **self-referential type of behaviour** we end up with **carved-like research streams** (sometimes even paradigms), without really asking what and how much such type of research contributes this world. In Google Scholar there are – for instance, and as of December 27, 2013 – 5,120 and 1,857 title entries of papers with the term "sustainable tourism" and "destination brand(ing)/ destination image" respectively. Does the world need all that work on that? Are all of those relevant domains of research?

In practice, so called common knowledge is leaving deeply engraved traces in the way tourism and its businesses are configured and run. To provide also an example in this practical domain: Derived from the fact that a tourism product is a network product, the business community is incentivised and sometimes even pushed to go into collaboration. And we have set up complex structures of organisations, called DMO (and other), steering such collaboration, without any critical review of which purposes such collaborations actually aim at and serve (apart from legitimizing political activity).

It is this carved-like body of knowledge, we shall go after in our paper, **scrutinizing or even challenging some predominant streams of thought**. We do so from a Central European perspective (a developed economy with savvy and sophisticated consumers) and have selected the following topics/ streams to include in our considerations (thesis):

- Consumer behaviour in tourism: Stop analysing input-output relations and get 'dirty' by jumping into the analysis of messy decision making processes.
- Destination management and marketing: Change from a supply to the original demand perspective. And at the end, it is not about competitiveness of destinations.
- Sustainable tourism: Accept the limitations and tackle the real challenges, such as transport.

Other topics or domains which could be tackled as well (however will not be in our paper) include:

- *Cooperation and collaboration is the Holy Grail in tourism (size generates scales which lead to better profitability). We counter: Scalability by collaboration in the personal service industry is limited due to quickly increasing transaction costs.*
- *There are destination brands and images. We counter: As destinations are delimited by the consumer, we have to assume heterogeneity in perception which makes it – apart maybe from nation brands – impossible to deliberately brand a destination.*
- *More promotion leads to more demand/ the more promotional budget you have the more successful you will be. We counter: Tourists often go to places despite and not because of the promotion.*
- *Entrepreneurship comes from small and mostly new decentralized start-ups. We counter: it is the big incumbents which make destinations thrive.*

We might pick of one or the other of those contestations in a later paper.

For the time being, we are looking forward to critical feedback re our three theses following up now.

Consumer behaviour in tourism: Stop analysing input-output relations and get 'dirty' by jumping into the analysis of messy decision making processes.

Studies investigating the behaviour of travelers/ tourists are quite abundant and go back well into the late 70s and 80s; essentially when the transformation from a sellers' to a buyers' market started to become apparent. The body of

knowledge resulting from this research domain can essentially be characterized as follows:

1) **Travel planning and decision making** (including information collection and processing) is a more or less **structured process** with a specific, measureable input/ stimuli, processed within an organism, producing a response/ outcome (i.e. the travel decision; cf. for instance Woodside and Lysonski, 1989 or Yuan and McDonald, 1990). It can be analysed as such.
2) From the above, travel can be viewed as a **stereotype of planned behaviour**; actually travel was one of the first contexts in which this theory was tested (Ajzen and Driver, 1992). Hence, the theory of planned behaviour has become a strong underpinning of tourism behaviour and decision making studies.
3) A travel decision is **contingent in character** (portfolio decision situation), as it encompasses a number of sub-decisions in different domains, including destination, point of time, duration, travel companions, type of travel, and the like (cf. Hyde and Laesser, 2009; Tay *et al*., 1996); this again suggests and calls for a structured process (Bieger and Laesser, 2004).
4) The **foundations of travel decisions** are essentially **motivations** (what one wants; cf. Bieger and Laesser, 2002; this log thread of research essentially starts with Crompton, 1979), **opportunities** (what is available in terms of exogenous potentials; cf. MacInnis *et al*., 1991), and **abilities** (what is possible/ feasible in terms of endogenous potentials; cf. Hong *et al*., 2002); for a complete overview of the underlying MOA model cf. Lundberg, 1971).

So, and as of today, we know quite a bit about what contextual factors in the domain of the stimuli drive what type of travel decision outcome (when it comes to the response of the agents), i.e. the **input-output relationship in decision making and behaviour**. A plethora of quantitative studies with a positivistic research approach explaining marginal covariance between and within different input–output frameworks is evidence of that. In contrast, we know quite little about the **ultimate processing, i.e. how come (and less why) there is specific travel decision outcome** or behaviour (cf. Zehrer and Laesser, 2012), especially when considering inter-subject dimensions including group decision making. However, and at least, there appears to be increasing consensus, that travel decision making includes **cognitive conscious domains** as well as purely **affective (less conscious)** and thus **rather messy domains**. Recent literature in this field focuses on (1) decision process and structure modelling (e.g. Martin and Woodside, 2012), (2) the role of memories/ stories/ myths (e.g. Martin, 2010), (3) the role of images and brands (e.g. Bolan and Williams, 2008 or Galli and Gorn, 2011, however in a non-tourism context), (4) tourist preferences and the influence of unconscious needs (e.g. Tran and Ralston, 2006), (5) (anticipated) deviant tourist behaviour (e.g. Uriely, Ram, and Malach-Pines, 2011; mostly based on psychodynamic theories of Freud and Jung), and group decision making. But still, **most of that research is scoped around a specific decision or behavioural outcome,** most of the time ignoring potential alternatives or even rejected decisions along the decision making process or behavioural execution past such a process. Exceptions from that rule can be found at best in studies e.g. by Decrop and his colleague Snelders (e.g. 2005 and 2010 respectively).

Hence, and from the above, **we counter the prevalent (implicit) notion that tourism decision making and behaviour can be analysed and researched along a modelled structured process accounting for stimuli and responses only**, and by this hardly ever explaining the inherent processes resulting in our observations. There are a number of reasons/ rationales why we should leave the comfort zone of previous analysis of behaviour.

1) **Travel decisions are not always planned but can also be impulsive** or have impulsive domains. From the literature (mostly outside the travel related domain), there is also indication that the decision making can be rather impulsive, in the sense that a product category decision might have been made as a planned process whereas the brand purchase decision (i.e. destination choice) might be the result of a non-reflective, non-informative and often short term type of decision (Dolnicar and Laesser, 2012 and the literature cited in this paper, especially Rook, 1987 and Beldona *et al.*, 2005).

2) **Complex decisions such as travel decisions cannot be fully structured.** "Because most complex decisions require both adherence to precise rules and the aggregation of information, one can hypothesize that complex decisions can best be made by engaging in periods of both conscious and unconscious thought" (Dijksterhuis *et al.*, 2005; Nordgren *et al.*, 2011). From the above, and from studies in travel motivation research, one can conclude that parts of travel decision making are thus made within a rather rational, conscious framework (planning approach, where wills, wants and needs are to be satisfied) whereas other parts of the decision might be driven by rather emotional and sometimes unconscious travel decision contents and processes (especially when they are more impulsive in character).

3) **It can further be countered that travel is always the result of free will.** Although this assumption is not boldly supported, there is evidence that travel sometimes is the result of compulsion and not free will (Bieger and Laesser, 2002). This is mainly due to the fact that travel decisions are portfolio decisions in which each individual (sometimes as part of a travel group) tries to maximise the overall utility of a potential trip, whereby utili-

ty domains are not necessarily associated to travel domains directly but rather to creating utilities for travel companions (cf. household production theory according to Becker, 1965; Lancaster, 1966).

4) **It can also be countered that travel is always the result of positive planning.** As already suggested in the domain of impulse purchasing, travel is not always the result of planning. However, and due to the predominant approach of travel decision making research, the role of opportunities (of whatever type) or travel constraints (lack of abilities to execute opportunities) coming along the travel decision making process is mostly ignored, although they can play a key role (Hung and Petrick, 2012).

At the end of the day, we summarize our issues as follows:

What we assume to know	**How we counter it**
Travel decision is the outcome of a decision making process	Travel decision making is not a process in a structured sense but the amalgamation of numerous fuzzy/ messy decision making objects along a similar fuzzy/ messy process which at the end constitute a travel decision.
Travel decisions are the result of what people want.	Travel decision is the result of opportunities grasped/ taken and rejected, under the assumption that there are the necessary capabilities and that needs are covered as much as possible. Travel decisions are not always what people want.

From the above, we postulate that more research is needed regarding (1) non-structured travel decision making (i.e. process and heuristics of decision making) as well as (2) opportunistic and non-voluntary, non-wanted travel decisions.

So let us leave the comfort zones of S – R models and indulge in the analysis of the agents' redundant mechanisms and processes of behavioural decision making and execution (not only input and outcome).

Destination management and marketing: Change from a supply to the original demand perspective.

With the **change from a producers' to a consumers' market in tourism in the late 80ies**, it became evident that alternative forms of tourism production structures and processes needed to be developed and implemented (Bieger and Beritelli, 2012). The early destination concept provided a possible approach for that challenge, with **two core models evolving** over time: **community model** and **corporate model** (Flagestad and Hope, 2001). Both signify a **supply-rationale** of the destination concept, although the **original logic is clearly demand driven** (Bieger, 1998): **the destination as defined by the individual and essentially drawing from the network of supply activated by the tourist to spend time outside his regular living and working environment.**

The twist (or should we rather say: misrepresentation?) from a demand to a supply sided concept was propelled by practice and academia alike.

In **practice**, the catalyst was the **political rationality of the funding of collaborative marketing and management structures.** As a result, and over time, organisations (DMOs) evolved, representing providers within specific political and thus geographically clearly delimited entities (cities, regions, states, nations, etc.), trying to market whatever their resources yielded. In order to professionalise their work and to increase funds, to reach critical impact size with rising market scope and marketing costs, they merged over time to become bigger (by political obligation). As a result of this process, the entities represented became larger as well. However, and due to the heterogeneity of the providers in ever bigger entities, their work became more and more un-specific and therefore ineffective and inefficient (Beritelli *et al*., 2013b).

In academia, the demand driven rationality of the destination concept was quickly thrown overboard as well. The theoretical underpinning to take this avenue of research can be derived from the **theories of industrial districts as well as clusters** (Pearce 2013), collectively organising and market themselves as a place for tourists to visit and/ or accruing significant revenues from tourism (Beirman, 2003). The initiation of this supply sided discussion of destination management can be found in the seminal paper by Buhalis (2000; this paper has been cited 1,400 (!) times by now, according to Harzing's Publish or Perish). But it has been further endorsed over the years, for instance by the literature about destination strategies (e.g. Ibrahim and Gill, 2005), competitiveness (e.g. Ritchie and Crouch, 2003; Crouch, 2011; WEF, 2005), governance (e.g. Beritelli et al., 2007; Pechlaner et al., 2011), or marketing (e.g. Palmer and Bejou, 1995), including branding/ brand equity in a tourism context (e.g. Chon, 1990 and 1991; Gartner and Ruzzier, 2011), just to name a few. And by this 'behaviour' of the research community, a general (but potentially misleading) understanding of destination management has been literally carved (maybe for good).

Only very recently it has been **dawning that this supply- and resource-oriented perspective misses out on one important actor: the tourist.** Whereas with a stay-put type of trip (such as beach and winter sports holidays; Hyde and Laesser, 2009) we might observe spatial congruence between the activity/experience space of the tourist and the geographical scope of the activated supply network (and very often a high degree of homogeneity in demand), this is not the case in other types of holidays, including arranged as well as freewheeling touring (e.g. sightseeing and other forms where one would change place of location). These types of trips normally **ignore supply-driven geographical boundaries and take place in a more enlarged** (sometimes international) **space**. Demand for such trips (as opposed to stay-put ones) tends to be more heterogeneous as well (in terms of needs, activities, geographical scope, etc.; Finsterwalder and Laesser, 2013), increasing the complexity for marketing (large cities (metropolis) exemplary combine all of the above, as they have very heterogeneous demand (different activity patterns activating different types of suppliers) within more or less similar geographical boundaries, as defined by the city or regional borders).

This is why there are the first attempts from academia and practice alike to **re-integrate the demand perspective into destination management**, supported by late technological developments (including e.g. the tracking of tourists). They do so by regarding destinations more as **open systems** where different **supply and demand networks** interact and **draw from similar or different resources** (Laesser and Jäger, 2001; Beritelli *et al*., 2013b; Pearce, 2013). Spatial boundaries are – at least partially – eliminated; **destination geography becomes variable** (Beritelli *et. al*, 2013b). The **operational units are SBFs** (strategic business fields, consisting of one or more demand networks and a stable, implicitly or explicitly developed, well-practised supply network), not the destination in the sense of a cluster anymore. With this more customer-centric approach, the **customer process becomes the foundation of the production and marketing process of the suppliers**, with far reaching implications on the existing collaborative structures (Beritelli *et. al*, 2013b).

In consequence, **we cannot analyse the competitiveness of destinations** as this is just the result or amalgam of the competitiveness of SBFs which either fully or partially operate within politically given destination limits. The potential to 'manage' destinations under this framework is limited as well; because **it is the SBFs with actually drive the development**. So, the **competitive unit, which can be analysed and managed as such, is the SBF as well**, and not the destination according to the 'old' understanding (= destination as a mixture of different products and services and of understanding the territory of a destination as a politically-administratively delimited area).

Hence, and at the end of the day competitiveness (as the ultimate outcome of any economic activity) needs to be judged based on the capacity of the SBFs (not destination!) and their players, i.e. suppliers and their associated partners, to implement differentiation in a strategic context within a competitive environment, independent of political and geographical space (cf. to Laesser and Beritelli, 2013).

Sustainable tourism: Accept the limitations and tackle the real challenges, such as transport.

The challenge of making tourism sustainable has been taken on by academia and practice alike, and for a number of years. **The discussion**, originating from *The Limits to Growth: A Report to The Club of Rome* (1972) (Meadows *et al*., 1972) and the *Brundtland Report* of 1987 **has been increasingly** (and sometimes dogmatically?) **focusing on ecological, cultural, and social domains of sustainability**. This can be somewhat illustrated by a simple title count of published papers. There are, according to Google Scholar on December 27, 2013:

- 5, 120 title entries of papers with the term *sustainable* AND *tourism*
- 419 title entries of papers with the terms *sustainable* AND *tourism* AND *environment/ ecological*
- 365 title entries of papers with the terms *sustainable* AND *tourism* AND *culture/ cultural*
- 122 title entries of papers with the terms *sustainable* AND *tourism* AND society/ *social*

A further analysis of less expected domains reveals the following list. There are, again according to Google Scholar on December 27, 2013:

- 63 title entries of papers with the terms *sustainable* AND *tourism* AND *business*
- 30 title entries of papers with the terms *sustainable* AND *tourism* AND *transport*
- 4 entries of papers with the terms *sustainable* AND *tourism* AND *finance*

From the above, we can – in relation to sustainable tourism - derive a **threefold hypothesis (or claim?):** (1) business and finance domains (the latter is an important resource, bearing in mind the capital intensive character of tourism) are under-represented (to say the least). (2) Research is focusing on rather small-scale spatial perimeters, ignoring for example destination inbound- and outbound transport, and (3) follows an avenue which does not really emphasize on the foundation for any sustainability: actors' behaviour (i.e. consumers' as well as producers') inside and outside a given perimeter.

Most can probably agree that due to the **tourism-inherent need of mobility**, transport after all is one of the key issues when it comes to making tourism sustainable (e.g. energy use, greenhouse gas emissions, global warming, noise and air pollution, etc.). In addition, one would think that the debate in many countries in the mid-90s about external effects of transport and their internalisation (cf. Verhoef, 1994; Mayeres *et al*., 1996; especially in an urban context) would have triggered a similar discussion in the domain of tourism; all the more as with the mass movement of tourists into a given place similar issues would arise (transport related congestion and pollution because of the overusing of resources in the wake of a lack of property rights; and as a consequence the production of external effects). However, and from the above, we have to realize that there are only **30 papers on transport (addressing sustainability issues in tourism);** moreover, and within those 30 papers, there is only one recent by Peeters (2013) which discusses ways to develop a long-term global tourism transport model and its implications for sustainable tourism policy making.

We argue that tourism, because of its inherent transport, cannot be completely sustainable. As a matter of fact, the entire society is not behaving in a sustainable way in this domain, which is why the phenomenon tourism as a behavioural subset of this our society cannot be sustainable in its own right.

And because this is so, research stays away from this really challenging topic of transport and rather keeps busy with redundantly investigating large number of minor issues. We can only guess the reason for that… but maybe it is associated with the 'problem' that neither a government nor any representatives of the tourism industry would sponsor research, which might likely produce a result that proposes measures potentially inducing a decrease of inbound tourists (due to measurements in the transport sector, i.e. cost accuracy and thus demand reducing pricing or even full internalisation of external costs).

Such a potential result is due to the **narrow scope which sustainability research in tourism** has been taking, hardly ever combining all domains, least including the business one. **However, a more holistic approach is needed** (Northcote and Macbeth, 2006), **including the business community in the process**, especially when it comes to resolving the transport issue. Let us illustrate our point: With the ever increasing improvement of accessibility (lower than ever real prices, improving air connectivity due to low cost business models, good road infrastructure even in mountainous areas, etc.), and assuming that time to travel remains more or less constant, durations of stay tend to decrease (Nyberg, 2002), because individuals can execute more travel options. So, the decrease in destination accessibility by pricing incentives (higher prices to account for the before-mentioned effects) could result in a reversal of this process and an increase in duration of stay and thus an increase of yields of a company, as well as on a regional or even national level (assuming that the gravitational power of the destination remains the same; cf. Wan and Zhang, 2010). However, a customer cohort travelling less and longer needs to be dealt differently than one travelling more and shorter; and sustainability research by this would have to become more actor-centred and maybe a bit less academic… and thus tourism a bit more sustainable?

There are some **troubling signs showing serious limitations to the potential to influence actors’, i.e. tourists’ behaviour.**

First, and relating to transport, we have to accept that **price elasticities** of both air and individual road transport (using private car) is limited, when compared to collective/ public transport on rail and road. In addition, the **cross-price elasticity of public transport** is considerably higher than the one of individual road transport (Laesser and Reinhold, 2013). This initial position **limits the potential for changes in the modal split of tourists**.

Moreover, and second, **demand and willingness to pay for sustainable tourism products are limited** (Wehrli *et al*., 2011). If actors can internalise benefits from their own behaviour, they are more willing to embrace sustainable consumption behaviour than in the case where there are no means to internalise such benefits. Having said that, it comes to no surprise that for example the demand for organic food is increasing: people essentially change their food habits in order to live healthier (among other motivations; Hughner *et al*., 2007; Lockie *et al*., 2002). As an effect of that behaviour, agricultural production becomes more sustainable, due to a decrease in production intensity as well as in the use of fertilizer and pesticides; all driven by consumers demand.

Hence, we need to find mechanisms to internalise benefits of sustainable behaviour (by making consumers aware of alternative utility domains). And raise the awareness of business for tourism products involving less transport. Would this be the end of tourism?

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Part 2:

Tourism Policy and Development

Peter Keller: A Pioneer of a Sustainable Tourism Policy

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Abstract
Peter Keller was a true pioneer of a sustainable Tourism Policy. The Swiss Tourism Concept of 1979 he formulated objectives, strategies and measures relevant to the three dimensions society, economy and environment, and he did so, long before sustainability became a buzzword. In his Report on Tourism Policy of the Confederation published in 1996, Peter Keller once again gave a time-signal and reduced the visionary approach of 1979 to the three core areas of tourism policy. Furthermore, he established "Innotour", an instrument to promote innovation, which to this day is still relevant and undisputed.

Anyone who takes stock of Swiss tourism policy in the last forty years will note how strongly it has been shaped by Peter Keller. Keller creatively implemented his understanding of an integral tourism policy that is focused on strategically necessary incentives for private sector initiatives and which pursues efficiency principles. Three basic principles can be discerned that guided him: future orientation, adaptation and pragmatism.

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1 Introduction

1.1 The Concept of Tourism Policy

Krapf (1961, p. 8) once defined tourism policy as the actions of organised communities in the field of tourism to promote its earning power and external objectives. Today, tourism policy is defined much more broadly and understood as "the engagement with public affairs". According to Peter Keller (1994), from the point of view of the players in tourism, tourism policy is about gaining State influence and power for certain objectives. From the point of view of the State, the focus is on safeguarding public interests at stake in the field of tourism. In a democracy, tourism policy adheres to the logic of consensus. (Keller 2005, p. 20)

1.2 Legitimisation of Tourism Policy

- Various circles regret that more and more spheres of life are becoming the object of policy. The magic words are de-politicisation, liberalisation or deregulation. Nevertheless, there are different reasons that legitimise tourism policy:
- *Market failure:* a tourism industry geared to individual, short-term profits calls for eco-social framework conditions necessary which focus on the common good. The risk of market failure in terms of public goods, externalities and monopolistic structures needs to be restrained. (cf. Greuter 2000, p. 133)
- *Public interest:* tourism performs important socio-political tasks (e.g. identity) and commercialises public goods (e.g. culture, environment).
- *Significance in terms of regional policy:* tourism assumes the role of a leading industry in structurally weak areas and helps to reduce unwanted economic disparities.
- *Transaction costs:* tourism, as one of the few economic sectors defined by demand-driven expenditure, requires a large coordinative effort of the relevant service package. High transaction costs ensue from the exploitation of potential tourist demand.
- *Prisoner's dilemma:* all other states also promote tourism to a significant degree. To stand on the sidelines would mean to put tourism in one's own country at a competitive disadvantage.

- The list above shows that there are sufficient reasons to promote an independent tourism policy. In this respect, according to Keller (1999), note should be taken that tourism policy
- is set up as a Public Private Partnership (PPP) in the form of a strategic implementation platform,
- enforces a combination of bottom-up and top-down initiatives that is as effective as possible,
- focuses on strategically necessary incentives for private sector initiatives,
- pursues efficiency principles; in other words, is result-oriented and promotes measures that are close to the market.

As per Keller (1999), tourism policy has two different foci: by seeking to influence framework conditions, tourism policy is an inter-disciplinary policy. Under the conditions of global and imperfect competition, this inter-disciplinary policy that stretches beyond tourism is no longer enough. Independent sectoral policies within the field of tourism are required to remove existing market failures.

Sectoral policy within the ambit of tourism spans enterprises and sectors, and also has an inter-disciplinary function within the tourist sector. The inter-disciplinary nature of tourism policy is thus twofold: outwardly in terms of framework conditions, inwardly within the field of tourism that is close to the market.

1.3 Development of Tourism Policy

Tourism policy in Switzerland can be divided into six development periods:

- Period of *tourism laissez-faire* - up until roughly the end of the nineteenth century
- Period of *organisation of tourism* - around the turn of the century
- Period *of interventionism* - from the First World War
- Period *of reducing state-imposed interventions and enhanced self-help* – from the 1950s
- Period of *targeted regulatory and structural policy interventions* – from the mid-1960s
- Period of *growth-oriented locational policies* - from the 1990s.

Peter Keller decisively shaped the last two periods from the early 1970s onwards.

2 Swiss Tourism Concept as a Pioneer for Sustainable Tourism Development

2.1 The Swiss Tourism Concept 1979

For a long time, the Swiss Tourism Concept of 1979, largely authored by Peter Keller and Jost Krippendorf, constituted the basis for tourism policy in Switzerland (Advisory Commission for Tourism 1979). The Concept built on a holistic frame of reference and covers the aspects relevant to tourism policy in the societal, economic and environmental domains. Even, at that time, the Concept made the claim for a sustainable development of tourism. The objectives of tourism policy stipulated in the Concept were derived from higher-level objectives.

- *Society:* (1) promotion of leisure time as a prerequisite for human self-realisation; (2) improvement of people's physical-mental health; (3) a fairer distribution of income and of free time – improvement of the conditions of life in Switzerland and abroad; (4) promotion of mutual understanding and collaboration between peoples
- *Economy:* (1) preservation of full employment; (2) increase of economic growth; (3) balancing the balance of payments; (4) achieving the best possible price level stability
- *Environment:* (1) ensuring a stable ecological equilibrium; (2) a considerate and orderly use of the environment; (3) conservation of harmonious landscapes – economical use of limited resources

Back then, the overall objective of Swiss tourism policy was described as meeting the multi-facetted demand of tourism in the best possible way to benefit people of all social classes within efficient tourist facilities and an intact environment. In this respect, the interests of the local population have to be respected. (Advisory Commission for Tourism 1979, p. 58) That overall objective is still valid today.

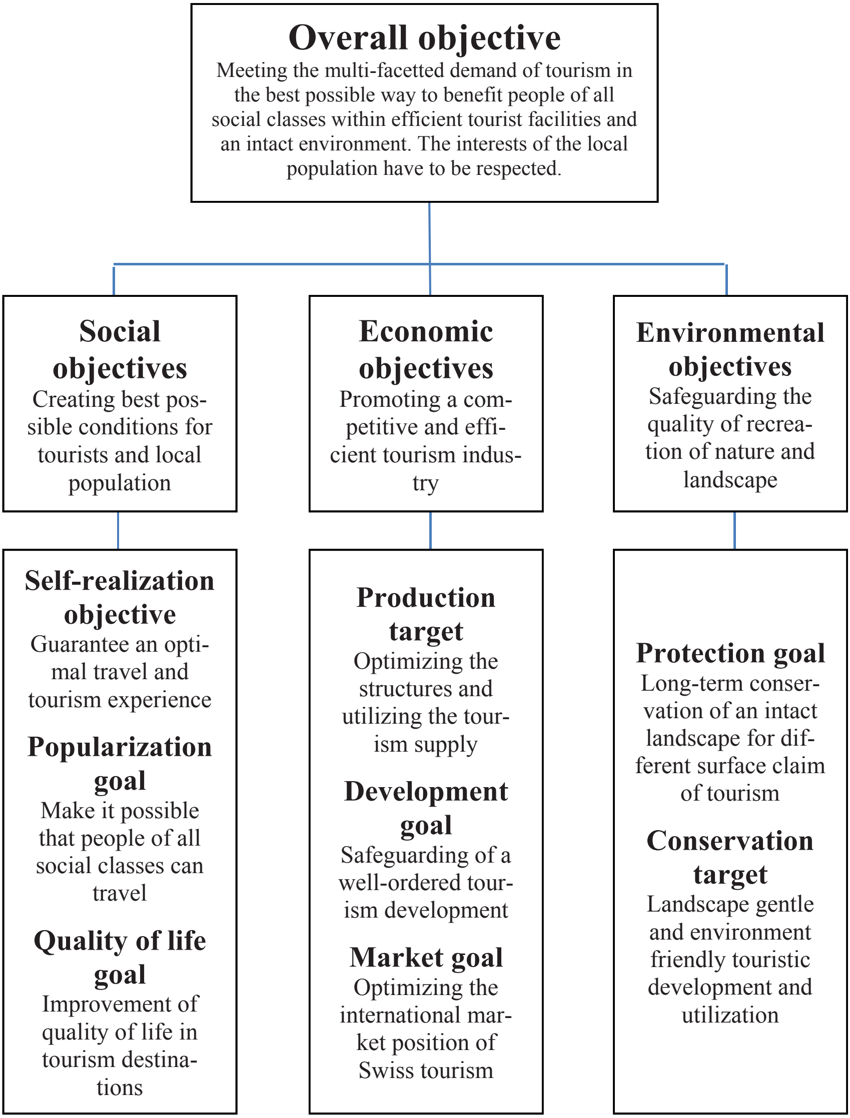

Figure 1: Objectives of Swiss Tourism Policy

Source: Advisory Commission for Tourism (Beratende Kommission für Fremdenverkehr des Bundesrates) 1979: Swiss Tourism Concept, Bern 1979, p. 60f.

The following illustration summarises and displays hierarchically the objectives of tourism policy included in the Concept. The Tourism Concept specified the overall objectives on two further objective levels (intermediate objectives/sub-objectives). This wide-ranging system of objectives was the starting point for a holistic tourism policy, meaning a tourism policy of public authorities and tourist organisations that is in keeping with given societal, economic and ecological facts or, respectively, with desirabilities.

The Swiss Tourism Concept was primarily a concept of objectives. It served as a guide and orientation for public authorities and private entities, as a coordination instrument for the enforcement of tourism-relevant matters at federal level and, finally, as an instrument of government for the Federal Council.

The Tourism Concept contributed significantly to the creation of a "*unité de doctrine*" within Swiss tourism policy. It was recognised by all of Switzerland's most important tourist organisations. However, this high degree of acceptance was only achieved because existing conflicts of interest were not thrashed out and no priorities of objectives were set.

2.2 Objectives and Reality

A comparison of the objectives pursuant to the Swiss Tourism Concept and the actual development of tourism shed light on some very significant discrepancies. Krippendorf (1983, p. 50 et seq.) pinpointed six reasons for the gap between objectives and reality in regard to the development of tourism:

- Non-binding nature of the objectives
- Priority given to the economic perspective
- Dominance of the short-term profit perspective
- Fragmentation of the responsible bodies
- Congruency of interests between public authorities and the (construction) industry
- Unknown and inexpediently applied control instruments

All of these reasons make it clear why tourism policy was, on all levels, predominantly a reactive approach, the main concern of which was to fight and remove undesirable developments and bottlenecks that have already occurred.

3 From a Regulatory Tourism Policy to a New Promotion Policy

3.1 Tourism Report 1996

The Report on Tourism Policy of the Confederation ("*Bericht über die Tourismuspolitik des Bundes*") (Seco 1996) was published in 1996, again under the leadership of Peter Keller. The Report no longer stipulated explicit objectives and made it clear that the control objectives of the 1970s had to make way for a promotion policy. The new promotion policy was described as follows:

The path for Switzerland as a tourist destination:

- Outwardly: a destination known throughout the world – with a convincing communication and marketing strategy and a shared brand identity.
- Inwardly, rendering of services based on partnership – with innovative and high-quality services of world renown. (Seco 1996, p. 49)
- Twelve strategies were proposed:
- *Create optimal conditions:* (1) increase acceptance for tourism - create a precondition for more successful economic activities; (2) lay the foundations for innovations – an instrument for sustainable growth; (3) improve international framework conditions – represent Switzerland's interests at an international level
- *Strengthen brand and market presence: (*4) strengthen Switzerland as a brand – the key to the world market; (5) develop strategic products – participate in the change in demand; (6) improve the quality of services – compensate price disadvantages with top performance; (7) intensify the use of telematics – make headway with technical progress
- *Increase locational appeal:* (8) build up human resources – create a difference that sets the location apart from the competition; (9) attract manpower – satisfy customer needs; (10) promote structural change in the field of accommodation – maintain a leading tourism industry that is in keeping with the market; (11) upgrade the infrastructure – prepare for the twenty-first century; (12) organise the space, preserve the landscape and use it in a sustainable way – keep the door open for the future of tourism.

3.3 Innotour as a Promotional Instrument for Tourism Policy

The centrepiece of the 1996 action programme for Swiss tourism was the Message on the Promotion of Innovation and Collaboration in Tourism "Innotour" ("*Botschaft über die Förderung von Innovation und Zusammenarbeit im Tourismus*") (Seco 1996). This was Peter Keller's masterpiece. Innovative and collaborative endeavours have been supported ever since then. By way of this support, the development and introduction of new products, equipment and distribution channels are promoted, existing services are improved, organisational structures that enable an increase in efficiency are set up and further training and education efforts are enhanced.

The prerequisites for support were and still are:

- Contribution to strengthening Switzerland's competitiveness as a tourist destination
- Furthering tourist development in harmony with nature, humankind and the environment, and ensuring attractive employment opportunities
- Model character of the projects

This is how an active contribution is made to rejuvenating and improving the attractiveness of the tourist offer. The promotion of innovation and collaboration has been extended every four years up until the present day.

3.4 Further Development within Cantonal Mission Statements

The structure of the national strategies was adopted and expanded by individual cantons within the framework of their mission statements on tourism policy. For instance, in the Canton of Bern, the emphasis was placed on four fields of action and specified with twelve objectives/strategies of tourism policy with appropriate measures (beco/FIF 2001, p. 18) which mirror the national efforts:

- *Create optimal conditions:* (1) conduct an efficient tourism promotion; (2) improve framework conditions
- *Increase locational appeal:* (3) train and further train employees; (4) promote structural change; (5) enhance the quality of experience of tourism; (6) improve the quality of services
- *Strengthen market presence:* (7) promote collaborations; (8) strengthen integrated market development; (9) create instruments to monitor tourist development
- *Reduce potential for conflicts:* (10) Protect nature and environment; (11) Organise the space and use it in a sustainable way; (12) Raise the general public's awareness for tourism

3.5 Tourism Report 2002

In the last Tourism Report under the aegis of Peter Keller entitled Tourism Promotion of the Confederation ("*Tourismusförderung des Bundes*") (Seco 2002), the main features of the new tourism promotion are described as using targeted promotion to develop new products, ensure quality and reduce the disadvantages of small-scale business structures by means of collaborations (Seco 2002, p. 25). To that end, advantage needs to be taken of existing endogenous growth opportunities by means of the reinforcement of capacity for innovation and investment strength. In particular, promotion of tourism is to strengthen regions in Switzerland which have practically no other development opportunities other than tourism. An unhealthy horizontal growth is, however, not to be promoted. Rather, support is to be focused on endeavours that are environmentally sound and in conformity with the landscape, and, furthermore, contribute to the long-term survivability of tourist enterprises. In this way, attractive jobs are to be created in the respective tourist areas and the quality of life of the local population is to be further improved.

The tourism programme summarised the measures in four groups: (1) focus areas for innovation and collaboration, (2) measures to promote hotels, (3) support measures in the cableway sector, (4) support measures within the scope of vocational training in tourism. (Seco 2002)

4 Conclusion

The Swiss Tourism Concept of 1979 clearly shows that Peter Keller was a true pioneer of sustainable development. In his comprehensive Tourism Policy Concept, he formulated objectives, strategies and measures relevant to the three dimensions society, economy and environment, and he did so, long before sustainability became a buzzword. In his Report on Tourism Policy of the Confederation published in 1996, Peter Keller once again gave a time-signal and reduced the visionary approach of 1979 to the three core areas of tourism policy which are: creation of the best possible framework conditions, enhancement of the locational appeal and strengthening the brand identity. Furthermore, Peter Keller established "Innotour", an instrument to promote innovation, which to this day is still relevant and undisputed, including in a liberal economic system. In 2003, Peter Keller ultimately focused tourism policy on four fields of action that – at least for tourism policy in Switzerland – again played a seminal role: the support measures in the areas of promotion of innovation and collaboration, accommodation, cableway sector and vocational training in tourism.

Anyone who takes stock of Swiss tourism policy in the last forty years will note how strongly it has been shaped by Peter Keller. Keller creatively implemented his understanding of an integral tourism policy that is focused on strategically necessary incentives for private sector initiatives and which pursues efficiency principles. Three basic principles can be discerned that guided him: future orientation, adaptation and pragmatism.

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INNOTOUR: An Innovation in Tourism Policy

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1 Introduction

In the last decades innovation in the tourism industry used to be a rather under-researched field. Today, it has become the centre of attention of tourism research focussing on different aspects (e.g. Keller 2005a, Zeng 2010, Hjalager & Nordin 2011). Tourism innovation research has been conducted for the accommodation sector (Volo 2004, Pikkemaat & Peters 2005, Sundbo et al. 2006, Ottenbacher 2007, Martinez-Ros & Orfila-Sintes 2009, Orfila Sintes & Mattsson 2009) as well as on the tourism destination level (Flagestad et al. 2005, Pechlaner et al. 2006, Pikkemaat & Weiermair 2007, Paget et al. 2010, Raich & Zehrer 2013). Furthermore and to a less extent research has analyzed tourism innovation policy (Keller 2005b, Keller 2006a, Keller 2006b, Smeral 2005, Svensson et al. 2005, Pikkemaat & Peters 2014, Lun et al. 2014). Hjalager (2010) underlines this aspect in her state of the art review comprising relevant research results gained so far in the field of innovation: "The issues of innovation policy have not been given the priority that they deserve in tourism research." (p. 9).

The aim of the present paper is, to investigate innovation in alpine tourism and shed more light on today's innovation policy in tourism and on innovation patterns. After a short introduction the paper undertakes a literature review to present major challenges and characteristics of innovation in alpine tourism, such as its structure, the small and medium size of tourism firms, the need for cooperation, etc. In the second part of the paper the Swiss government innovation

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supported programm InnoTour which was mainly initiated by Peter Keller is presented and effects of InnoTour are discussed. Results and implications for tourism policy to deal with the challenges of innovation will be presented in the final chapter.

2 The Concept of Innovation

An innovation may be determined by scientific research resulting in new technology, by individual entrepreneurship, or by strategic decision and management (Sundbo 1997). While the first paradigm is characterized by the organisation of the innovation process in R&D departments in the second case innovations are the result of entrepreneurs who are willing and able to innovate. The third paradigm is the strategic innovation paradigm which emphasises the strategy as the core innovation determinant. Following the strategic approach which is favoured for services by Sundbo (1997) innovations are market-driven and are formulated within the framework of a strategy: "The top managers of the firm control the innovation process, but ideas for innovations come from all parts of the organisation and from the external network of the firm" (Sundbo 1997, p. 436).

A distinction is typically made between ‘invention’, ‘innovation’, ‘diffusion’ and ‘imitation’. Hence, while the term ‘invention’ stands for creating something new in general, ‘innovation’ means to successfully establish a new product on the market or to implement a new process into the production cycle of a company. ‘Diffusion’ and ‘imitation’ essentially mean that competitors start to adapt and copy new products and processes (Dosi 1988). The goal of innovation is a positive change in terms of productivity or added value and to maintain a balance between process and product innovation. Innovation seems to be a major driving force for the competitiveness in tourism (Nordin 2003, Smeral 2005, Danneels 2007). There are a number of definitions of ‘innovation’ in several disciplines, which differ in terms of variety and have different implications. At least in most business contexts, innovation is linked with the growth theory of the economy (Freeman 1990). While the neoclassical growth theory uses explicit and implicit assumptions to faultless maximisation, the Schumpeterian theory is quite different.

According to Schumpeter (1965), innovation depends on the characteristics of the entrepreneur, who is faced with a dynamic economic environment. Basically, Schumpeter (1965) identified five types of innovation: product (1) and process (2) innovations, the utilization of new resource markets (3), new suppliers (4) and the change of market structures (5). These types of innovation can also be found in the service sector as the most important economic driver (see figure 1).

Thus, in the field of tourism, product innovation can be achieved on three different levels: at the service level, at attractions' level and at the destination level. Likewise process innovation may be accomplished in management, logistics or through network improvement. The usage of new technologies (e.g. transportation, internet) is considered to be an innovation through entering new resource markets while opening new market segments is a suppliers' innovation. Developing new regional markets on the other hand can work both ways: either by utilizing new resource markets or by rendering new sales markets accessible. Changing market structure (i.e. creating/destroying monopolies) is also regarded to be an innovation.

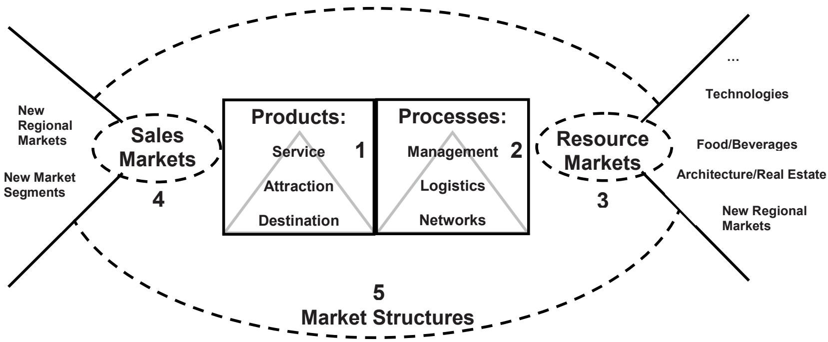

Figure 1: Adaptation of the Schumpeter model of innovation to tourism

Source: Pechlaner et al. 2010, p. 83, based on Schumpeter, 1965; Pechlaner et al., 2005, p. 35

The concept of product and process innovation is widely accepted in the tourism industry among various authors (Hjalagar 1997, Volo 2005, Pikkemaat & Peters 2005, Keller 2006b). But while refer to the traditional Schumpeterian typology of the five types of innovation (Walder 2007, Hall and Williams 2008), others add marketing, management, logistics and institutional innovations (Hjalagar 2002).

Coombs and Miles (2000) distinguish three approaches for studying innovation in services: (1) the assimilation approach, which treats services as similar to manufacturing; (2) a demarcation approach, which treats innovation in services as distinctively different from that in manufacturing postulating new theories and instruments; and (3) a synthesis approach, which suggests to investigate how the specificities of service activities might reformulate innovation approaches in manufacturing. Innovation studies have been carried out using all three approaches. The assimilation approach has been applied very often, for instance by Preissl (2000), Hughes and Wood (2000), Johannessen et al. (2001) or Hollenstein (2001). The demarcation approach which focuses on distinctive features of service innovation rather than comparing innovation in services with innovation in manufacturing has been applied and further developed in particular by the works of Sundbo (1997), Gallouj (1998), and Sundbo & Gallouj (2000) while the synthesis approach until now has only been applied by Gallouj & Weinstein (1997) and Drejer (2004).

3 Innovation in Alpine Tourism

When discussing innovation in tourism some specifics about Alpine tourism have to be considered. The emergence of a large number and variety of travel destinations and decreasing travel costs have changed tourism markets over the last two decades and gave birth to a highly competitive industry. In particular, many Alpine tourism destinations of Europe are faced with market failure due to the following reasons (Peters & Buhalis 2013): First, in the past the market side did not demand innovation or new product development as the majority of the demand consisted of neighbouring, risk-averse, culturally similar tourists travelling by car to the same alpine destination for decades (e.g. Germans to Tyrol for skiing). Second, entrepreneurs often show myopic and egoistic behaviour instead of long-term, rational, and economic reasons which is influenced by a low professionalism of the Alpine tourism industry in comparison to other branches. As a consequence there has been a dramatic increase in schooling and training of the tourism labour force within the last years. Third, as small and medium sized (SME) hotels dominate and international hotel chains are searched in vain, economies of scale and scope cannot be realized although few and far between some successful marketing and purchasing cooperation exist at the hotel level. As a matter of fact less cooperation/networking and cluster building exist in and between entrepreneurs and destinations resulting of the former mentioned low professionalism and the myopic behaviour of tourism entrepreneurs (Volo 2004, Pechlaner et al. 2006, Pikkemaat & Weiermair 2007).

Thus, regarding the development of new products and services and innovation strategies of tourism enterprises it seems important to differentiate between global tourism firms and SMEs. Keller (2005b) compares the international tourism industry with the fragmented SME-dominated European (Alpine) tourism industry (see figure 2). On the one hand, tourism consists of global tourism firms, typically known as international hotel chains, which are managed similar to multinational conglomerates in manufacturing. On the other hand, tourism involves a lot of micro and small-sized firms all over the world, often known as one-man enterprises. In most cases the latter do not even know or follow any strategy, which, for many cases eliminates the strategic and the R&D innovation approach as theoretical background. Thus, an innovation deficit characterises the small and medium-structured tourism markets while the international tourism industry competes with innovation worldwide.

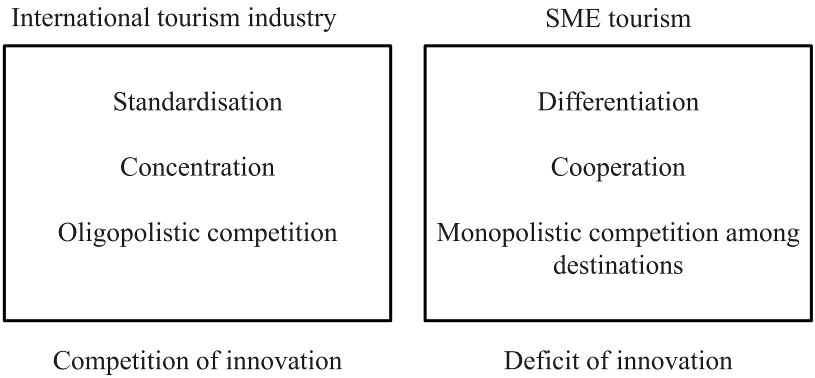

Figure 2: Competition and deficit of innovation in tourism

Source: Keller 2005b, p. 48

While the international tourism industry is typically known as international hotel chains, which are managed similar to multinational conglomerates in manufacturing, small businesses are often known as one-man enterprises which do not necessarily follow a particular strategy. Amongst other factors, it is this totally different management thinking which is responsible for an innovation deficit of medium-sized enterprises (SME). The international tourism or hotel industry however is characterized by a hyper competition in innovation worldwide (Hjalager 2002, Pikkemaat & Peters 2005, Keller 2006b). In comparison to other industries, research and development expenses or the number of licences or patents registered are relatively low in the hotel industry (Hollenstein 2001). Higher-categories hotels however are more innovative than lower-categories hotels. Chain hotels and hotels under management contract carry out more technological innovation than the average of hotels; internal R&D activities are neglected, but R&D embodied technology is introduced into hotels (Orfila-Sintes et al. 2005).

Since the beginning of the new millennium researchers have increasingly began to discuss innovation in tourism, e.g. for the hotel industry (e.g. Jacob et al. 2003, Orfila-Sintes et al. 2005, Ottenbacher & Gnoth 2005), the destination level (e.g. Flagestad & Hope 2001, Pechlaner & Tschurtschenthaler 2003) and for small and medium-sized tourism enterprises (e.g. Hölzl et al. 2005, Pikkemaat & Peters 2005). While some focus on the measurement of innovation (e.g. Volo 2004, Pikkemaat & Weiermair 2004) as well as on patterns of innovation (e.g. Hjalager 1997, Hjalager 2002, Jacob et al. 2003, Weiermair 2003, Orfila–Sintes et al. 2005) or on the analysis of predominate determinants of innovation (e.g. Ottenbacher & Gnoth 2005, Walder 2007), some research is still missed. Regarding the destination level research still focus on accommodation and neglects other supporting services, such as transport, restaurant, shopping and animation. Regarding sample characteristics in most studies the entrepreneur's view is analysed rather than customer's or employee's perceptions. Instead of representative long-term national studies often single case studies in destinations are carried out. Results of innovation studies in tourism cannot be compared with other industries as measures and methods differ.

Nevertheless, there have been several studies looking at innovation in tourism and some results will be excerpted here: Weiermair (2003) for instance assessed determinants of innovation in North America and Europe within larger national and global firms to test the prevalence of process versus product innovation. Another study by Pikkemaat & Peters (2005) measured innovation determinants in small and medium sized hotels in Austria. The same authors noted that size and the level of quality (measured in terms of stars) of a hotel as well as a clearly defined target market have a significant positive influence on the level of innovation; however, the age of entrepreneur, loyal customers and satisfaction of entrepreneurs with hotel's revenue do not influence the level of innovation of the small and medium sized Alpine hotel industry. Similarly, Hölzl et al. (2005) identified management quality and organizational competence, profound market knowledge about competitors, and leadership competences as well as personal attributes as essential prerequisites for successful innovation. Ottenbacher & Gnoth (2005) found nine significant success factors of hospitality innovation: market selection, strategic human resource management, training of employees, market responsiveness, empowerment, behaviour-based evaluation, market synergy, employees' commitment, and tangible quality. Walder (2007) noted that risk behaviour and cultural values of SME owners or managers, their management and leadership style and the overall structure of the organisation influence the innovation behaviour of SMEs.

Due to the dominance of small businesses, the Alpine tourism industry displays innovation deficits and disadvantages in terms of innovative product development: first, small businesses lack economies of scale and are not able to raise profit margins which allow small units to reinvest in research & development, market research, product development, skills or creativity enhancement. Moreover, in many Alpine tourism valleys micro sized and family owned bed and breakfast entrepreneurs dominate the destination leading to a lack of any employees as well as the creation of knowledge. Second, SMEs in tourism are still with some regard reluctant in terms of cooperation or strategic alliances with other competitors. However, cooperation would help to gain economies of scope, which would likely increase product- and services-variation and thus customer service experiences (Peters & Buhalis 2013).

For the Alpine tourism region Tyrol results of interviews with tourism entrepreneurs show that the overall relevance of cooperative activities in destinations are seen as prerequisites of innovation (Pikkemaat & Peters 2014). Especially vertical cooperation is interpreted as stimuli for innovation. Subsidies might target the formation of cooperation or clusters and should more focus on the implementation of ideas instead of the generation of ideas, because the latter remains an entrepreneurial activity. Hjalager (2002) and Hall & Williams (2008) support these results and interpret the role of tourism policy as a supporter of education, networking, and investments in tourism destinations. The latter are exactly the goals achieved and reached by InnoTour.

4 InnoTour and its Consequences on Innovation in Alpine Tourism

InnoTour can be interpreted as a tourism policy success story in Switzerland. In 1997 the federal law focusing on the promotion of innovation and cooperation in Swiss tourism was launched in order to support the industries adaptation towards worldwide market changes and competitive pressures. The program was lengthened 2003 and the third InnoTour period started 2008 and ended in 2011. After a positive evaluation of the second (see Müller & Gurtner, 2007) and third phase of InnoTour (see Bieger et al., 2010), a new InnoTour funding period together with new guidelines was launched in 2012. Beside innovation and cooperation the current program focusses on knowledge creation and management in order to strengthen the competitiveness of Swiss tourism (see figure 3).

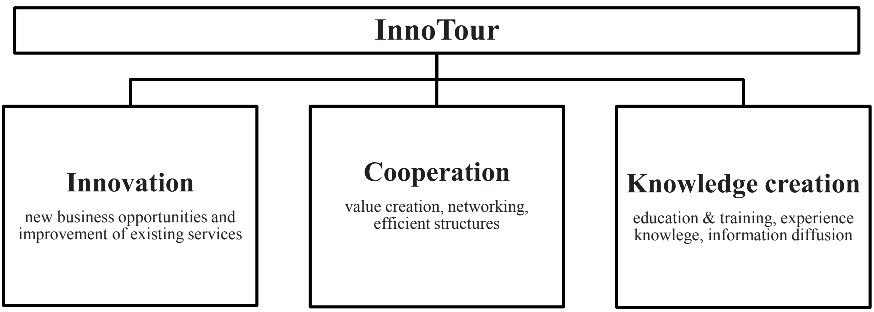

Figure 3: The funding concept of InnoTour 2012

Source: Codoni, 2011, p. 2

In the following we provide a short summary of InnoTour's outcome and impact which will highlight several funding priorities and key aspects of the program. Bieger et al. (2010) evaluated different innovation support programs in European countries as well as from the European Union. They identified a strong focus on small- and medium-sized businesses as well as on destination-wide product or service development initiatives. National funding programs want to create best-practices which might serve as stimuli for others in the industry (see Bieger et al., 2010, p. 58).

The acceptance of InnoTour in the Swiss tourism is very high and according to the evaluation of the second period of InnoTour the supported projects were quite successful and served as multipliers for further (non-funded) project initiatives. Müller and Gurtner (2007) evaluated the second InnoTour phase (2003-2007) and underlined the fact that the program goals have been achieved to a very large extent. 80% of all the InnoTour funding (19 mio. Swiss Francs) is spend in the targeted innovation clusters "quality", "destination development", "information- and reservation systems", "nature tourism", and "non-hotel accommodation". The overall project volume of these funded projects during this period was 80 mio. Swiss Francs. 32 of 39 projects could initiate further innovations and about 18 projects created additional employment having positive effects on sales and overnight stays (Müller & Gurtner 2007). The evaluation report also highlights the administrative efficiency of InnoTour and shows that in contrary to funding programs in other countries, InnoTour is a well-known and efficiently well-managed program.

The third phase of InnoTour (2008-2011) was evaluated by Bieger et al. (2010) according to five major challenges of Swiss tourism: fragmented value chains and networks, location/destination dependence, public goods, small- and medium-sized industry structure and service characteristics. The most positive three impacts areas of InnoTour can be seen in the improvement of networks and (destination) value chains which increased the overall customer value by the inclusion of all the relevant destination value chain members. Second, InnoTour focussed on regional and therefore on destination projects which supported the creation of competitive destinations to form a stronger basis for further (international) branding strategies. The third quite positive impact of InnoTour was its stimulation of public private partnership projects which again resulted in strengthening destination value chains (Bieger 2010, pp. 74). Small businesses often profit from these fundings and develop cooperative structures: however, many of these initiatives are not sustainable and cooperation or alliances end with the project. However, some examples show the opposite, e.g. the Matterhorn Valley hotels fostered a long-term innovation and success-model which was initially supported by InnoTour. It is obvious that InnoTour is improving tourism value chains by focusing on the product (services, attractions and destination initiatives have been supported) level. Furthermore, processes and therefore networking and logistics are a major target of InnoTour as indicated in the innovation model of Pechlaner et al. (2010) (see figure 1).

5 Conclusion

The InnoTour project was developed during the 1990ies as a response to increasing competition in worldwide tourism. Based on tourism economists and research in the field of innovation and knowledge management, mainly Swiss researchers set the foundation for the implementation of such a program. Peter Keller, one main pillar of this research expertise, transferred this knowledge into political practice and initiated InnoTour.

Until today, InnoTour is an example for efficient innovation policy in an industry which faces strong deficits in the field of innovation management. As an economist Peter Keller developed sound requirements of innovation support: externalities, associated problems with public goods, and myopic behavior of tourism players are reasons which might call for policy intervention. Furthermore, InnoTour received such a high acceptance amongst tourism player because the administrative efficiency was exceptional. In addition, InnoTour was controlled and monitored during all its phases and allowed its critical evaluation based on the measurement of hard facts. InnoTour evaluations led to incremental improvements and extensions: The Swiss government monitors and adapts the program every four years and is therefore able to respond to the industry's needs.

Concluding this paper about InnoTour and its impact on tourism product development the following aspects need to be finally addressed: InnoTour was not only the first holistic initiative in the Alpine tourism industry focussing on innovation management and stimulation, but also one of the most research-founded and therefore successful innovation programs in the tourism industry. Until today, no other Alpine country initiated such a complex and long-termed tourism innovation policy program to support its tourism industry continuously. And what's most remarkable: Already in 1997 InnoTour was based on the deficits of the Alpine tourism industry focussing on cooperation and knowledge creation for tourism businesses. No doubt, InnoTour was an innovative tourism policy program.

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Tourism Satellite Accounts as a Policy Tool – Some Critical Reflections

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Introduction

Although tourism plays a significant role in many economies, its economic importance was typically underestimated in the past. One major reason for this was that, unlike output-defined industries such as the construction industry or the car industry or oil production, tourism production activities – which are mostly demand-defined – do not show up in the national accounts as a separate sector. In other words, the widely-used term "tourism industry" is misleading because there is no such thing as a tourism industry.

Experts faced with the problem of measuring the economic importance of tourism as well as its contribution to GDP proposed creating so-called Tourism Satellite Accounts (TSAs) and using this tool to prevent tourism from being dismissed as a minor economic player. It took many years of research efforts to find a generally accepted methodological framework for building and implementing a TSA (Delisle 1999; Frechtling 2009; Heerschap *et al.* 2005; Meis 1999; Nordstrom 1996; Paci 1998; OECD 2000; Rivera 1999; UN *et al.* 2001 and 2010).

A crucial assumption for developing the TSA was the supposition that the tourism system is based on a "satellite" that has only producers delivering their goods and services directly to the tourists and in this sense is not indirectly linked to other sectors. All leakages from the tourism satellite are counted as imports from other "satellites" or "planets".

In the TSA world tourism is seen as demand-defined and only those effects are considered that are generated by the direct economic relationship between guest and producer (Barber-Dueck and Kotsovos 2003; Gaillard, Rütter and Berwert

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2003; Kass and Okubo 2000; Meis 1999; Smith and Wilton 1997). In other words, it does not appear necessary to consider inputs from other sectors needed for tourism consumption. As the focus of the TSA is directed solely at the economic effects resulting from the direct relationship between consumer and producer it is difficult to compare the demand-side-measured tourism-related GDP to the overall GDP. Such a simple division/relation would lead to an underestimation of the impact of tourism activities, because the overall GDP also includes indirect effects caused by economic inter-linkages. Expressed in a different way, the tourism value added captured on the basis of pure TSA definitions does not count the indirect value-added effects generated by deliveries made by industries such as agriculture, food and beverage production, banking or insurance to the touristic producers (e.g. hotels, restaurants). As a consequence, capturing tourism activities based on their contributions to GDP would make sense only if the tourism-related value added triggered by indirect effects were considered as well. The same problems would occur if we captured the tourism-generated employment effects based only on the effects of the direct relationship between tourists and producers. Or to put it more succinctly: many countries introduced a TSA in order to avoid underestimating tourism as a major economic phenomenon and in this way managed to solidify their underestimation of tourism's economic importance in terms of value added and employment effects. To the best of the author's knowledge, there are only two countries (Austria and Germany) which consider the indirect effects generated by tourism (Bundesministerium für Wirtschaft und Technologie (BMWi) 2012; Laimer, Ehn-Fragner and Smeral 2013).

A further, albeit minor, problem is that the TSA assumes that expenditures by residents on business trips are part of the final demand. However, intermediate consumption such as business trips by residents is not considered in the GDP calculations so the TSA value added overestimates the impact of the sector in relation to GDP.

After a short description of the core concept underlying the TSA the paper shows that in order to properly measure the impact of the tourism industry on the national economy (including the indirect value added and employment effects) it is necessary to adjust the basic TSA results for indirect effects and intermediate consumption such as business trips. Using the case of Austria and Germany, the paper demonstrates the extent to which tourism's impact on GDP and employment is underestimated when only its direct effects in terms of the TSA definitions are considered. The paper concentrates only on the important overall impact measurement; allocation of tourism budgets to the various spending items and products as well as the related detailed value-added and employment effects are not considered and should be part of another paper. Neither does the paper deal with an extensive description of the TSA framework, which could be studied along the related basic literature.

A brief summary of the principles of the TSA techniques

The TSA is a method to measure and analyse tourism as an economic phenomenon in terms of national accounts and other statistics. The framework for implementing the TSA is the national accounts. Yet the TSA is much more than merely a subsystem of the national accounts, mainly because additional information may be added as required.

The purpose of a TSA is (Frechtling 2009) "to analyze in detail all the aspects of the demand for goods and services associated with the activity of visitors; to observe the operational interface with the supply of such goods and services within the economy; and describe how this supply interacts with other economic activities".

The TSA design spans three production sectors: the "tourism-specific" sector, the "tourism-related" sector and the "non-tourism-specific" production sector. They respectively produce "tourism-specific", "tourism-related" and "non-tourism-specific" goods and services. Therefore, tourism consumption comprises "tourism-specific" (e.g. accommodation, travel agencies, and cableways), "tourism-related" (restaurants) and "non-tourism-specific" (e.g. retail trade) goods and services. The latter are those that are supplied or rendered mostly to non-tourists, especially residents.

Basically, the TSA concept in its core area refers to, i.e. primarily hotels, restaurants, travel agencies, tour operators, culture, entertainment, transportation and travel insurance – in other words: the tourism-specific and the tourism-related sectors. Although calculations of the value-added effects also consider the non-tourism-specific sectors, employment effects are calculated based only on the tourism-specific and the tourism-related sectors.

Adjusting the TSA in a macroeconomic context

The TSA considers only direct tourism demand, which includes spending by (or on behalf of) the visitor on goods and services prior to, during and after a journey and made in connection with the journey (Smeral 2006). In order to measure the economic importance of tourism in the TSA context, it is therefore necessary to focus on the direct link between the (spending) tourist and the (receiving) supplier: based on these definitions, the TSA shows up these links and the value added generated from them (Smeral 2005).

Because of the narrow tourism definition of the TSA concept which considers only direct physical and economic links, many indirect effects caused by economic inter-linkages are neglected, so that it fails to capture the true economic importance of tourism and the subsequent employment effects. As a result, the national TSA-based economic impact in terms of value added and employment can be compared only with the TSA results of other countries/regions or with satellite accounts computed in a similar manner for other sectors. Expressing the tourism value added and the employment effects of tourism measured only through TSA techniques as a percentage share of overall GDP and overall employment is conceptually limited, with the result that the missing indirect effects of tourism down-bias the total impact of tourism.

The direct and indirect effects generated by tourism demand as well as the effect of tourism on the overall national economy can be described through an input/output analysis. This method allows computing indirect value-added and employment effects in addition to direct ones.

The basic concept underlying the input-output model is that demand for products of a given industry determines more than just its own (net) output and the connected employment effects; it also indirectly influences production and employment in the delivering industries. This indirect generated output and employment in turn results in inputs from other industries which in their turn experience employment effects. Moreover, these delivering industries require products from other industries for their own production, resulting in demand and employment cycles. To summarise: an autonomous increase in demand results in a multiplier process which creates direct and indirect value-added and employment effects. The smaller the direct and indirect leakages (imports of the country) the greater are the domestic effects from an increase in demand.

The TSA concept treats business trips as part of final tourism demand so that they contribute to the value-added level. When relating the TSA value-added data to the national value added, an adjustment is therefore necessary, as the intermediary demand generated by the business trips of residents needs to be seen as intermediary consumption in a macroeconomic view. For this reason the value-added and employment effects related to residents' business trips need to be deducted from the results in accordance with the TSA context.

TSA results and extensions – the cases of Austria and Germany

In the case of Germany, the latest TSA results are available for 2010: the entire direct and indirect tourism value added amounted to € 156.5 billion or 7.1% of GDP. Of this, € 97.0 billion or 4.4% of GDP are allocated to the direct effects and € 59.5 billion or 2.7% of GDP are generated by indirect value-added effects (BMWi 2012). As these calculations also contain the expenditures by Germans for domestic business in Germany, an adjustment is necessary to highlight the macro-economic relevance of the impact. Own estimations showed that the true value-added effect of tourism in Germany seems to be around 6¾% of GDP.

In evaluating the tourism-generated value added effects in Germany the induced effects of tourism were quantified as well, separately capturing the value-added effects of expenditures based on the direct and indirect earned incomes of workers, which produced a figure of a magnitude of additional 2.6% of GDP (BMWi 2012). However, taking into account that the GDP does not contain induced effects, such a perspective would mean that the impact of tourism is overestimated.

In Austria the whole direct and indirect value added in 2012 amounted to € 22.7 billion (excluding business trips by Austrians in Austria; 2010: € 21.2 billion). Of this, € 16.9 billion or 5.5% of GDP are allocated to direct effects and € 5.8 billion or 1.9% are generated by the indirect value-added effects (Laimer, Ehn-Fragner and Smeral 2013). The total amounts to 7.4% of GDP (excluding business trips by Austrians in Austria; 2010: 7.4%).

In Germany, direct and indirect effects of tourism in 2010 produced an employment figure of a magnitude of 3.83 million persons or 9.4% of the total employment in the overall economy (BMWi 2012). Like the value-added effects, this figure contains the effects generated by the spending by Germans on business trips in Germany and therefore requires a correction: own estimations found that, realistically, tourism contributes about 8¾% to total employment.

In Austria the direct and indirect employment effects of tourism amounted to 0.33 million persons or 9.2% of the overall employment in terms of full-time equivalents. Austrian figures are difficult to compare with German results as for Germany the employment effects are calculated on the basis of employed persons without considering the hours effectively worked (BMWi 2012; p. 12).

Conclusion

Countries measure economic activities – GDP, employment, demand – on the basis of internationally agreed standards for National Accounts. As part of the national economic system, tourism is already taken into account in the National Accounts: the commodities produced and purchased by visitors are considered in the core accounts. Because tourism is not identified as a separate activity, the relevant goods produced and consumed are not recognisable as separate statistical items but are hidden in other elements of the core accounts. The TSA is a tool to create tourism-related statistics which provides a framework for the analysis of issues related to tourism economics, for model building and tourism growth analysis as well as for measuring employment and productivity.

The existence/availability of quantitative information about the macroeconomic impact of tourism and its contribution to the overall value added and employment is a crucial parameter for economic policies and especially for tourism policy. In order to properly calculate the total economic impact of tourism it is necessary to correct the TSA results for indirect effects generated by tourism, as the pure TSA concept considers only direct value-added and employment effects based on the direct economic relationship between consumer and producer. To avoid an underestimation of tourism, inherent in the TSA framework, as a major contributor to value-added and employment creation this later correction helps to perceive tourism activities and their impact on the overall economy from an unbiased perspective. Moreover, for an overall economic perspective and a proper calculation in the context of the macroeconomic framework it is necessary to exclude business trips by residents within their own country in order to get correct impact figures as well as avoid double accounting.

Calculations for Germany and Austria showed that by additionally capturing the indirect effects the total impact figures could be raised significantly: In terms of tourism value added the indirect effects make up more than one third (Germany) and about one quarter (Austria), respectively, of the total effects. In terms of tourism employment, the indirect effects amounted to around one quarter (Germany) and one fifth (Austria) of the overall impact, respectively.

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Some Directions for the Future Development of a Tourism Satellite Account: The Case of Investments and Government Collective Consumption in Tourism

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Abstract

As a popular method in quantifying the economic contribution of tourism in a macroeconomic framework, Tourism Satellite Account (TSA) also represents at the same time, an international standard in tourism statistics, being endorsed in 2008 by United Nations and other international organizations in the document Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF 2008). Although TSA:RMF 2008 comprises a set of ten tables recommended to be compiled by countries, there are two tables which are not considered a priority and where "specific conceptual challenges" have to be faced. This is the case of TSA table 8 "Tourism gross fixed capital formation of tourism industries and other industries" (equivalent with investments) and TSA table 9 "Tourism collective consumption by products and level of government".

The purpose of this paper is to provide an overview of the current level of development of these tables in some countries and to identify what kind of research is needed to overcome the conceptual challenges. The results presented herein will provide a starting point for establishing some directions for the future TSA development which might encourage also the countries that did not approach the compilation of these two tables.

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1 Introduction

Both private and public sector support tourism development through investments. By its nature, tourism is a very intensive sector in investments as in many cases it needs basic infrastructure such us utilities or transportation. In some cases, specific tourism infrastructure is a condition for tourism to develop in a certain area (e.g. ski facilities, amusement parks).

In addition to investments, it is the government who is responsible for providing some services to communities as part of its role in the economy. Most of them are called "collective services" and in case of tourism these refer to provision of regulations and legislation, tourism promotion through specific promotion organization, maintenance of security and public order. The expenditures related to these services fall into the concept of collective consumption.

The economic evaluation of the size of tourism sector wouldn't be complete if investments and government collective consumption were not considered. Indeed, in a macroeconomic perspective, investments and governmental expenditures are part of calculation of GDP following the expenditure method. However, this is not the case for Tourism Satellite Account (TSA) where the aggregate of Tourism GDP is obtained following the production approach as sum of tourism gross value added and (at basic prices) and the "amount of net taxes on products and imports included in the value of internal tourism consumption (at purchasers prices)" (TSA:RMF, 2008, p. 47). But this does not mean that tourism investments and the related government collective consumption could not be separately estimated in order to weigh the tourism importance.

As internationally-recognized method in quantifying the economic contribution of tourism in a macroeconomic framework, TSA is a powerful statistical instrument that provides useful data characterising tourism sector. At the same time, TSA is an international standard in tourism statistics, in 2008 being endorsed by United Nations and other international organizations in the document Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF 2008). Regarding the document TSA: RMF 2008, it should be stressed that before 2008, there was the 2001 version which can be called the "initial" version of TSA:RMF 2008 or TSA:RMF 2001. In fact, the 2008 version of TSA:RMF is an update of the one from 2001 as officially recognized (TSA:RMF, 2008, pp. 6-7).

It is important to note that within the international standards, investments are found under the name of "Tourism gross fixed capital formation", while the government collective consumption in tourism is called "Tourism collective consumption". In order to keep conformance with international standards, these names were adopted also in this paper.

Among the set of ten tables which form the TSA, there are two tables specially designed for tourism investments and government collective consumption. These are TSA table 8 "Tourism gross fixed capital formation of tourism industries and other industries" and TSA table 9 "Tourism collective consumption by products and level of government".

It is important to mention that both TSA:RMF versions (2001 and 2008) recommended the compilation of these tables (table 8 and table 9) only in further stage of TSA development. At the same time, both versions of TSA:RMF mention difficulties which have to be overcome from "many conceptual difficulties" (TSA:RMF, 2001, p. 49) to "some specific conceptual challenges" (TSA:RMF, 2008, p. 31). However, one can notice here a slightly progress from "many" to "some".

Considering these issues, the purpose of the paper is to understand to a certain degree what is behind these "challenges". In this regard, the current level of development for the TSA tables referring to Tourism gross fixed capital formation and Tourism collective consumption in some countries will be examined. Then the purpose is to try to identify what kind of research is needed to overcome these conceptual challenges.

The results presented herein will provide a starting point for establishing some directions for the future TSA development which might encourage also the countries that did not approach the compilation of these two tables.

2 What international standards recommend: Several conceptual and methodological issues

Both Tourism Gross Fixed Capital Formation (TGFCF) and Tourism Collective Consumption (TCC) are part of the "a more extended scope of tourism demand" which includes besides internal tourism consumption TGFCF and TCC (TSA:RMF, 2008, p. 50).

Although they are separately included in TSA:RMF table 8 and 9, TGFCF and TCC are also part of TSA:RMF table 5 and 6 as the classification of products proposed in these tables comprises a category of the so called "Non consumption products" which refers to "all products that by their nature cannot be consumption goods and services and, therefore, can be neither part of tourism expenditure, nor part of tourism consumption, except for valuables that might be acquired by visitors on their trips" (TSA:RMF, 2008, p. 24). More precisely, within the category of "Non consumption products" two subcategories are defined "Valuables" and "Other non-consumption products". It is specifically mentioned that the latter includes also "those products associated with tourism gross fixed capital formation and collective consumption" (TSA:RMF, 2008, p. 24).

Therefore, TGFCF and TCC are embedded within this residual category of "Other non-consumption products".

2.1 *Tourism Gross Fixed Capital Formation*

In National Accounts Gross Fixed Capital Formation is defined as "total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain specified expenditure on services that adds to the value of non-produced assets". At the same time, fixed assets are defined as "tangible or intangible assets produced as outputs from process of production that are themselves used repeatedly or continuously in other process of production for more than one year." (SNA, 2008, para. 10.32).

TSA:RMF 2008 proposed three categories for TGFCF (TSA:RMF, 2008, para. 2.46). :

a) tourism-specific fixed assets
b) investment by tourism industries in non-tourism-specific assets
c) tourism related infrastructure.

It is specified that tourism-specific fixed assets "are used exclusively or almost exclusively in the production of tourism characteristic goods and services. If tourism did not exist, such assets would be of little value as they could not easily be converted to non-tourism applications" (TSA:RMF, 2008, para. 2.47).

TSA:RMF 2008 even proposed a list of tourism-specific fixed assets (see table 1).

Table 1: Tourism-specific fixed assets

1.	**Accommodation for visitors**
1.1.	Hotels and other accommodation facilities for visitors
1.2.	Vacation homes under full ownership
1.3.	Vacation homes under other types of ownership
2.	**Other non-residential buildings and structures proper to tourism industries**
2.1.	Restaurants and similar buildings for food-and beverage-serving services
2.2.	Buildings and infrastructure for the long distance transport of passengers

2.3.	Buildings for cultural and similar services mainly for use by visitors
2.4.	Facilities for sport, recreation and entertainment
2.5.	Other facilities and structures
3.	**Passenger transport equipment for tourism purposes**
3.1.	Land (including road and rail)
3.2.	Sea
3.3.	Air
4.	**Other machinery and equipment specialized for the production of tourism characteristic products**
5.	**Improvements of land used for tourism purposes**

Source: TSA:RMF, 2008, p. 98

The category of Investments by tourism industries in non-tourism-specific fixed assets is considered tourism related not only "due to the nature of assets themselves but due to the use which is made of them by a tourism characteristic provider" (WTO, 2000, p. 73). Laundry facility in a hotel is an example which falls within this category. Recognizing that at present there is a diversity of assets which can be part of this category, TSA:RMF 2008 does not make any recommendation to classify these assets but encourages countries "when feasible, to identify some specific classes of such assets that might be significant in their economy" (TSA:RMF, 2008, para. 2.49).

The category of Tourism-related infrastructure is usually provided by public authorities for facilitating tourism although in some case this was not necessarily the primary objective of investment. In this category, three cases are identified (WTO, 2000, p. 73):

a) The asset might have been produced or acquired with the purpose of being used exclusively or principally by visitors, such as development of areas specifically for tourism purposes;
b) At the time the investment was made, it might have been done with the view of its exclusive or principal use by visitors at a given point in time (e.g. investments for a special event such as the Olympic Games, an important international meeting, etc.), but a later non-tourism use is taken into consideration in the decision making process for this investment;
c) It might be directed generally to all activities and also favour tourism (e.g. an airport open to all type of traffic, a non-toll road, a hospital in an area

visited by visitors), because in its absence tourism would probably be of a lesser intensity.

Tourism-related infrastructure as a separate category, although viewed as tourism investment is not included in TSA:RMF table 8. However, countries are encouraged to do so "if it is possible to identify elements of tourism-related infrastructure that are beyond any doubt of almost exclusive benefit to tourism" (TSA:RMF, 2008, para. 2.54). Instead a "memorandum item" is proposed, entitled "Other non-financial assets", a category referring to assets "acquired by tourism industries, both tangible and intangible, such as land, that underlying buildings and structures and recreational land, as well as patented entities and leases and other transferable contracts" (TSA:RMF, 2008, p. 98).

It is important to note that TGFCF in the reference country refers only to "produced fixed assets operated by resident producers" (TSA:RMF, 2008, para. 19). Excepting vacation homes, it would exclude for instance, aircrafts operating by non-resident airlines in the reference countries. In fact, vacation homes are an exception and even if they are owned by non-residents, they are included in TGFCF.

2.2 Tourism Collective Consumption

The collective services provided by the government refer mainly to "the provision of security and defence, the maintenance of law and order, legislation and regulation, the maintenance of public health, the protection of the environment, etc." (SNA, 2008, para. 9.97) In this context, it is considered that all members of the community can benefit from such services.

In tourism, these collective services would denote legislation for tourism, controls of production services and in some cases to the quality of the services through provision of licenses, legal framework for the preservation of the environment and cultural and historical heritage, studying the flows of visitors, promote public initiatives to attract visitors to different locations, organizing events, controlling the financing of the required investments for tourism. (TSA:RMF, 2008, para. 4.109).

A distinction should be made between individual non-market services and collective non-market services provided by government. The first category is treated in TSA as social transfers in kind and consequently part of tourism consumption while the second one is the subject of this paper. Actually the characteristics of System of National Account SNA 2008 for collective non-market services should be envisaged in TSA also (SNA, 2008, para. 9.96):

a) Collective services are delivered simultaneously to every member of the community or to particular sections of the community, such as those in a particular region of a locality;

b) The use of such services is usually passive and does not require the explicit agreement or active participation of all the individuals concerned;

c) The provision of a collective service to one individual does not reduce the amount available to others in the same community or section of the community. There is no rivalry in acquisition.

Meanwhile, SNA 2008 assigns the value of collective non-market services to a specific category of collective expenditure of general government which "constitutes the actual final consumption of general government from a national accounting perspective" (TSA:RMF, 2008, para. 2.62). It is important to mention that services provided by national parks and museums are excluded since they are considered individual non-market services and already included in tourism consumption as social transfer in kind. This is because "their beneficiaries can be identified separately" (TSA:RMF, 2008, para. 4.73).

Without any doubt, tourism promotion provided (entirely) by government is one of the most typical examples of tourism collective consumption. However, when this service is provided in a public-private partnership in which the private sector contributes (partly of totally) to the financing of such exercise, this is not considered a collective non-market service but "services provided by a market producer (which might receive support from general government under the form of a current transfer) and are considered as an intermediate consumption of the private sector" (TSA:RMF, 2008, para. 2.63).

TSA:RMF 2008 proposes a classification of collective non-market services related to tourism which is based on Central Product Classification (CPC) Version 2 (see table 2). This is a different approach compared with the previous TSA:RMF 2001 version when the Classification of the Functions of the Government (COFOG) was used. In addition, it is important to note that TSA:RMF 2008 clearly states that countries are encouraged to add more CPC items to the list below (see table 2).

Table 2: The Classification of Tourism Collective Consumption

CPC Code	**Product Name**
85561	Tourism promotion services
85562	Visitor information services

91135	Public administrative services related to the distributive and catering trades, hotels and restaurants
91136	Public administrative services related to tourism affairs
Part of	
83700	Market research and public opinion polling services
91260	Police and fire protection services
92919	Other education and training services, n.e.c.
92920	Education support services

Source: TSA:RMF 2008, p. 100

As mentioned before Tourism Collective consumption is part of TSA:RMF 2008 table 9. In addition to classification on products, a classification on levels of government is also proposed. Three levels are suggested: national, regional and local. Also, as a memorandum item, a supplementary column is introduced called "Intermediate consumption by tourism industries" and this "reflects the expenditure by the tourism industries in tourism promotion or other services related to the products described, when relevant" (TSA:RMF, 2008 , p. 70). These services are provided on a market basis and that's why they are considered intermediate consumption of tourism industries.

Following SNA 2008 in TSA:RMF 2008 table 9, production is measured as for any collective non-market service by "using costs of production, included the consumption of fixed capital as a component of these costs". (TSA:RMF, 2008, para. 4.74). Therefore, the convention used here is that the value of consumption is equal with the value of production.

3 International experience in compiling Tourism Gross Fixed Capital Formation and Tourism Collective Consumption

There were 60 countries that have been identified by early 2010 by World Tourism Organization (UNWTO) as "having already produced or are currently developing a TSA exercise" (UNWTO, 2010, p. 35). However, out of these 60 countries there are few countries developing estimates for Tourism Investments (herein named as Tourism Gross Fixed Capital Formation – TGFCF) and/or Tourism Collective Consumption (TCC). In the meantime, there is very limited evidence around the world regarding the compilation of these aggregates since TSA data are not disseminated in English in any form. However, the situation in

Europe is somehow clearer since the Statistical Office of the European Communities Eurostat carried out specific TSA research in the last years.

3.1 General situation in Europe

There were three researches on TSA status at EU level in the last six years, respectively in 2008-2009, 2010 and 2013. The first one carried out in 2008-2009 envisaged only EU countries and it provided a very detailed analysis on the TSA methodology each country had adopted. The 2010 and 2013 researches were in fact a voluntary collection of TSA data for the countries that wanted to transmit these data to Eurostat. That is why it is important to consider that the voluntary character of the Eurostat research in 2010 and 2013 can limit somehow the completeness of this analysis.

According to the most recent research carried out by Eurostat in 2013, there were only six countries compiling TGFCF (namely Czech Republic, Estonia, Spain, Portugal, Slovakia and Norway) and only one country (Spain) calculating TCC (Eurostat, 2013). The Eurostat research carried out in 2010 revealed that there were five countries compiling TGFCF and six countries that had developed estimates for TCC (Eurostat, 2011). The 2008 - 2009 Eurostat research showed six countries approaching TGFCF and two countries that included TCC in their TSA estimates (see Table 3). In general, one can observe that overall, there are more European countries that produced TGFCF estimates than countries that produced TCC (nine vs. six countries – see Table 3).

Table 3: European countries producing estimates on Tourism Gross Fixed Capital Formation and Tourism Collective Consumption

Evidence from:	**Tourism Gross Fixed Capital Formation**	**Tourism Collective Consumption**
2008-2009 Research (Source: Eurostat, 2009)	Czech Republic, Finland, Hungary, Portugal, Poland, Spain	Spain, Slovenia
2010 Research (Source: Eurostat, 2011)	Czech Republic, Hungary, Poland, Estonia, Norway	Spain, Slovenia, Denmark, Ireland, Poland, Sweden
2013 Research (Source: Eurostat, 2013)	Czech Republic, Portugal, Estonia, Norway , Spain, Slovakia	Spain

Source: compiled from Eurostat, 2009; 2011; 2013

Comparing the three assessments at EU level it seems there was no continuity in producing such data with some exceptions: Czech Republic, Spain, Norway and Estonia. Spain and Poland were the countries which compiled both TGFCF and TCC while Czech Republic, Norway and Estonia seem to produce only TGFCF on regular basis (considering these countries where consecutively presented in the last Eurostat's TSA researches). However, Norway provided data for the same reference year (2007) while included in the two Eurostat TSA researches. In the same time, one should consider the fact that there were some countries such as Denmark, Hungary, Finland and Ireland that did not participate at the Eurostat data collection in 2013 and this could also influence the interpretation of these results.

Overall, there were 13 European countries that approached (in a way or another) either TGFCF or TCC or even both of them.

Meanwhile, it is important to show that even if some experimental figures were produced by the European countries there are evident data limitations (see table 4). For instance, in case of Ireland it is stated "national level data only. Data not complete. Further investigation is necessary to complete this table" or in case of Poland there is "limited scope as compared with TSA:RMF" (Eurostat, 2011, p. 18).

Table 4: Some figures for Tourism Gross Fixed Capital Formation and Tourism Collective Consumption in several European countries

\- EUR mil. -

Country	**Reference Year**	**Tourism Gross Fixed Capital Formation**	**Tourism Collective Consumption**	**Country's notes**
Spain	2008	13,427	2,455	
Estonia	2008	222	n.a.	
Czech Republic	2010	1,357	n.a.	
Portugal	2007	5,006	n.a.	This refers to the gross fixed capital formation of tourism-characteristic industries.

Country	Reference Year	Tourism Gross Fixed Capital Formation	Tourism Collective Consumption	Country's notes
Slovakia	2010	1,039	n.a.	Data on gross fixed capital formation include internationally comparable characteristic industries and characteristic industries specific to Slovakia.
Norway	2007	1,853	n.a.	Tourism industry does not include services associated with own vacation homes and retail trade of country-specific tourism characteristic goods. The production of local passenger transport is included in the transport industries while the production of passenger transport by coach is not.
Denmark	2008	n.a.	73	Includes NTO, regional tourism organizations, tourism specific regional development projects, municipal spending on tourism agencies
Ireland	2000	n.a.	89	National level data only. Data not complete. Further

Country	Reference Year	Tourism Gross Fixed Capital Formation	Tourism Collective Consumption	Country's notes
				investigation is necessary to complete this table
Hungary	2005	1,555		
Poland	2006	1,565	39	Limited scope as compared with TSA:RMF
Slovenia	2003	n.a.	1,331	
Sweden	2006	n.a.	76	TSA:RMF 2000 is still used

Source: compiled from Eurostat, 2011, p. 18; 2013, p. 21
n.a.– data not available (and/or not produced)

3.2 A more detailed analysis for some European countries

Only four of the European countries presented above have disseminated complete TSA data (in a tabular format) on a special webpage, including also TGFCF and/or TCC. These are Czech Republic, Spain, Norway and Portugal. This fact allows carrying out a more in-depth analysis for each country.

Czech Republic is the country that presents TGFCF data in a tabular format very close the one found in TSA:RMF 2008. It includes both a tourism industry breakdown along with a breakdown by assets. Like in TSA:RMF five categories of tourism fixed assets are presented with all the related subcategories. Also a category of "non-produced non-financial assets" is included specifying that "Major improvements to non-produced non-financial assets and costs of ownership transfer on non-produced non-financial assets are included" (Czech Statistical Office, 2014). Obviously, data from National Accounts is the data source along with some adjustments for tourism purposes. Also, "tourism shares for each asset and industry are estimated" assuming that tourism contribution to gross fixed capital formation is the same as the one used for production (Eurostat, 2009, p. 63).

As mentioned before **Spain** is the country that has produced estimates both for TGFCF and TCC. The corresponding TSA:RMF table 8 in Spanish TSA is a table entitled "Gross formation of fixed capital of characteristic branches by activity, by products and components" (Instituto Nacional de Estatistica, 2014).

Here, eleven tourism activities are presented (as a specificity there is an tourism industry called "Services related to transport" and two types of industries for Cultural, leisure and sport activities: "Market Cultural, leisure and sport activities" and "Non-market Cultural, leisure and sport activities"); vacation homes are not separately identified. There is a breakdown by products more aggregated and different from the one proposed by TSA:RMF 2008. In fact, Spanish TSA proposes three big categories: Industrial Products, Construction works and Other products the first two categories having also subcategories (Instititvto Nacional de Estatistica, 2014).

Regarding TCC, the corresponding table in Spanish TSA is called "Public Administrations' Tourist Consumption: Individual and group expenditure by products, periods and components" (Instititvto Nacional de Estatistica, 2014). It is important to mention that the Spanish table does not comply with the TSA:RMF format (Eurostat, 2009). Thus, there is no breakdown by level of government as TSA:RMF 2008 proposes. Instead, there are two categories of "public administration tourism consumption expenses" which are "Public Administrations tourist consumption expense (individual)" and "Public Administrations tourist consumption expense (group)" (Instititvto Nacional de Estatistica, 2014).

Norway presents a very simplified form of TSA:RMF table 8, only totals for gross fixed capital formation for ten tourism industries being presented without identifying types of capital goods. (Statistics Norway, 2013). Then the total gross fixed capital formation (GFCF) for tourism industries is presented along with GFCF for all industries and the "tourism industries' share of total GFCF". At the same time, there are exclusions among tourism industries such us vacation homes or passengers transport by coach (see table 4). In addition, some tourism industries in Norway are rather aggregated (for instance, the industry "Motion pictures, other entertainment, news agencies and cultural services" – in this regard it is important to observe that News agencies and Motion pictures are not considered tourism industries according to IRTS, 2008).

Portugal presents two tables related to gross fixed capital formation in tourism industries. One table is a simplified form of TSA:RMF table 8 called "Gross fixed capital formation by tourism characteristic industries", for eight tourism industries. In this table all the transport modes (railway, road, water and air) are aggregated in one single industry named "Transports") (Statistics Portugal, 2013). Figures for total GFCF in the economy are also presented allowing calculation of tourism industries share. The second table is more related to the format presented in TSA:RMF 2008. Therefore, a breakdown by fixed assets is provided as well as a more detailed presentation of tourism industries (compared with the previous table). However, the breakdown by fixed assets is not as detailed as in the TSA:RMF 2008.

3.3 The situation in other continents

According to the World Tourism Organization, apart from European countries, other countries have being identified in its research published in 2010[1]. These could be classified as: countries having both TGFCF and TCC (Indonesia, Kazakhstan, Morocco, Philippines) or countries producing TCC (Peru) (UNWTO, 2010). Nevertheless, the precise situation in these countries is still not very clear or the level of dissemination in English is not completed yet. Moreover, in some instances there was a sort of "work in progress" for these countries and this was the case of Kazakhstan or Philippines. In other instances, the data were only based on partial information and this was the case of Peru which states that "we have elaborated table 9 on the collective consumption, with information available of the government consumption" (UNWTO, 2010, p. 104).

Apart from these countries, two European countries seemed to appear in the UNWTO research: France for TGFCF and Netherlands for both TCC and TGFCF. However, one might assume that these were old "exercises" which were not covered by the Eurostat research. Consequently, in this case, one can rely more on the more updated Eurostat research.

Also it is worth mentioning an older assessment made by UNWTO in 2004 which revealed that "the measurement of tourism gross fixed capital formation does appeal to a substantial minority consisting of 25% of the countries" (Libreros et al. p. 90). There were "36 responding countries that returned a completed questionnaire" (Libreros et al. p. 84).

One must be aware that it is possible other countries in the world might have approached TGFCF and/or TCC in a way or another. However, due to the fact that there is no updated centralised situation worldwide, this paper has illustrated more from European experiences.

4 Towards enhancing TSA in the case of Tourism Gross Fixed Capital Formation and Tourism Collective Consumption

Having outlined the international experience in compiling TGFCF and TCC within TSA, the question is what should be done in this field in order to overcome the "conceptual challenges" as stated by TSA:RMF 2008. The author has

[1] The question addressed by UNWTO to participant countries was: Are you undertaking systematic measurement of other components of tourism demand? Tourism gross fixed capital formation and Collective tourism consumption are indicated separately (UNWTO, 2010). One can assume that a „Yes” answer would signify that a country has approached TGFCF and/or TCC in a way or another.

proposed some guidelines which can establish several directions for enhancing the future TSA development in this domain. These are presented as it follows:

a) A more clear conceptual differentiation between Gross fixed capital formation in tourism industries and TGFCF

It should be remembered that TSA: RMF 2008 does not propose Tourism Gross Fixed Capital Formation (TGFCF) as an aggregate for international comparison. Instead, it recognizes Gross fixed capital formation of tourism industries as an important variable in characterising tourism industries.

A more clear distinction should be made between TGFCF and Gross Fixed Capital Formation of the tourism industries. The latter is a variable characterizing tourism industries together with other monetary variables such us output, intermediate consumption, gross value added, compensation of employees, gross operating surplus (IRTS, 2008, p. 51-52). In fact, Gross Fixed Capital Formation of tourism industries includes "both the gross fixed capital formation of the tourism industries in tourism specific assets and gross fixed capital formation in other assets not considered as tourism specific" (TSA:RMF, 2008, p. 30). It is only a Gross Fixed Capital Formation of the tourism industries.

Instead TGFCF has a larger content including not only Gross Fixed Capital Formation of tourism industries but also "net acquisition of tourism-specific capital goods by all other industries" (TSA:RMF, 2008, para. 4.70). Investments made by other industries (out of tourism industries) in non-tourism specific assets are obviously excluded from TGFCF (see table 5).

Table 5: Relationship between Gross Fixed Capital Formation in tourism industries and Tourism Gross Fixed Capital Formation (TGFCF) considering type of assets and industries

	Type of assets	**Gross Fixed Capital Formation of tourism industries**	**Tourism Gross Fixed Capital Formation (TGFCF)**
Investments made by tourism industries	Tourism-specific assets	Yes	Yes
	Non-tourism-specific produced assets	Yes	Yes
	Non-produced non-financial assets	Yes (but included separately as a memorandum item)	Yes (but included separately as a memorandum item)

	Type of assets	Gross Fixed Capital Formation of tourism industries	Tourism Gross Fixed Capital Formation (TGFCF)
Investments made by other tourism industries	Tourism-specific assets	No	Yes
	Non-tourism-specific produced assets	No	No
	Non-produced non-financial assets	No	No

Source: author upon TSA:RMF 2008

b) Exhaustive identification of the elements of "tourism-related infrastructure" that is for the exclusive benefit of tourism

The TSA:RMF table 8 does not include the category of "tourism-related infrastructure" which is proposed only as an additional category for "countries that are able to estimate all or part of it" (TSA:RMF, 2008, para. 4.70). There are a lot of facilities built for tourism purposes for instance ski areas, marinas, golf courses, tourist information centres etc. Identifying a list of all such items which fall into the category of "tourism-related infrastructure" would be the starting point to better understand this topic.

c) Initiating statistical observations in geographical areas considered major tourism destinations in order to identify different types of investments

Having an approach based on tourism destination could be a good option to start identifying different types of assets. In this regard, a starting point would be to have some statistical observations for particular tourism regions in order to investigate different types of investments made there. New tourism destinations would fit better to this approach as these are in a development phase and usually new facilities are being constructed during this period. Among statistical observations using administrative records could be an appropriate option as well. Maybe a closer link with construction statistics could be envisaged too.

d) Analysing the link between tourism investments and tourism consumption

There are countries like Czech Republic and Spain that already apply tourism share of production under the assumption that "tourism contribution to GFCF (tourism GFCF) is the same as for production" (Eurostat, 2009, p. 63). More research is necessary to confirm that this assumption is valid and tourism shares can also be used for TGFCF. In this regard, establishing some proofs to reveal the linkages between investment and tourism consumption can be helpful. For instance, a justification is found in the United Kingdom TSA feasibility study: "It is recognized that this practice is not the ideal, but is justified by the expectation that owners will invest on a replacement cycle that means (in steady state) that annual investment is equal to annual consumption, irrespective of the life of the asset. The limitation is that the consumption is underestimated in periods when owners defer replacement and overstated when they bring replacement forward." (UK Department for Culture, Media and Sport, 2004, p. 36).

e) *identifying other services included in the Tourism Collective Consumption and establishing their industry correspondence*

TSA:RMF 2008 only proposes eight categories of collective services as part of tourism collective consumption. These are defined according with CPC Ver. 2 classification. However, there is a need to identify other categories as well that could fit into tourism collective consumption and TSA:RMF 2008 specially encourages countries to do so. Therefore, other five categories have been proposed by the author in addition to the ones already presented by TSA:RMF 2008 (see table 6). Moreover, a correspondence of these products defined as CPC Ver. 2 and the related industries (based on International Standard Industrial Classification of all economic activities – ISIC Rev. 4) is elaborated (see table 6). This industry correspondence is very important for countries that do not use product classifications but only industry classifications.

Table 6: Correspondence between products (CPC Ver. 2) and industries (ISIC Rev. 4) in approaching tourism collective consumption

PC Code	Product Name	SIC code	Industry Name
5561	Tourism promotion services	990	Other reservation service and related activities
5562	Visitor information services	990	Other reservation service and related activities
1135	Public administrative services related to the distributive and catering trades, hotels and restaurants	413	Regulation of and contribution to more efficient operation of businesses

PC Code	Product Name	SIC code	Industry Name
1136	Public administrative services related to tourism affairs	413	Regulation of and contribution to more efficient operation of businesses
	Part of		
3700	Market research and public opinion polling services	320	Market research and public opinion polling
1260	Police and fire protection services	423	Public order and safety activities
2919	Other education and training services, n.e.c.	549	Other education n.e.c.
2920	Education support services	550	Educational support activities
	Other personal proposals (part of)		
121	Research and experimental development services in social sciences (*for tourism research*)	220	Research and experimental development on social sciences and humanities
1300	Interdisciplinary research and experimental development services (*for tourism research*)	220	Research and experimental development on social sciences and humanities
1113	Overall economic and social planning and statistical services (*for statistics of tourism*)	411	General public administration activities
1124	Public administrative services related to recreation, culture and religion (*for organizing different events*)	412	Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security
1137	Public administrative services related to multipurpose development projects (*for projects related to investments in tourism*)	413	Regulation of and contribution to more efficient operation of businesses

Source: TSA:RMF, 2008, Annex 5, p. 100 and United Nations Statistics Divisions, 2013 *f) a detailed analysis of the budgets (reports) of government institutions in order to better identify the tourism related expenditures*

One of the major challenges for estimating TCC is the fact that government expenditure data are too aggregated in the National Accounts and this can be of little use for TSA. In fact, it is necessary to estimate a tourism component of these expenditures as in many cases these are not incurred by specialized tourism institutions (e.g. National/Regional Tourism Administration and/or National/Regional Organisations). A sort of bottom-up approach can be used in which the activity of each institution responsible for providing a collective service with relevance for tourism (in a practical manner its detailed budget of expenses) could be separately analysed.

g) A greater integration with National Accounts data

For TSA:RMF table 8 there is a need to establish a closer link with National Accounts to see exactly the level of detail and the consistency with G ross fixed capital formation (GFCF) at national level. GFCF is always part of National Accounts and the starting point is to study in-depth how GFCF estimates are produced. TGFCF should be expressed as a share of GFCF for the entire economy and there is a need for consistency between these two aggregates. Also, the valuation principles of National Accounts should be entirely followed. Meanwhile, it should be mentioned that including the non-produced tangible and intangible assets as a memorandum item by TSA:RMF 2008 is not in totally compliance with gross fixed capital formation concept from national accounts because "these assets are not produced and are therefore not part of gross fixed capital formation in the framework of System of National Accounts 2008" (TSA:RMF, 2008, para. 4.71).

Further, for TSA:RMF table 9 a closer link with National Accounts should be envisaged since General government is a separate institutional unit in National Accounts. However collective services should be separated from individual services by using COFOG classification (Eurostat, 2009). In a similar manner with TGFCF, TCC could be expressed as a share of total government consumption for collective services.

h) Calculating an experimental aggregate entitled Total tourism internal demand

Although TSA:RMF 2008 suggested an aggregate entitled "Total tourism internal demand" to be calculated as a sum of internal tourism consumption, tourism gross fixed capital formation and tourism collective consumption, this aggregate is not yet recommended for international comparison "until more experience is obtained and methodological research regarding tourism gross fixed capital formation and tourism collective consumption is undertaken" (TSA:RMF, 2008, para. 4.115). However, there is a need to acquire more experience in this field and from this perspective, calculating the aggregate of Total tourism internal demand as an experimental exercise is more than welcomed.

5 Conclusions

One of the major challenges for the future TSA development is estimation of tourism investments (tourism gross fixed capital formation) and tourism collective consumption. At an aggregated level, these represent components of a broader concept of total tourism internal demand as TSA:RMF 2008 has stated.

At this moment, there is not too much experience in this field but what is rather encouraging is that there are some countries that have already approached this issue in a way or another. These are mostly European countries. Besides European countries, there is very little evidence that TGFCF and TCC have been included in TSA in other regions of the world. In fact, this is a major limitation of the paper since an exhaustive survey on this topic at worldwide level was not the purpose of the paper. Even so, there are only international organizations such as UNWTO or OECD that have the capabilities to undertake a complete assessment on this topic.

Considering these matters, this paper has tried to provide several solutions which might outline some directions for the development of TSA in the future. These should be seen as starting points for a future analysis. Indeed, there is a real need for further research in this domain. International organizations might support countries to undertake researches on TGFCF and TCC even if at this moment the international comparability of these kinds of data is rather problematic. One must be aware that measuring TGFCF and TCC is a complex issue.

Tourism Satellite Account is a powerful and credible statistical tool that can be further improved in order to describe and analyse the importance of tourism as an economic activity. Only by having an integrated view in which all the components of tourism demand are included, the TSA system can fully capture the real size of tourism sector.

Data on TGFCF and TCC will definitely provide the support for policy-makers for having a more complete outlook of the economic significance of tourism. Information on the value of tourism investments (made by both public and private sector) as well as on the expenditure made by public authorities for some collective services related to tourism will be essential in drafting official documents (e.g. tourism strategies, tourism policies, master plans, business plans). This information might serve also as a justification for further developments in the tourism sector. Meanwhile, it will provide valuable evidence about the public funding for tourism at national, regional or even at municipal level. Consequently, the TSA relevance for tourism policies will significantly increase as long as TGFCF and TCC are compiled.

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Tourism as a Strategic Option for Development of Less Developed Regions

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Introduction

More and more authors and practitioners are focusing on the competitive destination and not competitive countries: Porter (1998), Sharpley and Telfer (2002), (Ritchie and Crouch (2003), Weber and Tomljenovic (2004) and Vanhove (2011). Very few tourists visit countries such as Spain, USA, etc. Tourists are interested in regions and towns, such as Sevilla, Andalucía in Spain, the Algarve in Portugal, and New York in the USA. These are 'tourism clusters'. Porter (1998) defines clusters as 'geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to tourism'.

Applied to tourism, we can define a cluster as a group of tourist attractions, enterprises and institutions directly or indirectly related to tourism and concentrated in a specific geographical area. Competition in tourism is mainly between clusters and not so much between countries. Porter applied his theory to Barcelona as a tourist cluster.

One can consider a destination as a large enterprise with hundreds of components to which the value chain theory of Porter can be applied (Porter, 1985). There is also a close link between the above mentioned clusters and a value chain.

Tourism and the value chain

Poon describes a value chain as an analytical tool developed for tracing the process of value-creation in an industry. Understanding how an industry creates

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value is the key to understanding the role of each player in the industry. It is also key to understanding why and how each players' position could change as the rules of the game change. The value chain was developed in the 1980s (Porter, 1985) and has been applied mainly to the manufacturing industry. It was applied to the tourism industry to provide insights into how the industry creates value' (Poon, 1993; see also UNWTO, 2013). Poon applies it to the tourism industry to provide insights into how the industry creates value. A distinction is made between primary and support activities.

The primary activities in tourism consist of:

- Transportation (e.g. baggage handling)
- On-site services (e.g. airport transfers, tours)
- Wholesale/packaging
- Marketing and sales
- Retail distribution
- Customer service (e.g. complaint management).

Support activities for the tourism industry are very similar to those in other industries:

- Firm infrastructure (e.g. franchise and management contracts, finance, strategic alliances)
- Human-resource development (e.g. recruitment)
- Product and services development
- Technology and systems development (e.g. systems of payment, database development, access to CRSs)
- Procurement of goods and services.

The idea of the value chain is based on the process view of organisations, the idea of seeing a manufacturing or service (e.g. tourism) organisation as a system, made up of subsystems each with inputs, transformation processes and outputs. Inputs, transformation processes, and outputs involve the acquisition and consumption of resources - money, labour, materials, equipment, buildings, land, administration and management. How value chain activities are carried out determines costs and affects profits. Most organisations (destinations) engage in hundreds, even thousands, of activities in the process of converting inputs to outputs. These activities can be classified generally as either primary or support activities that all businesses must undertake in some form.

(http://www.mindtools.com/pages/article/newSTR_66.htm#sthash.YeM9U109.dpu).

Let us illustrate all this with examples from the tourism sector. At their destinations, tourists travel by local bus or taxi, taste the local gastronomy and buy local produce and handicrafts. When hotel proprieties are developed, their construction and operations imply the use of suppliers in diverse areas such as construction materials, food, furniture, electronic equipment and many others. These linkages are important for all economies, but more so for developing countries where tourism creates demand that otherwise might not have existed for specific products from agriculture, construction, industry or handicrafts. In some cases, such demand even translates into the recovery of lost activities and skills.

According to Poon, two basic principles are necessary in order to gain an advantageous position in the value chain. There is the need to influence the process of wealth creation, and also to build strategic alliances. The former requires control over two key agents: information (wealth is created through a number of information-driven activities) and consumers (getting close to the consumers and understanding them).

A topic of great importance, and directly related to the value chain, is diagonal integration. The objective of diagonal integration is to produce a range of services (e.g. transport, insurance, holiday and personal banking) and sell them to consumers. Firms become involved in closely related activities to reduce costs and to get nearer to their consumers. Ownership may not be necessary, unlike in horizontal or vertical integration.

One of the key attractions for firms in diagonally integrating is the lower costs of production. This becomes possible through economies of scope, synergies and system gains. Economies of scope refer to lower costs associated with the joint provision of more than one product or service, rather than producing each separately.

Economies of scope do not accrue from scale, but from variety. The joint provision of hotel rooms and car rentals is a good example. The cost for a hotelkeeper of adding the provision of car rentals to hotel rooms will be cheaper than two companies producing car rental services and hotel rooms separately. Synergies are benefits that follow from the operation of inter-related activities, where each activity can generate benefits that reinforce other activities. As such, synergies can create scope economies. Thus it is possible for an air carrier to create synergy by linking its credit card to its frequent flyer programme for example, for every euro spent on its credit card, users can earn a free mile on the frequent flyer programme.'Systems gains' refers to economies derived from creating and engineering linkages between different activities. Chains of activities are an example of these benefits, where each activity can share common databases.

When looking into the role of tourism in development, it is of particular importance to strengthen such linkages. This can be done through adequate legislation and regulation on investment – particularly foreign investment– by supporting the diverse sectors to connect to the tourism value chain and by providing them adequate financing and training allowing them to produce in line with tourism demand. The UNWTO diagram in the publication 'Sustainable Tourism for Development' (2013), illustrates the tourism value chain and the range of services and goods directly and indirectly related to tourism demand.

The value chain brings us to 'Value Chain Analysis (VCA)'. VCA analyses income flows in the tourism sector in a destination and assesses where and to what extent local people participate at each step. It focuses on the dynamics of inter-linkages within the productive sector. It identifies opportunities to enhance local economic input and uncovers areas along the tourism value chain, where the local population could become more involved (UNWTO, 2013). An interesting VCA was made by C Ashley (2006) for Luang Prabang town and surrounds in Laos. The following results are striking. The accommodation sector did not offer very large benefits to the local people. Only 6 percent of the $ 8.7 million spent by tourists on accommodation reached the locals, due to low wages in the sector and the use of family labour. However, up to 50 percent of the $ 7 million tourists spent on food and drink reached the locals, along with 40 percent of the $ 4.4 million spent on crafts and curios (Scheyvens, 2013). A VCA was also undertaken in Cape Verde in 2008 as a part of a larger study examining many aspects of tourism to make recommendations on a programme of interventions to improve its development impact (UNWTO, 2013).

Possible options of a good strategy for regional development

A development of a region implies an outlining of a strategy. A good strategy implies knowing where we are, where we want to be in five or ten years and knowing how we get there. Choices have always to be made. This brings us to the dimensions or options of a regional strategy, a central point of strategic thinking.

When analysing regional strategies we often have the impression that only a restricted number of dimensions get a chance. Generally, the choice of the sector and the improvement of infrastructure are central. Sometimes, they are the only points of attention. A good strategy should take many more dimensions into account. A strategy for a region has a very large number of dimensions or options. In ‘regional economic policy: A European Approach’ 17 possible key dimensions of a region-strategy are retained (Vanhove, 1999):

This does not mean that each of the above dimensions is at stake in any strategic plan for a potential tourism region. Six of these dimensions can be of great importance in the case of a choice in favour of the tourism sector. The working hypothesis is of course that the region disposes of the necessary natural and or cultural attractions to attract international visitors in large amount. As such tourism is a basic sector. These six dimensions are:

- A sectoral choice in favour of tourism should be compared with a development in agriculture, different types of manufacturing, transport, international banking etc.. What are the opportunity costs of tourism development? One important remark should be made. A successful tourism sector needs also the development of many other sectors (e.g. agriculture). Here we refer to the value chain. In many regions the comparative advantages of tourism are important (see further)
- 'Work to the workers' or 'workers to the work' is a second possible strategic option. Overconcentration of population in big cities leads in most cases to extremely high economic and social costs. It might be of great importance to be successful with tourism development in regions far away from the big cities. In this perspective the following consideration of Proença and Soukiazis (2008) is interesting: ‘From a regional perspective, tourism by its nature can act as a means of distributing development away from industrial centres towards less developed regions. As tourism can be developed in a short time span, and with only moderate levels of investment, it can have a rapid and even instantaneous impact on a regional economy’. We also refer to Sahli and Novak (2007): ‘ the government should implement policies (e.g., subsidization) to slow down migration from the rural region to the city in the case of tourism boom’
- Geographical distribution or concentration of tourism activities. Depending on the kind of natural of cultural attractions tourism activities can be concentrated in a limited number of destinations or spread across many places. A good example of a voluntary geographical concentration is the tourism planning in Bali;
- Application of the Porter model with respect to tourism. The upgrading of the ‘diamond’ of the Porter model is very important (Briedenhann and Wickens, 2004).
- Reception infrastructure for the tourism sector. Which infrastructure do we need to support the development of the tourism sector? The infrastructure needs vary from destination to destination.

- Sustainable development. The latter is extremely important for the long term development of the tourism sector and becomes clear in the next section.

Complementary to the aforementioned options, Bosselman et al. (1999) make a distinction between three possible growth management strategies. Firstly, some strategies focus on the quality of development, with the objective encouraging only development that meets certain standards. A good example is the conservation policy of Bruges. In many destinations architectural controls became common, particularly where the maintenance of a particular historic character was desired (see architecture in Nusa Dua in Bali and historic dances in Bali). Secondly, other strategies manage the quantity of development. Many countries throughout the world are desperate for almost any kind of development that will bring enough value added and jobs. Unfortunately sustainable tourism development is not always respected and in the long turn this will provoke serious growth problems. Thirdly, many strategies emphasize the location of development by expanding or contracting existing areas to attract growth. The concentration model of Bali is a good example. Very often location-oriented management techniques are used. They fall under the umbrella of land-use planning.

A sustainable tourism

In its recent publication 'Sustainable Tourism Development' UNWTO (2013) underlines a fundamental requirement of the tourism sector. The tourism sector should embrace the principles of sustainable tourism and focus on the achievement of sustainable development goals. 'Sustainable tourism should not be regarded as a separate component of tourism, as a set of niche products, but rather as a condition of the tourism sector as a whole, which should work to become more sustainable'.

The UNWTO has defined sustainable tourism as 'tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities'. UNWTO formulates 12 aims for sustainable tourism (UNWTO, 2013):

- Economic viability: To ensure the viability and competitiveness of tourism destinations (and their enterprises, so that they are able to continue to prosper and deliver benefits in the long term.
- Local prosperity: To maximize the contribution of tourism to the prosperity of the host destination, including the proportion of visitor spending that is retained locally.

- Employment quality: To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender and race.
- Social equity: To seek a widespread distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor.
- Visitor fulfilment: To provide a safe, satisfying and fulfilling experience for visitors.
- Local control: To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders.
- Community wellbeing: To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation.
- Cultural richness: To respect and enhance the historic heritage, authentic culture, traditions and distinctiveness of host communities.
- Physical integrity: To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment.
- Biological diversity: To support the conservation of natural areas, habitats and wildlife, and minimize damage to them.
- Resource efficiency: To minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services.
- Environmental purity: To minimize the pollution of air, water and land and the generation of waste by tourism enterprises and visitors.

Tourism as a strategic option for regional development

Until relatively recently, tourism was not considered to be a vehicle for economic development. The first Lomé Conference for ACP countries, in 1975, rejected tourism as a sector to be supported in the developing process of less developed countries. At that time, the attitude towards tourism was rather negative in some publications (de Kadt, 1979) – tourism provoked leakages, lack of foreign exchange, inflation, etc. (see Scheyvens, 2013). Fifteen years later, on the occasion of the fourth Lomé Conference, the attitude had completely changed. Tourism had become a very important vehicle for development. Why the radical change? In the 1980s many publications proved the benefits of tourism, and gradually the attitude of international organizations changed. The second Lomé Conference paid little attention to this, but by the third Lomé Conference, in 1985, the change of attitude was noticeable. Tourism at last received the interest it deserved.

Why was it so long before tourism was recognized as a valuable component of economic development? In the 1970s, many publications highlighted import leakages, income transfers, foreign ownership, and tourism as a factor of inflation, destruction of culture, mono-industry and social impacts. It cannot be denied that all these negative factors exist to some degree in many destinations; however, from an economic point of view it is not realistic to deny positive factors either. Mass tourism is unimaginable without economic return.

To define the role of tourism as a strategic dimension in regional and national development, we focus first on the comparative advantages of tourism.

Comparative advantages of tourism

The first comparative advantage is directly related to natural attractions (e.g. sun, beaches, mountains, etc.) and many cultural attractions (e.g. churches, castles, abbeys, museums, etc.). These attractions are raw materials that can become beneficial as attractions at limited cost, and the danger of exhaustion is more or less non-existent. We find a similar line of thought with UNWTO. Many regions or destinations in less developed countries have a comparative advantage in tourism over developed countries. They have assets of enormous value to the tourism industry – culture, art, music, natural landscapes, wildlife, climate, sun and beach, world heritage sites (Scheyvens, 2013).

The question is how to internalize these benefits. The only channels are higher value added creation in the supplying enterprises and the related taxes.

This first comparative advantage should be situated in a broader context of international trade theory. The theories of factor endowments (Heckscher–Ohlin theory) and absolute advantage (Vellas and Bécherel, 1995) can be applied. The first theory posits that the international tourism specialization of a country will be directly linked to an abundance of the resource necessary to develop the supply of tourism products for which there is a demand. Vellas and Bécherel make a distinction between three categories of factor endowments: (a) natural resources, culture and cultural heritage; (b) human resources and (c) capital and infrastructure resources.

The theory of absolute advantage (and technological advantage) is a development of Adam Smith's analysis of international trade. Absolute advantage plays a crucial role in international tourism. As Vellas and Bécherel put it: ‘Certain countries have unique tourism resources which can be either exceptional natural sites, like the Grand Canyon, or, more usually, architectural or artistic resources known all over the world. These man-made resources motivate tourists to visit a country. Their importance in terms of international tourism factors is determined by their uniqueness which gives a country a monopoly or a near-monopoly’.

This statement applies as well to natural attractions; the word ‘countries’ can be replaced by ‘destinations’. Typical examples of such unique tourism resources are the Taj Mahal, the Borobodour Temple, the Angkor Wat, the Pyramids, the Acropolis, the Forbidden Palace, Bali, Macchu Pichu, the Iguaçu Falls, the Norwegian Fjords, Paris, London, Venice, Bruges, Prague and Vienna, and so many others.

The second comparative advantage concerns the import content. There are grounds to believe that tourism on average has a lower import content than other basic economic sectors. A number of publications support this thesis (UNCTAD, 1971; Theuns, 1975). The reason is evident: the tourists are buying services that the local population can provide to a large extent. Furthermore, it is not too difficult – at least in most regions – to develop the agricultural sector, in the long run, towards the needs of the hospitality industry. Mossé supports this point of view. ‘As a source of foreign exchange, tourism is on a par with other export industries, but with one difference: they {export industries} require costly inputs’ (Mossé, 1973; Vanhove, 1977).

The third advantage is the very high growth rate. This growth, together with the good prospects and high-income elasticity, makes tourism a preferential sector for economic development.

Fourthly, tourism has a stabilizing effect on exports. Export markets in raw materials are unstable, and therefore foreign earnings are uncertain. This is not the case with tourism products (either in terms of volume or price). The price obtained for raw materials is governed by the world market price, and is subject to terms-of-trade conditions. To avoid a deterioration of terms-of-trade, tourism development is often a solution. Mass tourism yields important amounts of foreign exchange, which allows the country to import manufactured goods. The counterpart is a limited quantity of resources.

A fifth comparative advantage is related to the labour-intensive nature of the sector. This high labour intensity is notable in the accommodation sector, the subcontracting sector, services, etc. This comparative advantage finds a lot of support in economic theory.

Other benefits of the tourism sector

Besides the comparative advantages mentioned above there are other benefits. Development of tourism on a large scale, based on mass tourism, creates external economies. Improvements in transportation networks, water quality and sanitation facilities may have been prompted by the tourist industry, but also benefit other sectors of the economy. An international airport – a *conditio sine qua non* for tourism development – provides improved access to other regions for locally produced goods.

Another benefit is the generation of entrepreneurial activity. According to Mathieson and Wall (1982), the extent to which the tourism sector can establish linkages with local entrepreneurs depends on:

- The types of suppliers and producers with which the industry's demands are linked
- The ability of local suppliers to meet these demands
- The historical development of tourism in the destination area
- The type of tourist development.

In terms of technical polarization, tourism creates backward linkages. When a number of big hotels are located in a region, there is an immediate demand for large volumes of agricultural products and different kinds of services. Local suppliers are often unable to meet this demand in quantity and quality. After a number of years, however, the imported supplies might decrease and the local supplies increase, depending on the ability of local suppliers to meet the new demands. Entrepreneurial activity may be further stimulated by the external economies created (Mathieson and Wall, 1982; Krippendorf *et al*., 1982; Vanhove, 1986; Frechtling, 1994).This brings us back to the value chain. Tourism is a more diverse industry than many others. Mshenga et al. (2010) bring a good illustration of tourism and economic linkages for Kenia. They show the contribution of tourism to micro and small enterprise growth.

The fact that tourism products are consumed at the point of production opens an opportunity for local business of all sorts. Local people can benefit through the informal economy by selling goods and services directly to tourists (Scheyvens, 2013)

Many benefits of tourism are mentioned in the literature. The subject is as chaotic and diverse as the Tower of Babel. Frequently mentioned variables include expenditure, income generation, employment creation, foreign exchange earnings, tax receipts, social benefits, the tourism multiplier, the transaction multiplier, and many more benefits or presumed benefits. Very often these variables are not put into their right context or relationships.

Has tourism a strategic role in the development of a region or a destination in general? The answer to that question is not black or white. First, there is a preliminary condition. The basic requirement is the availability of tourism attractions, the necessary infrastructure and accessibility. However, not all attractions are able to mobilize a large group of visitors – tourists do not travel several thousands of miles to see what they have next door. Many interregional flows of tourists can be interesting, but insufficient to stimulate the development of a region. The degree of attractiveness of the tourism supply and the size of demand of the appealing factors are of vital importance.

Assuming that the necessary attractions are available in a country or destination, can tourism be a vehicle for development? From the international literature and my own experience, by and large the answer is positive. However, quite often a distinction is made between richer and poorer countries (Smeral, 2001; Sharpley and Telfer, 2002; Proença and Soukiazis, 2008).

Although any generalization should be avoided, there are doubts about the role of tourism as a vehicle of development in rich regions. (Smeral, 2001). In developed economies the interactive effects between the expanding tourism industry and other industrial sectors must be taken into account. Dwyer et al. (2003) state 'In a CGE model which incorporates a realistic set of economy-wide constraints, the effects of tourism growth on destination income and employment cannot be anticipated a priori'. We find a similar warning with Sahli and Nowak (2007) 'Policy makers should give due consideration to the general macro-economic equilibrium technique and CGE modeling when deciding on a tourism development strategy'. Furthermore, contributions of tourism to income generation, balance of payment effects and the international liquidity position are in most cases marginal, or in any case tourism has no dominant role. However, from the point of view of employment there are also several drawbacks. Indeed tourism employment has a number of negative characteristics – although again, generalization is dangerous. In cities with business and/or cultural tourism, there are many jobs in hotels, restaurants, entertainment, etc. Furthermore, in richer regions, tourism is a sector that offers job opportunities for unskilled people; these types of jobs are needed in all societies. It should not be concluded that tourism does not offer qualified jobs and does not employ highly qualified people.

The situation is very different in backward regions of developed countries with genuine tourism attractions. There is, in most cases, less competition with other sectors on the labour market, and unemployment is very often high. The advantages of tourism development (income generation, employment generation, tax revenue generation, encouragement of entrepreneurial activity, balance of payment effects and improvement of the economic structure), apply to this type of regions (Williams and Shaw, 1995; Telfer, 2002a, 2002b Vanhove, 2010).

Tourism as a vehicle for economic development is even more realistic for destinations in developing countries with interesting tourism attractions. Sharpley (2002) also cites several benefits. Most of them were highlighted above:

- Tourism is a growth sector, and especially long-haul tourism.
- Tourism demonstrates high income-elasticity.
- Price-elasticity can do harm to tourism regions of rich countries.
- Tourism redistributes wealth.
- Tourism utilizes ‘free’ attractions such as climate, sea, beaches, mountains, monuments, way of life, architecture, etc. – in other words, resources are available and can in many cases be used in the tourism industry with marginal additional investments.
- There are no trade barriers to tourism.
- Tourism has backward linkages and stimulates entrepreneurial activity.
- Tourism is a guarantee for income stability.
- Tourism is a labour-intensive sector

Some evidence of the strategic role of tourism in tourism research

The European Commission recognizes the role of tourism in regional development. In the framework of the Structural Funds, the EU supports several regions in their efforts to develop tourism as a vehicle of change. In the objective 1 areas (the poorest regions of the EU), interventions of structural funds (SF) for the period 2000–2006 for tourism measures amount to 4 295 million euros, or 3.2 per cent of the total SF (retained codes or fields of intervention are: encouragement for tourist activities, tourism physical investment, non-physical investments, shared services for the tourism industry, vocational training). In several European countries, tourism contributes to a redistribution of wealth between regions (see also Guicheney and Rouzade, 2003).

The Proença-Soukiazis model: Mediterranean region

A good example is the research work of Proença and Soukiazis (2008). They show the importance of tourism – through international revenues – as a conditioning growth factor in Greece, Italy, Portugal and Spain. They examine the role of tourism as a conditioning factor for improving the population’s standard of living. The empirical analysis uses panel data techniques to estimate growth equations, combining time series and cross-sectional data for the four countries for the period 1990-2004.

$\underline{\Delta}\ln y_{i,t} = \gamma_i + b \ln y_{i,t-1} + a_1 \ln (s)_{i,t} + a_2 \ln (n_i + g + \delta) + a_3 \ln T_{i,t} + a_4 D_{92\text{-}93} + u_{i,t}$

- y = GDP per capita at ppp, constant prices
- s = share of real investment to GDP
- n = population; g= technology growth rates; δ= capital depreciation rate
- t = international tourism revenues at ppp; cst prices
- d = dummy variable for 1992 and 1993 to capture instability effects ems

The results indicate that tourism contributes significantly to the improvement of the income and acts as a factor of convergence. Their research shows that every 1% increase in international tourism revenues induces an increase of 0.026 percent in per capita income in these countries.

The Fayissa-Nsiah-Tadase approach: Africa

In this respect the findings of Fayissa et al. (2008) are also very interesting. They analyzed the impact of tourism on economic growth and development in Africa based on a log linear Cobb-Douglas production function as:

$\text{Ln PCI}_{it} = B_o + B_1 \ln TRP_{it} + B_2 \ln GCF_{it} + B_3 \ln EFI_{it} + B_4 \ln SCH_{it} + B_5 \ln FDI_{it} + B_6 \ln TOT_{it} + B_7 \ln HHC_{it} + \varepsilon_{it}$

Where:

PCI : real GDP Per capita

TRP : tourist receipts per capita in US$

GCF : gross fixed capital formation as a per cent of real GDP (proxy for investment in physical capital)

EFI : measure of the economic freedom index (political, economic, social, transparency and security)

SCH : secondary and tertiary school enrolment, as a measure of investment in human capital

FDI : foreign direct investment (net inflows) to capture the effect of foreign investment on growth

TOT : terms of trade for each country under consideration

HHC : household consumption expenditures

i : African countries 1 - 42

t : 1995-2004

R^2 : 0.57

The results of this model indicate that tourism (TRP) has a positive and statistically significant effect on the GDP per capita of African countries. They find that a 10% increase in the tourism receipts of a typical African economy will result in a 0.4 % increase in the average per capita income (0.25 % with lagged GDP values). Croes and Venegas (2007) come to similar results with respect to Nicaragua.

The Seetanah model: Island economies

Seetanah (2010) assesses the dynamic economic impact of tourism for 19 island economies for the period 1990-2007. He uses an augmented Solow growth model in which he incorporates tourism as one of the sources of growth.

$Y = \dot{f}$ (IVTGDP, XMGDP, SER, EF, TOUR)

Where:

- IVTGDP or physical capital (gross fixed capital formation as % of real GDP)
- SER or human capital (secondary school enrollment)
- XMGDP or openness of the economy (x+m to GDP)
- EF or economic freedom (economic freedom index based on 10 economic freedoms)
- TOUR or tourism development (tourism arrivals)
- Double log-linear specification (19 island economies)

The author uses furthermore dynamic panel data regression – and – generalised methods of moments (GMM). He comes to the conclusion that the tourism development indicator implies that tourism has been an important factor in explaining economic performance in island economies. The coefficient of the tourism indicator varies from 0.12 to 0.14 indicating a positive short term output elasticity of tourism. (The long term elasticity might be higher; the tourism development indicator may take some time to have full potential effect on economic growth).

The Brida – Punzo - Risso approach: Brazil

Brida et al. formulated the hypothesis that growth could be tourism-led (tourism-led growth hypothesis) – a variant of the more general hypothesis of export-led growth. They start from a recognized relationship between economic growth and international (and also domestic) tourism. They test in their contribution (Brida et al, 2011) the rate of growth of per capita income and the growth rate of receipts from international tourism. They introduce the real exchange rate to take international competitiveness into account.

They apply two econometric methodologies. Firstly, they use the cointegration technique for long country-level time series (1965-2007). Based on data for a shorter period (1990-2005) for the 27 Brazilian states they apply in a second phase the Arellano and Bond dynamic panel data model.

In case of the cointegration technique the authors specify the following autoregressive model:

$$Y = (YL, TT, RER)$$

Where:

- YL is real income per capita
- TT is international tourism expenditure
- RER is the real exchange rate

The dynamic panel model takes the following form:

$$\Delta \ln YL_{i,t} = \beta_1 \Delta \ln YL_{i,t-1} + \beta_2 \Delta \ln TT_{i,t} + \beta_3 \Delta \ln RER_{i,t} + \Delta€_{i,t,}$$

Where

- i = 1- 27 states
- t = 1990-2005
- all the variables are in first differences
- β_1 indicates to what degree current economic growth is determined by previous economic growth.

As it is a dynamic model, estimated coefficients are short-run elasticities. They obtain long term elasticities by dividing each of the coefficients by $(1- \beta_1)$. The authors show that the long-run elasticity of real income per capita with respect to tourism receipts amounts to 0.06. In other words an increase of tourism receipts of 100 percent, produces an increase of 6 percent in income per capita. Another important result is the high exchange rate elasticity estimated at 0.30.

Critical remarks

Four critical remarks should be made. First, many developing regions or countries have little choice in sector development, and frequently tourism is one of the few opportunities. There are many remote regions that have few alternatives for economic growth, due to the lack of a resource base or their distance from markets, their inimical climate or lack of water. Many of these countries or regions are suitable for tourism (Christie, 2002).

Secondly, many developing countries have a shortage of capital. To develop tourism, they need capital import. As such, this should not be considered to be a disadvantage. Tourism capital import increases the capital stock and strengthens the domestic economy. One can agree that the decision-makers are foreigners, with higher dependence from abroad. There is also the danger of repatriation of profits. But this phenomenon should not be exaggerated. Cash flows are in many cases used for extensions and modernization. If the returns on investment are sufficient, why should a group invest the profits abroad?

The third comment is more significant. In many developing countries import leakages are very high, but they are not higher, on average, than for most other sectors – on the contrary. There is a lot that can be done to reduce the import leakages with respect to food supply, construction, souvenirs, etc. Of course, the degree of development and the availability of natural resources will influence the success of reducing import leakages (see also Scheyvens, 2013, chapter 6).

Fourthly, and complementary to the preceding remark, there are strong linkages between tourism and other sectors. The case of handicraft is very instructive. In several countries there are real opportunities to develop their local handicraft industries out of local materials. Kenya and Bali are very successful in that respect. In Mozambique there are interesting efforts in creating and enhancing handicrafts as well as marketing them. The program is called ‘Aid to Artisans’, and has the motto ‘from maker to market’.

If ‘tourism’ is the right strategic development choice for the region, this is not yet a success in the sense of (a) value added creation for its population and (b) sustainable development. A tourism destination functions in a world of globalization and competition. A destination should respect a number of basic rules of competitiveness and create a competitive advantage by an efficient use of the resources. However the practical cases from different parts of the world, prove the existence of a tourism-led growth at least in less developed regions and less developed countries.

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Tourism as a Key Topic in Small-Scale Regional Development Processes

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Abstract

Small-scale regional development processes, such as local groups funded by the EU-program LEADER and similar programs on national and sub-national levels, have become a successful and generally accepted form of modern, integrated rural development. Since the start of those programs in the early 1990s, a growing number of local and regional development initiatives have been established to develop their regions. The crucial questions – what fields of interest to address and what projects to undertake – have to be answered by those organizations on their own. Following a bottom-up approach, these issues are not prescribed by top-down regulations but have to be generated by discussions with and suggestions from local stakeholders. Our paper takes a look at the role of tourism as a general topic of those small-scale regional development processes. It examines two regional development programs in the German federal state of Bavaria, which cover 84 local initiatives. Using qualitative data, we give an overview about the development strategies and projects undertaken. It turns out that tourism is one of the most important fields of action in integrated regional development. There is hardly any initiative that does not consider tourism and/or leisure as one of its main areas of activities. A big share of the projects carried out in the development programs observed has direct or indirect connections to tourism. All in all, tourism manifests as a key topic for endogenous regional development. Inspired by the deliberations on strategic decision making in tourism – often addressed by Peter Keller among many others – we change the perspectives a bit and take a look on the character of tourism as a strategic choice within local development organizations.

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1 Introduction: Tourism as a strategic choice in regional development?

When dealing with tourism, strategic decision making is a highly important topic. Experience shows that not only day-to-day routines in tourism management, but even more so the long-term development of destinations has to be planned carefully to be successful in the increasingly competitive and integrated global market. Many researchers in tourism sciences – among others, Peter Keller – emphasize the need of strategic reflections on the tourism industry. While geographical scales (e.g. on the national scale: Keller 2004, Keller 2011), thematic perspectives (e.g. Keller 2005 on innovation in the tourism sector) and proposed solutions may vary, the general conclusion is quite apparent: When managing destinations, clear-cut strategies are indispensible to overcome the challenges and adversities posed to the current tourism industries (see also Steinecke 2013). In this article, we change the perspectives a bit and take a look on the character of tourism itself as a strategic choice within local and regional development initiatives and organizations.

Within the framework of regional development strategies, tourism and tourism related projects are just one of many possible paths to choose from, while the overarching goal is to ensure and enhance regional development. Currently, there are at least two competing general approaches in regional development policies, which can generally be addressed as top-down and bottom-up approaches. Still, a large part of the funds used for regional development is being allocated following top-down-concepts. The ideas and regulations behind these procedures were developed in the 1960ies. In Germany, a complex system of interrelated public planning authorities at different levels (local, federal states, national) was established in that time (Gebhardt 2007, p. 235). Over the years, legal frameworks and administrative procedures were modified in certain aspects, but the general idea remained more or less the same: From a top-down viewpoint, regional development is defined as a politically governed and administratively guided process of relocation of capital from the economically strong and developed core regions to the weak and underdeveloped peripheries.

In general, the instruments for regional development of the European Union follow similar principles. At least since the reform of its regional development policies in the 1980s, the European Union has undertaken great efforts to minimize disparities within its territory. During the last decades, about one third of the budget of the EU has been used to reach the aim of economic, social and territorial cohesion (Lehmeier 2010; Lentz 2013, p. 178). In the Multiannual Financial Framework 2014-2020, over 34% of the available funds to the EU are directly devoted to these aims (European Commission 2013). Mostly, the distribution of these funds is organized in classical top-down-arrangements. Regulations at the European level are then gradually transferred into national, regional and local development plans.

However, there are certain areas, where bottom-up approaches have become established alternatives. Introduced as additions to the mainstream (top-down) instruments of regional planning (Brugger 1984), bottom-up approaches started as highly experimental undertakings in the early 1990ies. During the years, various concepts such as endogenous regional development (opposed to exogenous investments, cf. Fromhold-Eisebith 2002), regional governance (opposed to centrally governed approaches, cf. Fürst 2004, Benz 2005) and integrated approaches (opposed to sectoral policies, cf. Brodda 2004) have been discussed and were gradually incorporated in new and additional (often called "soft") instruments in regional planning.

Bottom-up regional development in Bavaria via LEADER and "Regionalmanagement"

As outcome of these new discourses in regional planning, a growing number of local and regional initiatives have been established to develop their regions. The crucial questions – what fields of interest to address, which aims to define and what projects to undertake – have to be answered by these organizations on their own. Following the bottom-up approach, those issues are not prescribed by top-down regulations, but have to be generated by discussions with and suggestions from local stakeholders.

We focus on two examples within this context: the regional development program LEADER (EU) and a local program of the German federal state Bavaria called "Regionalmanagement. Im Netzwerk zum Erfolg" (= "Regional management. Networking to success"). They were used to fund a total number of 84 local initiatives during 2006 and 2013. Our paper takes a look at the role of tourism as a general topic in those small-scale regional development processes. We use quantitative data to give an overview about the development strategies designed in these regions. Our results will show the high importance of tourism in the strategic portfolio of most regional initiatives in both programs.

2 Tourism in the field of bottom-up regional development

More than 20 years ago, in 1991, the European Union created the acronym LEADER (for "Liasion entre actions de development rural") as an abbreviation for an experimental rural development program encouraging bottom-up initiatives. The program was modified and relaunched several times. LEADER I (1991-93) was followed by LEADER II (1944-99) and LEADER+ (2000-06). In the 2007-13 EU funding period, LEADER was integrated in the European fund for rural development (EAFRD). Although the number of local action groups and the territory developed by LEADER has grown during the funding periods since the 1990ies, the general guidelines of the program remained the same: Local public-private partnerships ("local action groups") have been and are still encouraged to develop innovative, integrated, project-based local development strategies. In Germany, the federal states are responsible for implementing the LEADER program. In the case of Bavaria, 58 local action groups were selected for the funding period 2007-13, most of them having already been operating in the previous incarnations of LEADER.

Roughly during the same timeframe (2006-13), a second program for bottom-up regional development was implemented in Bavaria. The program "Regionalmanagment". Im Netzwerk zum Erfolg" (in the following referred to as RM) had its roots in several initiatives for regional marketing and regional management in the 1990ies. In 2006, the program was designed to serve as a framework for several already existing bottom-up initiatives and as well as to encourage the creation of new organizations. All of them were funded for at least three years, some for longer periods. During the observed period (2006-2012), more and more regions were subsequently included. All in all, 43 regions were part of the program during that time.

There are certain differences between both programs: LEADER focused more on rural areas, while RM also encompassed urban territories. In LEADER, more funds were available for financing projects, while RM funding was largely limited to financing the staff in regional development departments. Furthermore, two different governmental departments were responsible – resulting in slightly varying perspectives on how to achieve regional development. But, on a whole, there were more similarities. Both programs followed a territorial approach and emphasized the bottom-up creation of development strategies. In some cases, only one of the two programs was applied in a given region. In many other regions in Bavaria, both programs were implemented simultaneously. Sometimes, two (cooperating but separate) local initiatives were created, each with their own structures and staff. Other regions decided to combine both programs – thus managing the LEADER- and the RM-Region within the same local organization. In total, there are 18 of those combined initiatives.

Tourism as field of action"

In order to successfully apply for the inclusion in LEADER or RM, the local initiatives had to elaborate local development strategies. Among other information, these documents had to include specific aims for the desired development processes of their regions. As both programs worked project-based, it was necessary to include proposals for projects fitting to the aims. The projects had to be subdivided into categories – the so called "Handlungsfelder" ("fields of action"). In accordance to the overarching principles of bottom-up decision making, the decision about the number, the content and the labeling of these categories was left to the local initiatives. While some regions chose quite unique and specific names for their fields of action, most initiatives stuck to very similar denominations. Most of these labels were connected to the sectoral division of regional politics. Thus, many regions used fields of action such as "economy", "environment", "social affairs" or "tourism". Table 1 gives an overview of the labels commonly used for that purpose.

Table 1: Fields of action in local strategies

Labels used for the fields of action within the local development strategies	**LEADER**	**RM**	**total**
Tourism / recreation (Tourismus / Naherholung)	48	30	78
Economy / added value (Wirtschaft / Wertschöpfung)	36	35	71
Culture (Kultur)	40	14	54
Nature / environment (Natur / Umwelt)	31	16	47
Agriculture (Landwirtschaft)	35	9	44
Settlement / village renewal / infrastructure (Siedlung / Dorferneuerung / Infrastruktur)	25	17	42
Education (Bildung)	20	22	42
Social affairs (Soziales)	27	14	41
Energy (Energie)	20	19	39
Communication / Networking (Kommunikation / Vernetzung)	14	14	28
(Cultural) Landscape (Landschaft / Kulturlandschaft)	19	4	23
Youth / Children / Family (Jugend / Kinder / Familie)	14	9	23
Health (Gesundheit)	9	9	18
Demographics (Demographie)	7	10	17
Management (Management)	14	1	15
Leisure (Freizeit)	12	3	15
Marketing (Marketing / Vermarktung)	6	6	12
Sports (Sport)	4	0	4
Others	32	22	54

Source: own translation, based on Lehmeier 2014

It shows that some notions were chosen more frequently than others. "Tourism" and "recreation" belong to the most popular choices for labeling fields of action in both programs. The inclusion of these two labels into one category has its reasons: While some theoretical contributions to tourism science stress the differences between the concepts "tourism" and "recreation" (e.g. Metzler 2007, p. 9; Hopfinger 2011, p. 1022) or discuss the overlapping characteristics between them (e.g. Hall 2003, p. 5), it is not very reasonable to keep that distinction too sharp when working with empirical data in the field of regional development. There simply is no clear-cut definition of both concepts among the decisive actors in LEADER or RM. For most of them, "tourism" is closely connected to "recreation" ("Naherholung"). In many cases, both labels are used at the same time, for example when a field of action is named "tourism and recreation". Such blurred definitions make it impossible to differ more precisely.

But still, it is quite obvious that tourism and recreation rank among the most popular topics in the regions analyzed. As many as 62 of the 84 regions in both programs (73.8%) included at least one field of action connected to tourism and/or recreation. The rate of initiatives with tourism / recreation included differs a bit if we take a look on the programs involved. Table 2 shows that almost all of the regions combining LEADER and RM define at least one field of action connected to these topics. They are also popular labels, when only one of both programs is applied. There is only one important exception: In the case of spatially coexistent but not organizationally combined initiatives of both programs, this is a bit different; under these circumstances, a certain division of topics can be observed. In most cases, only one of both organizations – LEADER more often than RM – is actively dealing with tourism. This explains the relatively low rates visible in table 2 for coexistent initiatives funded only by RM.

Table 2: Number of initiatives with at least one field of action labeled tourism and/or recreation

Programs applied	Initiatives with at least one field of action labeled “tourism” and/or “recreation”
LEADER (only)	5 of 8 (62.5%)
LEADER (coexistent)	25 of 32 (78.1%)
RM (only)	7 of 8 (87.5%)
RM (coexistent)	9 of 18 (50.0%)
both (Combination)	17 of 18 (94.4%)

Source: based on Lehmeier 2014

Popular types of tourism projects

Up to this point, all the numbers we discussed referred to the fields of actions – in other words, we analyzed the labels and headlines used by the regional development initiatives to structure their projects. But what about the projects themselves? How many of them were connected to tourism? Generally, the number of projects assigned to the fields of action varies. Again, the decision about how many projects to define and carry out within each field of action is left to the regional initiatives. Some initiatives tend to include more projects than others. Once again, the high importance of tourism as a topic within regional development strategies becomes clear at this point. All in all 3385 projects were included in the development strategies of all 84 regions in RM and LEADER. 930 of them (27.5%) were placed in fields of action labeled with tourism and/or recreation. That means that more than one quarter of all projects described in the development programs of the observed regional development initiatives were connected to tourism or similar topics in one way or another.

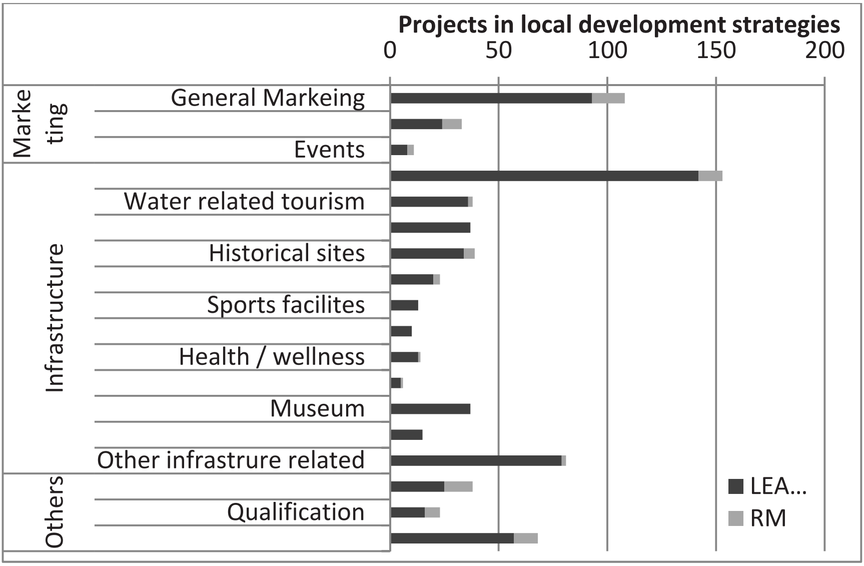

Figure 1: Types of tourism-related projects in LEADER and RM

Source: based on Lehmeier 2014; n=930

At this point it is necessary to take a closer look at these projects. There are several types of tourism-related projects (Fig. 1), which can roughly be divided into marketing-related measures and projects dealing with infrastructure. Some projects do not fit into these two categories; many of them deal with the formation and/or management of professional networks in tourism or the qualification of employees and entrepreneurs in this sector. It turns out that some types are chosen more frequently than others. Two categories seem to be especially popular: General marketing projects and projects dealing with bicycle and hiking tourism.

The first group ("general marketing") includes projects that generate and distribute information about the tourism related offers within the region. Guidebooks, lists of regional offers for accommodation and restaurants, and calendars of interesting events – often published via magazines, brochures, and websites – are typical for these projects. Usually, this kind of tourism marketing is also carried out by local tourism associations. In some cases, overlapping claims and ambiguous responsibilities can lead to frictions between local tourism associations and local groups in LEADER and RM. Hence, coordination and definition of competences in the tourism sector is a very important topic for many bottom-up regional development initiatives. The second important group ("bicycle and hiking tourism") encompasses the most popular thematic field. Some of these projects deal with the planning of new routes for cycling and/or hiking tourists, others with updating the signposts or fixing already existing routes. Most projects combine these infrastructure-centered aspects with marketing measures.

Increased importance in day-to-day routines of regional development

So far, the analysis of the local development strategies underlines the importance of tourism as a popular topic in both programs. However, the necessary documents have to be written before the regional development processes can start. These strategic documents have to be quite detailed (e.g. by proposing the proposals for projects), but usually they cannot be applied in exactly the same way as planned. To be able to effectively work in dynamic regional development processes, regional managers have to remain flexible when it comes to the implementation of the planned projects. Due to unforeseen problems, some of the projects described in the development strategies have to be altered, others have to be postponed or canceled. Additionally, new ideas arise during the development process over the years and have to be included into the development process. In the interim evaluation of LEADER 2007-13 in Bavaria (ART 2010, p. 443ff.), local action groups were asked about the actual importance of their thematic fields during the course of time. Additionally, they were requested to estimate which fields of action had been treated most intensively.

It becomes clear that some fields received more attention than others (Fig. 2); among those were "culture / rural heritage" and above all "leisure / tourism". All of the 38 interviewed initiatives stated that this field of action had been "important" or "highly important". None rated the importance of leisure and tourism as average or below average. This fits very well to the overall impression gathered when observing the local initiatives in LEADER and RM: Tourism is not only an important field of action with lots of projects within the written local development strategies. Its importance is even greater in the actual process of regional development. Tourism related projects are a very important component in day-to-day routines in LEADER an RM. They tend to be implemented faster than other projects and are carried out more intensively.

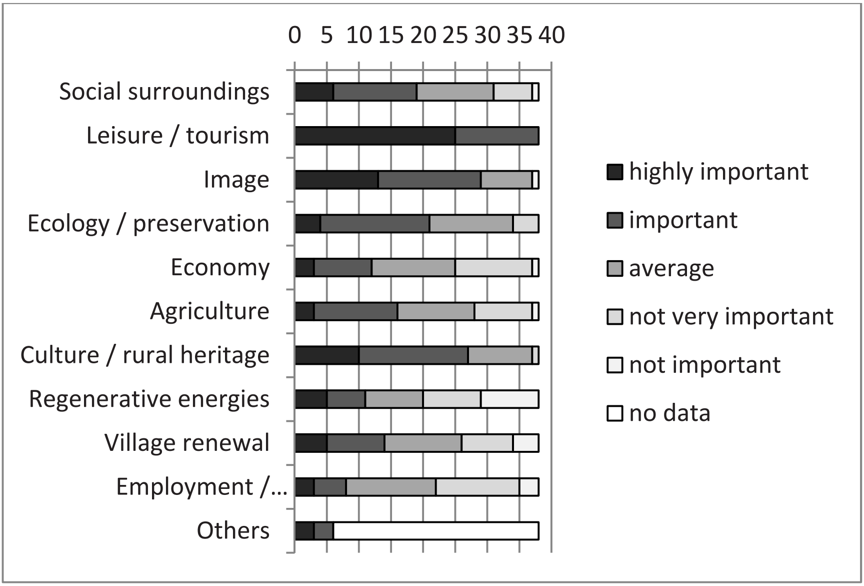

Figure 2: Importance of different fields of action in LEADER
(n=38; answers referring to the most important fields of action during the first years of the local initiatives in LEADER 2007-2013 in Bavaria; data and design taken from ART 2010, p. 448)

3 Conclusion and outlook: tourism as a key topic

All in all, it turns out that tourism is one of the most important fields of action in integrated regional development strategies. This refers not only to (1) the official development strategies that form the basis of the local development strategies, but even more so to (2) the actual implementation of these strategies.

1) We showed that tourism (often combined with the closely related notions "recreation" and "leisure") is one of the most popular choices for the fields of action ("Handlungsfelder") within local development strategies. Initiatives have to use these labels to structure the projects they plan to realize. The choice about the number of fields of action as well as the thematic directions to follow is left to the local initiatives themselves. Our data shows that some labels appear more often than others, while tourism/recreation is

generally the most popular field of action. Almost three quarters of all local initiatives (67 of 84, i.e. 73.8%) had at least one field of action dealing with this topic. Moreover, a closer look reveals that the importance of tourism-related fields of action is even higher that this figure suggests. Local development organizations in LEADER and RM used roughly five to ten fields of action to structure their projects. But some fields only encompassed very few projects while others were filled with a bigger number of projects. Again, tourism/recreation turned out as the most popular label for placing development projects: In total 27.5% of all projects envisaged in the development strategies were placed in one of the tourism-related fields of action.

2) Local development processes are complex and unpredictable; generally, a lot of different local stakeholders interact, some projects have to be altered or canceled, new creative ideas appear and have to be implemented, unforeseen bureaucratic constraints have to be considered, etc. Thus, it is not surprising that most local initiatives constantly have to adjust their local development strategies during the whole process of its implementation. In short, the famous line of Goethe's Mephistopheles ("Grey is, young friend, all theory.") truly fits to the day-to-day routines in regional development organizations. Within their necessarily quite flexible way of working, local initiatives attend to some topics more intensively than to others. Our observations as well as the investigations undertaken by other scholars (ART 2010) point out that tourism/recreation related topics have an even higher importance in the actual implementation than we could have told after the sole analysis of the development strategies. Tourism related projects tend to be undertaken at earlier stages and more frequently than other projects. Tourism as a thematic field is hardly ever neglected in the actual work of regional development initiatives. This happens only under rare circumstances, e.g. when LEADER and RM-initiatives share the same territory and choose to divide the thematic fields to work with.

Thus, the overall picture becomes quite clear: Tourism is one of the most important – often *the* most important – topic in small-scale regional development processes. Of course, all regional development organizations deal with a multitude of different topics and never exclusively focus only on tourism, recreation or leisure. But with only very few exceptions, there is hardly any region among our sample of 84 regional development initiatives in Bavaria that is not undertaking projects dealing with these topics. Most of them even consider them as one of their main field of action.

These findings open the floor for quite a number of further research questions for tourism scientists. Firstly, the cooperation between regional development initiatives and local tourism associations could surely benefit from further scientific attention, considering the enormous potential for beneficial synergies as well as for disadvantageous frictions between these organizations. Secondly, questions about the thematic scope of tourism projects within regional development processes, about interferences between neighboring or structurally similar regions and about competition and cooperation between them deserve further research.

Thirdly, we strongly suggest a close examination of the reasons behind the high popularity of tourism within the field of regional development. At first glance, there are many scientific contributions dealing with the potentially beneficiary outcomes of tourism for their regional contexts, e.g. via local and regional value-chains (e.g. Archer / Cooper 1998; Eisenstein / Rosinski 2007; Metzler 2007). In many cases however, other, less obvious factors play important roles. At times overextending and emotionally driven expectations of regional stakeholders, especially of local politicians, matter when tourism-related projects are envisaged. Moreover, formal requirements and bureaucratic guidelines of the major funding programs for regional development generate a specific framework, which favors certain types of projects and complicates the implementation of others. For further reading about these rarely discussed issues see Lehmeier 2014, where these and similar questions about the popularity of tourism for regional development processes are addressed.

Summing up, the empirical data in this paper shows that tourism – and closely related and thus hardly separable topics like recreation and leisure – ranks among the most popular strategic choices for regional development strategies. Coming back to the ideas about the importance of strategic decision making for tourism science in general (and especially for tourism management) cited at the very beginning of our paper (cf. Keller 2004, 2005 and 2011), we can add yet another important dimension when talking about strategy and tourism: While it is always advisable to think strategically when dealing with tourism, we also found out that tourism itself can serve as a strategic choice.

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Price Matters - Relevance of Strategic Pricing for Swiss Tourism in the Past, Present and Future

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Abstract

In his paper from 2003, Peter Keller postulates that a strategic pricing policy can pose an opportunity for Swiss tourism, strengthening the competitiveness and growth of the industry. This contribution from Peter Keller's celebratory publication on the occasion of his 20th presidency of the International Association of Scientific Experts in Tourism (AIEST) picks up on this assumption and discusses the touristic development and enhancement of strategic pricing over the past ten years of Swiss tourism. In the first section of this paper, empirical evidence of the development of Swiss tourism over time and a discussion of its challenges are presented. The second section addresses the postulated value-based pricing concept, including practical examples from Swiss tourism over the past ten years. The third section offers a conclusion, which discusses the relevance of strategic pricing as a means to strengthen competitiveness with respect to future terms.

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Peter Keller has been involved in scientific tourism research as the president of the AIEST for 20 years. Believing strongly in the fact that sustainable tourism research should be dedicated to a holistic, systemic as well as pragmatic approach, he constantly warned of disciplinary and autarchic traits of tourism research (Keller 2007, S. 96ff.). As an advocate of tourism science, which should be concerned with a human, social and cultural scientific reflection without excluding the viewpoint of economics or business administration, he also crucially influenced national tourism politics as a head of the Tourism Department at the State Secretariat for Economic Affairs (SECO).

In his article "Strategic pricing policy as a chance for Swiss tourism" (Keller, 2003, S. 193ff.), he emphasises a "back-to-growth strategy" for Swiss tourism by focusing on a strategic marketing approach, which is oriented towards the "value-based pricing principle" and focuses more on price as a constitutive element. The following paper discusses the past development of the Swiss tourism industry since Peter Keller's article was published in 2003 and notes the value-based pricing approach. For this purpose, we examine the development of Swiss tourism, outline the postulated "value-based pricing principle" and discuss some practical applications from daily touristic business. Finally, we draw a conclusion about the applicability of strategic pricing in the future.

1 Development of Swiss tourism over the past decade and its challenges

Looking back to the development of Swiss tourism as a whole and its specific industries over the past ten years reveals some important insights when considering the relevance of strategic pricing.

1.1 General overview of recent and past developments in Swiss tourism

The development of the number of overnight stays at a hotel is an important indicator when examining the past development of Swiss tourism since 2003.

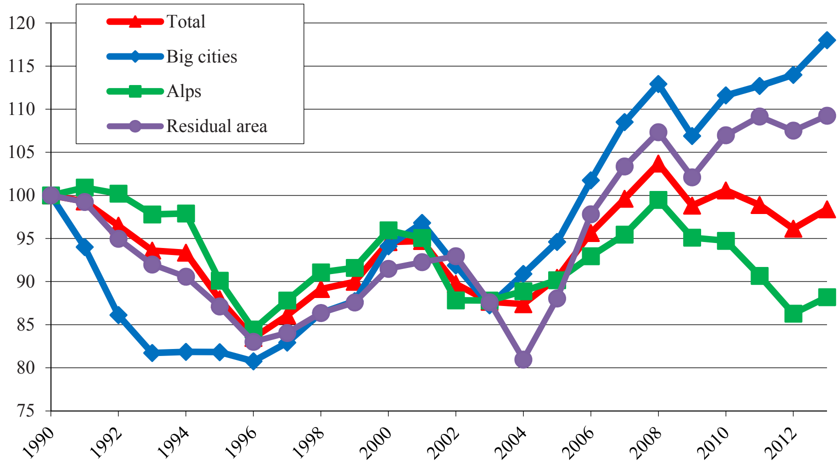

Figure 1: Development of the number of overnight stays at a hotel by region, 1990-2013

Basis: tourism year, index: 1990 = 100

Source: BFS, BAKBASEL in SECO 2013, p. 18

With three slumps in demand and two growth periods, a rough cyclical trend is visible during the considered time period. Peter Keller wrote his paper "Strategic pricing policy as a chance for Swiss tourism" (2003) during the second slump in demand, which was initiated by 9/11 and the SARS virus. Ten years later, Swiss tourism faced the third slump in demand, which mainly affected Alpine tourism to a severe degree. The financial and economic crisis of European countries has led to a massive reduction of incoming tourism from European countries as very important nearby markets for Swiss tourism. Reasons for this decline include the reduction of available income as well as the appreciation of the Swiss Franc, which led to a decrease in demand for Swiss tourism services.

The traditional remote markets, such as North America and Japan, showed a slight reduction as well, and the new growth markets (BRIC, gulf nations, etc.) - despite their high growth rates on a modest level (from a 1% share in 1995 to a 10% share in 2012) - could not close the gap left by the nearby markets. For the nearby markets, the number of overnight stays in a hotel accounted for 33% of the total demand in 2009 and for 27% in 2012. With this development in mind, the changing travel behaviour of the new growth markets compared to the nearby markets bears big consequences. Most notably, the touristic hotspots in Swiss cities and some destinations in the Alps are very popular for short visits with guests from the new growth markets. A one-week ski holiday in the Alps, however, still does not seem to be the primary focus of this target group (BFS 2014/Schweiz Tourismus 2013, S. 4).

The significant decrease in the number of guests from nearby markets visiting the Alpine regions, as well as the structural challenges of the touristic suppliers in the Alps both negatively influenced the *number of overnight stays* at hotels. From 2009 onward, the big cities and the remaining regions recovered relatively quickly from the financial and economic crisis (see figure 1), while the Alpine regions continuously incurred losses in demand until 2012 (BFS 2014/ BAKBASEL 2012a). In the *international context,* the development of the Swiss hotel industry, as measured by the number of overnight stays in a hotel, was not able to keep pace with neighbouring countries (BFS 2014 / Eurostat 2014 in: Seco 2013, S. 27ff.).

Arrivals have increased by 25% since 1990, but the number of overnight stays in hotels decreased by 4% within the same time span. The consequence of these developments is a shorter duration of stay, also due to the trend towards short trips by Swiss guests and the strengthening of the Swiss cities as touristic destinations (BFS 2014/ BAKBASEL 2012a).

The relevance of the *summer season*, measured by overnight stay in hotels, has declined as a tendency, but is still higher than the *winter season.* During the summer season, mainly the Alpine regions have lost guests due to the intensification of the competitive situation with other destination (BFS 2014/ BAKBASEL 2012a). The strengthening of year-round tourism is particularly difficult with respect to the Alpine regions.

In sum, the overall *nominal gross value added* of tourism still increased distinctly over the last decade. The touristic gross value added from 2001 to 2010 was approximately 2% on average. Compared to Swiss tourism in total, the hotel and hospitality industry as a core area performed weaker over the last decade (BFS 2012).

The weak position of the Swiss tourism industry with respect to *competitiveness in terms of price* is a major concern. In the "Travel & Tourism Competitiveness Report" published by the World Economic Forum (WEF) (2013), Switzerland ranks 139th out of the 140 countries examined. The corporate structure as well as the higher input and labour costs massively weaken Switzerland's competitiveness in terms of price (Seco 2013, S. 42ff.). Although competitiveness in terms of price improved between 2001 and 2008, the recent unfavourable development of the exchange rate has worked against the efforts of the suppliers (BAKBASEL 2012b).

1.2 Developments in the Swiss hospitality industry

Taking an in-depth look at the development of the corporate structure in the hotel industry reveals a continuous structural change since 1990. The number of hotels has decreased while holding the number of beds constant, which means that the average *size of the hotels* has increased. Primarily, hotels in the lower classification categories and in rural regions have vanished from the market (BHP 2012). However, the small and medium enterprises still form the backbone of the Swiss hotel industry (Müller et al. 2008, S. 5) as 90% of the hotels barely reach 50 rooms each.

The quarterly survey of the Economic Research Institute (KOF) for the hotel industry shows a distinctive decline in *revenue* over the last four years (Abrahemsen et al. 2009).

The *gross operating results* of the Swiss hotel industry developed positively from 2005 to 2008, in line with the number of overnight stays. From 2009 to 2011, the earning power of most hotel categories decreased. In general, the earning power for urban hotels is stronger than for Alpine hotels. The fact that the generated operating results hardly cover the fixed costs and that breaking-even seems to be an operational challenge is alarming (Hotelleriesuisse in: Seco 2013, S. 20ff.).

The recent history of the *monetary development of the hospitality industry,* as measured by the gross value added, shows slumps in 2009 and 2011. Between 1997 and 2010, the gross value added developed negatively over a longer period, with a yearly decline of 0.5%. The gastronomy industry stagnated and the hotel industry declined with a yearly decline of 1% (BFS 2013).

Decreasing earning rates in the Swiss hotel industry have a negative impact on the *financing framework conditions* for replacement and capital widening investments. The risk assessment produces worse results and the funding gap between debt and equity capital increases (Seco 2013, S. 22ff.).

Although the corporate structural change in the Swiss hotel industry has only selectively improved the competitiveness, the financial results illustrate this result and can offer some hope for the future.

1.3 Developments in the cable railway industry and the fragmentation of destination structures

Examining the development of the *cable railway industry* reveals a distinct rise in the amount of transported people within the last 20 years, compared to the number of overnight stays in hotels. The transport frequency strongly depends on day-trippers, for which the weather plays a key role due to the short term planning aspect of day trips. The growth of the transport frequency, however, hides the fact that skier days and tourism revenues, especially in winter, are both declining. In addition, the cable railway industry faces big economic challenges in the future due to climatic change (Seilbahnverband 2012; Lehmann 2013, S. 67).

Similar to the hotel industry, the *destination structures* in Switzerland are still fragmented. According to the Swiss Tourism Federation (STV), no less than 561 tourist offices and tourism organisations existed in 2012. Among them, approximately 444 organisations focus on local marketing efforts and approximately 117 focus on regional marketing (STV 2012).

The facts and figures outlined above show that Alpine tourism faces a particularly challenging situation. Many actions and methods to improve the basic framework conditions have been undertaken in Swiss politics, for example intensifying tourism marketing (Schweiz Tourismus 2013). The touristic suppliers, however, still have to meet their fate. A possible strategy could therefore be the application of the pricing policy recommended by Peter Keller (2003).

2 Discussion of the enhancement of the value-based pricing concept

Three different pricing approaches are common in theory and practice (Nagle/Hogan 2007; Hinterhuber 2008; Siems 2009):

a) Cost-based pricing
b) Competition-based pricing
c) Value-based pricing or customer-oriented pricing

a) The cost-based pricing approach primarily pursues a price determination based on accounting data. To determine the selling price, a profit margin is added on top of the production cost.

b) The competition-based pricing approach takes rivalry prices and offers into account. A price differentiation, which depends upon competitors' actions, is strived for by the creation of unique selling points (USPs).

c) The value-based pricing approach, in contrast, pursues a price determination based on the value added for the customers and aims at skimming their willingness to pay (Hinterhuber 2008, S. 42). To exploit the willingness of customers to pay optimally, price differentiation is necessary and creates an added value for the customer. Only with price differentiation it is possible for customers to choose their best-perceived cost-benefit ratio (Lauszus/ Sebastien 1997).

Both empirical practice and research agree to the fact that the value-based pricing approach implies higher profits than the other two pricing approaches (Kühn/Pfäffli 2007; Michel/Pfäffli 2009). In reality, however, cost-based and competition-based pricing approaches are still dominantly practiced (Cavusgilet al. 2003; Avlonitis/Indounas 2006; Hinterhuber 2008).

To implement the value-based pricing strategy, price differentiation can be shaped according to different criteria (Homburg 2012, S. 711ff; Hinterhuber 2008; Taube 2014):

- Individual-related price differentiation: A certain group of guests will be subject to a price differentiation due to their specific characteristics. The tourist vendors thereby hope to improve the customer relationship. An example might be a student rate for the mountain railways.
- Regional-related price differentiation: At the core of this price-setting strategy are geographically diverse market segments. The respective price therefore depends on the origin of the buyer. By specifying prices in the respective currency of the guests' countries of origin or by setting specific exchange rates, an alternative regional price differentiation can be achieved. In this way, price differentiation is less evident and therefore better accepted by all customers.
- Season-related price differentiation: The price with this price-setting strategy depends on the time of purchase or consumption. Seasonal prices for hotel rooms are a well-known example.
- Performance-related price differentiation: The final price is determined in consideration of the concept of customer needs. An illustrative example could be VIP tickets for cable railways, which guarantee the customer priority access and a parking lot next to the infrastructure.
- Quantity-related price differentiation: Here the focus lies on the willingness to pay. The price varies depending on the quantity demanded, as it is, for example, in the case of price deductions.
- Bundle-related price differentiation: With this price-setting strategy, one price is offered for a whole bundle of products. A price deduction for the cable railway after the second overnight stay in a hotel is an example illustrating this strategy.

3 Approaches for implementing price differentiation based on daily business in tourism and its opportunities

In his article, Keller (2003) emphasises that it is desirable for companies as well as for destinations to develop strategically towards price differentiation. The challenge of doing so rests on business-to-customer relationships (B2C). The new possibilities emerging in the field of information technology (IT) should be used to properly exploit the potential of yield management for the whole travel experience of a guest. Various examples of applied value-based price differentiation can be cited for Swiss tourism:

- In December 2013 the Swiss Tourism Organization started a marketing campaign called "Pay what you want" to assess the willingness of customers to pay for a two-night stay. The guests could decide how much they wanted to pay for their second overnight stay. The intention behind the marketing campaign was to increase the occupancy rate before Christmas time and to try out an innovative pricing-model, which in this case was a special form of *individual-related* price differentiation (Schweiz Tourismus 2013; Tagesanzeiger 15.02.14).
- A form of *regional price differentiation* is applied in the destination of Grächen, which offers a fixed exchange rate of 1.35 CHF/EUR instead of 1.20 CHF/EUR. With this price differentiation, guests from countries utilising the Euro should be attracted by an especially low-priced offer (Grächen 2013).
- Price differentiation in a *seasonal sense* is already well established in the hotel industry due to seasonality, weekday rates, duration of stay and room categories. Hotel guests as well as flight passengers are very used to seasonal price differentiation (Michel/Pfäffli 2009, S. 30).
- An example of *performance-related price* differentiation is the VIP-ticket offered for the mountain railway in the destination of Flims/Laax (Flims Laax 2014).
- Swiss hotels also try to have some sort of price differentiation by offering *quantity discounts* and packages, for example an offer of "4 nights stay and 3 nights pay" during the off-season.
- Actions such as selling ski passes to hotel guests at the low price of CHF 25 from the second overnight stay onward, which was done in the destination of Engadin, can be cited as an example of *bundle-related price differentiation* (Engadin –St.Moritz 2014).

The above-mentioned examples highlight that the value-based pricing strategy has already been applied in Swiss tourism. However, the strategy was not successful in every case. The marketing campaign "Pay what you want", for example, was not really successful, mainly because guests weren't accustomed to this pricing model and therefore were irritated rather than positively surprised.

4 Relevance of value-based pricing for strengthening competitiveness of Swiss tourism in the future and its threats

The discussion with regard to the development of Swiss tourism and especially to the hotel industry, as well as the theoretical pricing approaches and their implementation, leads to the following insights:

Alpine tourism is particularly under pressure due to its well-known structural weaknesses and the latest developments on the demand side. The price competitiveness is still weak due to the strong Swiss Franc and despite lower factory costs.

New information technologies have strongly improved the strategic development of the touristic suppliers towards price differentiation and price flexibility. As shown in section 3, different strategic pricing policy measures have been adopted. However, guests coming to Switzerland still criticised the cost-benefit ratio in a representative survey. The cost-benefit ratio is seen as the primary weakness of Swiss tourism (TMS 2011).

A yield management approach for destinations is still challenging, especially because the distribution and sale of the product "overnight stay" can be processed by the hotel itself, the destination channel, and other booking platforms such as HRS or booking.com. Today‘s booking platforms possess market power as best-price sellers and benchmarking instruments. Price differentiation has become more and more difficult under this restriction, even though booking platforms in the EU are no longer able to claim the best-price guarantee in contractual agreements with the hotel industry. This frequently used practice is now prohibited because it leads to distortions of competition (htr 20.12. 2013). The application of a strategic pricing policy on a destination level is limited due to a wide variety of booking channels. Managing each booking channel is very time-consuming for a touristic supplier.

The high costs and price level in Switzerland prevails. Due to the existing preconditions, a cost leadership strategy (Porter 1980) as a strategic success factor for a touristic supplier will not be possible even if structural change leads to larger firms.

The steady rise of different electronic distribution channels particularly provides touristic suppliers with an opportunity to make use of the *value-based pricing* approach. The difficulties arising from properly defining the market segmentation and specific prices (Michel/Pfäffli 2009) remain a big challenge for the small corporate structure of the tourism industry.

The strategy of *value creation for the customer*, which is derived from the value-based pricing approach, still seems to be rewarding. Some framework conditions, such as high factory prices, can hardly be changed by the industry. The strengthening of the competitive position by a niche or a differentiation strategy (Porter 1980) will therefore most likely remain the main growth strategy for Swiss tourism in the future. Thus, innovative and qualitative touristic products are a precondition for successful Swiss tourism at a given price level. However, the relevance of human capital for tourism as a service industry has to be highlighted. Peter Keller has already pointed to the problem of touristic jobs with respect to their attractiveness (Keller 1996). Nevertheless, for Swiss tourism, a high quality of service, well-educated employees as well as stable framework conditions are essential to be successful in the future.

In his position at the State Secretariat for Economic Affairs (SECO), Peter Keller sought to strengthen some of the tourism policy parameters with a growth-oriented subsidy policy (Keller 2002). Thus, despite the "‘internationalisation’ of the industry and a ‘localisation’ of services" (Keller 1997), tourism continues to be an important strategic branch of the industry in some regions (Keller 2002). Peter Keller helped to create the basis for this fact. Thank you!

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Part 3

Destination Research: Management and Governance

Tourism Governance and the Influence of Stakeholder Networks – A Case Study from Western Australia

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Abstract

This study sets out to describe, analyse and explain the political processes which led to the Western Australian government's decision to reject a proposed resort and marina complex at Maud's Landing in the North West of Western Australia. The various interests in the Maud's Landing development proposal are assessed in a policy network study which investigates if and how the key stakeholders, who contributed to or participated in the Maud's Landing political process, worked together to shape the decision-making process.

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Introduction

Following a progressive expansion (qualitatively and quantitatively) of state responsibilities since the 1960s, governments found it difficult to formally formulate and implement public policy and deliver public services. The "all-embracing hierarchical control" (Schneider 2005: 7) became increasingly ineffective and governments were forced to share their powers with non-state actors to comprehensively manage complex problems in modern pluralistic industrial societies. Atkinson and Coleman (1992: 155-156) refer to these changes as the 'Keynesian legacy' - a general view that governments should begin to share responsibility and roll back their functions through a new commitment to individualism and market forces. Consequently, policymaking began to rely less on the political-administrative machinery with its formal processes (bureaucratic models based on Weber's hierarchy), and more on collaboration drawing on pluralist and corporatist models of government (Dredge & Pforr 2008, Thompson & Pforr 2005). The formation of policy networks has corresponded to an increasing breakdown of the traditional boundaries between the state and society; policies are now more regarded as a result of interaction between societal and government participants. As Schneider (2005: 1) summarises, "the state itself is no longer regarded as a continually integrated 'public hierarchy' but as a network of relatively autonomous organisations".

To try and explain the above changes, policy analysts began to develop specific concepts, models and frameworks for analyses. The generic term 'policy network', or, more commonly, the 'policy network approach', thus evolved and has become an important concept in policy science (Schneider 2005; Thompson & Pforr 2005).

In essence, policy network research acknowledges that the making of political decisions and policies is rather complex, diffuse and non-rational with a plethora of actors participating in often informal arrangements. In practice, however, stakeholder engagement at any level is often difficult to achieve and requires a comprehensive discourse about how policies and decisions are made and about the role played by non-government actors. A contribution is made to this debate in the following where a case study from the tourism policy domain is presented. It highlights the tendency in tourism policy making to undervalue the relational constellations of policy actors and how public, private and non-profit stakeholders adopt roles and shape tourism policymaking processes and outputs.

Specifically, this chapter analyses contentious political processes, which led to the rejection of a proposed resort and marina development at a remote location in Western Australia (Maud's Landing) in 2003, to highlight both, the importance of links between actors and the various roles that organizations inhabit in a neoliberal policy environment. The various interests in the Maud's Landing development proposal are assessed through a policy network study, which investigates if and how the key stakeholders, who contributed to or participated in the politics of Maud's Landing, worked together to shape the decision-making process.

First, an introduction to the case study area is given which is then followed by a stakeholder analysis investigating the complex relationships between the various public, private and non-profit actors in the context of the proposed Coral Coast Resort.

Maud's Landing – The Case Study

In Western Australia, similar to other parts of Australia, opposition to large scale tourism developments has been strong in recent times, well organised and effective, with proposed developments not proceeding as planned. It appears that the group of opponents to such development has broadened over recent years to include both the general public and tourists themselves. Notably, this 'general public' opposition is far wider than the residents of planned development sites and includes the general population and visitors to specific regions alike. This was, for instance, the case with a large scale marina and resort development proposal at Maud's Landing in the North West of Western Australia, which had attracted a great deal of predominantly negative publicity (Pforr *et al*. 2007).

Maud's Landing, the case study area, is located approximately 1135 km north west of Perth (the capital city of Western Australia) in the Shire of Carnarvon (Gascoyne Region). The initial $AU 400 million marina proposal included a 400 room resort, 250 room hotel, large caravan park, backpacker hostel, town houses and residential lots. The Environment Minister rejected the large proposal in 1997 and a smaller $AU180 million proposal put forward in 1999 became a key environmental issue for the 2001 election campaign (Brueckner & Pforr 2011).

Carnarvon is the administrative, commercial and service centre of the Gascoyne Region and with an estimated population of 6,333 in 2011 it is also its largest settlement, accounting for about 60% of the total population. The Shire of Carnarvon has planning control over Coral Bay and subsequently also over Maud's Landing (Department of Local Government and Regional Development 2006, Department of Regional Development and Lands 2011). In the past decades tourism has become the largest and fastest growing sector of the Gascoyne economy. Total visitation in 2008 to the Shires of Exmouth and Carnarvon was 176 000 and expenditure for the year ending September 2009 was estimated to be $141 million (Jones, Hughes, Wood, Lewis, & Chandler, 2009). From the 1990s tourism and particular nature-based tourism was considered a significant economic development option for the Gascoyne with its unique attractions such as the World Heritage listed Shark Bay, Coral Bay, the Ningaloo Marine Park with its fringing reef, Mt Augustus and the Kennedy Range and Cape Range national parks.

As can be seen in Figure 1, the Shire of Carnarvon, including the case study area, is located in Australia's Coral Coast region, one of Western Australia's five tourism zones (Pforr 2007).

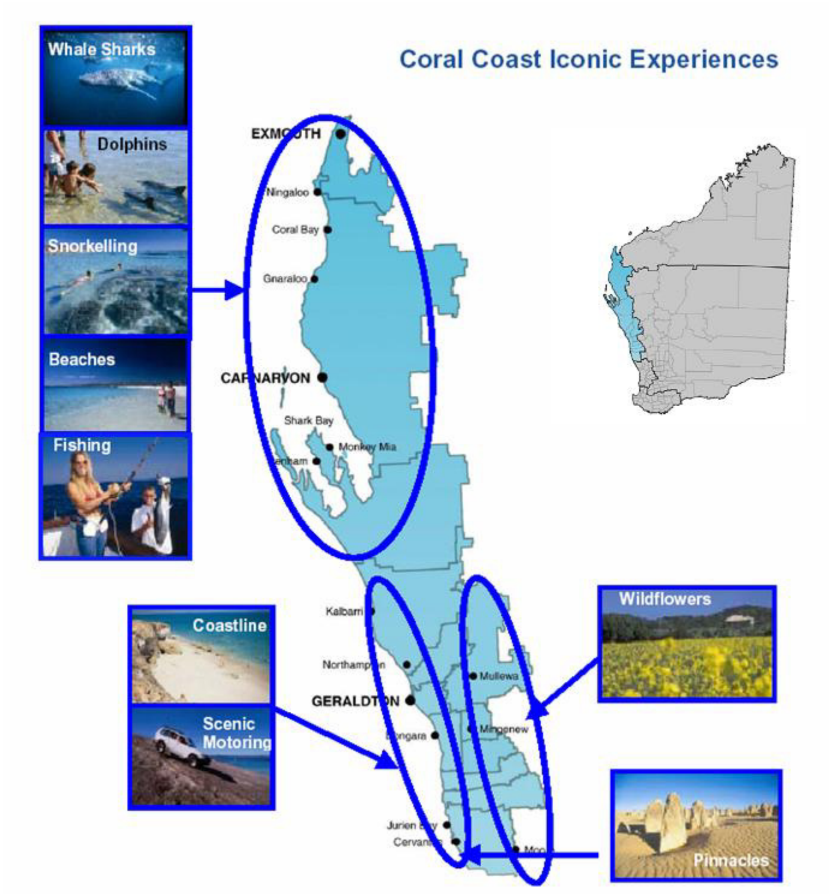

Figure 1: Australia's Coral Coast Region

Source: Amended from TWA 2007 and TWA 2004

The close proximity to Ningaloo Reef, the world's longest fringing reef (with only shallow water between the shore and the reef) has most likely made Coral

Bay in recent decades a key destination for many visitors to Western Australia. The Ningaloo Coast stretches between Carnarvon and Exmouth and supports a very diverse range of marine species, including whale sharks, dugongs, dolphins, sharks, whales and manta rays. Thus, domestic and international tourists alike can enjoy a wide variety of nature and water based activities including wildlife viewing, boating, fishing, diving and snorkelling. It is this mix of rich and varied natural attributes that gives the area its unique tourism potential and makes the region one of Western Australia's premier water based / nature-based tourism areas. However, this fragile ecosystem is vulnerable to large numbers of tourists.

The majority of existing tourist developments in the region is located in the population centres of Carnarvon and Exmouth. Outside these development nodes Coral Bay in particular has been constrained in its capacity for further tourism growth caused mainly by infrastructure deficiencies. Subsequently, there has been serious government and community concern about further tourism growth with its potential negative impacts for the fragile environment (Pforr *et al*. 2007; Wood & Glasson, 2005).

There is wide agreement that the current tourism facilities at Ningaloo Reef are inadequate to cope with the large influx of tourists in particular in the peak season. All parties agree that if nothing is done, the environmental conditions will worsen.

However, there has been increasing pressure for more tourist developments, with a number of major infrastructure development projects being proposed in recent years (TWA, 2007), one of them being the so-called Coral Coast Marina Development, the case study of this chapter (Figure 2). This was a significant development incorporating a marina, tourist resort and residential properties at Maud's Landing, just 3 km north of Coral Bay which has been proposed at the end of the 1980s.

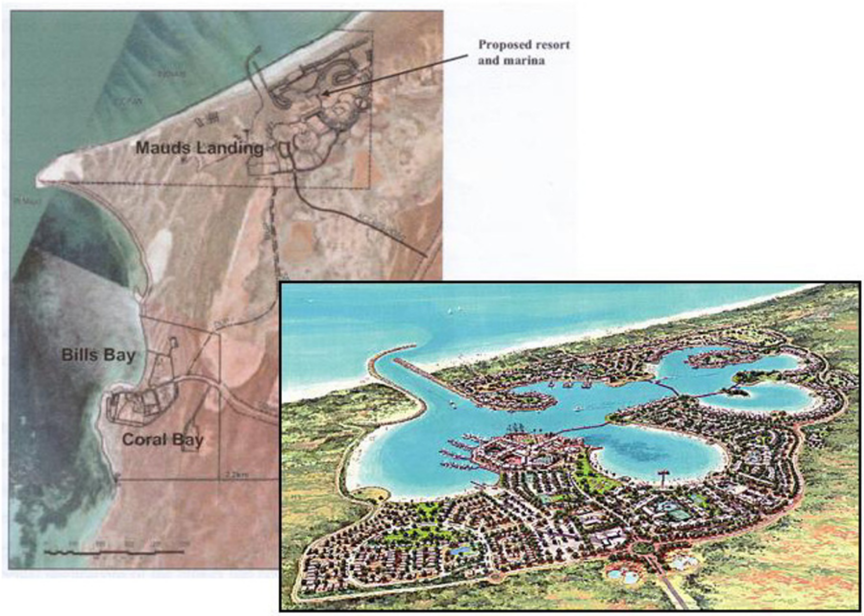

Figure 2: Proposed Coral Coast Marina Development at Maud's Landing
Source: Amended from
http://www.save-ningaloo.org/frames/development/development.html

As briefly mentioned earlier, the purpose of this chapter is to describe, analyse and explain the political processes, which led to the decision to reject the proposed Marina development at Maud's Landing by the Western Australian government. The aims are to find out how networks between public, private and non-profit actors were able to shape this decision-making process, and to analyse the information collected for insights into the organisational roles that exist in a neoliberal tourism policy making environment. The research question is investigated by employing the policy network approach (Pforr, 2006) as an analytical tool to describe and explain the complex nature of the interactions between the various stakeholders who contributed to or participated in the Maud's Landing political processes. In this analysis the focus is therefore set on issue-specific influence reputation, collaboration and communication networks to measure mutual relevance in the decision-making process leading to the rejection of the proposed Coral Coast Resort.

Methodology

Based on a detailed content analysis (documents, news items etc.), a list of stakeholders perceived to be relevant in the Maud's Landing decision-making process concerning the now rejected Coral Coast Resort proposal was compiled. This initial set of actors comprised 37 entries of public, private and non-profit organisations. Since information about an organisation's involvement naturally could only be provided by individuals, representatives of the respective listed organisations who held a leading position or were an agent in senior management at that time were selected (Melbeck 1998). These individuals can be assumed to have the capacity to influence political decisions. An e-mail questionnaire (those without email contact were sent a copy of the survey by mail) was sent to them in 2004 in which they were asked to address a set of questions from the perspective of their organisation rather than to express their personal opinion. The survey consisted of two parts: In a first questionnaire participants were sent a list of the 37 stakeholders identified up to that point and asked to add any important stakeholder(s) they felt should also have been included in this list (response rate 28%). As the so-called 'decision-method', selecting the relevant actors based entirely on the expertise of the research team, risks overlooking important actors, this modified 'snowball technique' was adopted (Melbeck 1998). Consequently, six more stakeholders were identified as influential agents and added to the list, which then comprised 43 entries. In a second stage a standardised questionnaire was used to investigate the relational configurations between the identified stakeholders. The overall response rate was 35%.

Commonly, the toolbox for describing network structures is borrowed from social network analysis (see Scott 2000; Wassermann & Faust 1994). This provides the study of policy networks with a broad spectrum of methods and approaches. A connectedness perspective is applied here because it allows for the structural description of actors and their relational constellation, an investigation of sub-networks, the identification of blocks of actors (characterised by a higher degree of cohesiveness) as well as an analysis of the overall network structure, its density and level of centrality. In essence, the main focus is directed to the questions 'who are the core stakeholders?' and 'what is the nature of their interaction?' Generally, relational configurations can represent the involved actors' communications, participation, resource exchange, socio-political support, influence reputation or status relations (Brandes *et al.* 1999, Pforr 2006). Here, the focus is set on three main types of interaction: On reputational ties, on collaboration and on information exchange (i.e. communication), which allows to measure mutual relevance, the way the core stakeholders take each other into account in their actions.

Perception of the Most Powerful Stakeholders

In the following the influence reputation network of the Maud's Landing decision-making process is discussed in greater detail. Based on the results of the influence reputation matrix, Table 1 summarises the top ranking actors, the perceived elite of this network, and provides therefore an overview of the highest scores of influence reputation s_{ir} amongst these system leaders. The overall picture presented unveils no great surprises. Next to the political-administrative machinery, the clear cleavage between proponents and opponents to the Maud's Landing development is represented in this elite by community and environmental interests united in the Save Ningaloo Campaign and the Conservation Council WA (CCWA) on the one hand and the Coral Coast Marine Development (CCMD) formed in 1987 specifically for the purpose of developing Maud's Landing on the other.

At the end of the 1990s the Save Ningaloo Campaign formed with the intention of stopping the proposed Marina development. "Save Ningaloo is a campaign to protect this wilderness [the Ningaloo region] for all time. The first task was to stop the inappropriate Coral Coast Resort from being built" (Save Ningaloo 2003). The Campaign acted as an umbrella organisation for several environmental and community focused groups, including the Conservation Council of WA. Most likely its campaign strategies based on a strong public focus and sympathy made 'Save Ningaloo' the perceived leader in that network. It is interesting to see that, despite the high profile campaign of the Save Ningaloo Coalition in which the Conservation Council played a leading role, the CCWA was still able to maintain its own image as WA's key conservation organisation, since it was perceived as an influential player in its own right. As a pioneer of the environmental movement in WA, CCWA has vehemently opposed the Marina since the mid-1990s regarding it as an inappropriate development with no benefits to the environment or the community.

Among the most frequently nominated political actors in the reputation network elite were the WA government and various government agencies with responsibilities in coastal planning and management, thus areas of particular relevance to the case study. Despite its original approval of the proposal in 1995 and 2000, The Environmental Protection Authority (EPA) view on the development of Maud's Landing close to the final decision-making was that it "should not be implemented unless the Government is able to develop sustainable planning processes and commit the necessary resources for the protection of environmental values of surrounding marine and coastal areas, including the existing township of Coral Bay" (EPA 2002). The government's decision to reject the Coral Coast Resort was therefore not inconsistent with EPA's advice. In contrast, CALM as the State's conservation and land management agency providing policy, strategic and scientific advice for marine conservation and management

(CALM 2002), considered the proposed development as infrastructure, which would have environmental benefits and would also contribute to the economic development of the region (Legislative Council Statement, Thursday 10 April 2003). The strong reputational position of the political executive, represented by the Cabinet and Premier, was expected since it is in the decision-making process where "governments adopt a particular course of action or non-action" (Howlett & Ramesh, 1995: 11). As in most parliamentary democracies, the final authority rests with the political executive, thus Cabinet takes the role of the supreme decision-making body. Actors outside the political-administrative system are mostly excluded from this decision-making process (Howlett & Ramesh, 1995: 138). But although Cabinet can be seen as the cockpit of political control, depending on the capacity to impose his / her will on Cabinet colleagues, the Premier often dictates the political agenda. Thus, the WA government as perceived significant actor in the Maud’s Landing decision-making process comes as no surprise. With respect to the case study, WA’s Premier announced that he had "decided that the proposed Coral Coast Resort is environmentally unacceptable and should not proceed" (Gallop 2003).

To sum up this first part of the analysis, the observed triangle of business, government and community interests was anticipated to score highly with respect to influence reputation. But interestingly, agents of locally or regionally focused interests, such as the Gascoyne Development Commission, respective Members of Parliament, affected Shire Councils or even the Chambers of Commerce in Carnarvon and Exmouth as well as indigenous Associations and Corporations, did not find any entry into the list of stakeholders with the highest influence reputation. Furthermore, the tourism industry appears not to be seen as prominent and influential in the Maud’s Landing decision-making process, since no stakeholder, regional or otherwise, representing these interests, such as the Western Australian Tourism Commission (now Tourism Western Australia), the Tourism Council WA or any Regional Tourism Association, was nominated. The decision to reject the development of Maud’s Landing thus seems to break with the traditional pattern of a close partnership between public and private sector interests in Western Australia, since the Save Ningaloo Campaign was regarded as breaking up the traditional monolithic relationship between business and politics.

Table 1: Influence reputation elite

Stakeholder	s_{ir}
Save Ningaloo Coalition	1.00
Conservation Council WA	0.83
Coral Coast Marina Development WA Government Environmental Protection Authority WA Planning Commission	0.66
Department of Conservation and Land Management	0.50

Working Together

Table 2 presents the 15 top-scoring stakeholders of the 'collaboration elite'. The top ranked nominated partners of collaboration are followed by a third group of actors consisting of a variety of stakeholders, besides CALM, EPA and the CCWA all being new to this leadership group. Of those, the Department of Land Administration and the WA Opposition are newly emerging political players. The latter has been a long time supporter of the resort plans. Similar to the developer, its view was that infrastructure development at Maud's Landing is necessary to accommodate increasing visitation and to protect the environment in the area. In post-decision times, the Opposition has pressed this point more cautiously (and opportunistically) stating that due to poor political leadership not only economic development through tourism but also the environment in the north has taken a step backwards. However, after the rejection, it also questioned the appropriateness of the proposed scale of the Coral Coast Resort.

Additional proponents to the proposed development in this cluster are the Baiyungu Aboriginal Corporation, the Carnarvon Shire Council and the Gascoyne Development Commission. New entries opposing the Coral Coast Resort in this group are the Exmouth Shire Council and the Australian Marine Conservation Society, the latter itself a member of the Save Ningaloo Coalition.

The CCMD as the system's leader in collaboration activities swapped place with the Save Ningaloo Coalition, the top-ranking actor in the reputation network. This might be a reflection of the CCMD's strategy to lobby for the development, obviously with a much lesser public face than the grassroots Save Ningaloo Campaign, by mainly targeting organised key interests, which are represented in the survey.

In direct comparison with the recorded influence reputation network, another interesting change to note is the WA government's strong relative decline in importance (-75%). One possible explanation for this finding is the fact that the political executive based on its assigned responsibilities (as discussed earlier) made the actual decision, however the political process proceeding this step was left to other government agencies as advisory bodies to the WA government. The Western Australian Tourism Commission is the most remarkable new entry on this list of key stakeholders in collaboration activities. Despite its perceived insignificance, its actual role in the decision-making process, reflected in its high position in this network hierarchy, comes as no great surprise as the proposed resort would have been a major tourism development project for Western Australia. In particular in the 1990s the WATC played a very active role, verbally and also financially, in supporting the proposed development.

Table 2: Collaboration elite

Stakeholder	s_c
Coral Coast Marina Development Pty Ltd (CCMD)	1.00
Save Ningaloo Coalition WA Tourism Commission (WATC)	0.67
Australian Marine Conservation Society Baiyungu Aboriginal Corporation Carnarvon Shire Council Coastal Ministerial Task Force Conservation Council WA (CCWA) Department of Conservation and Land Management (CALM) Department of Land Administration Environmental Protection Authority (EPA) Exmouth Shire Council Gascoyne Development Commission Gascoyne Tourism Association WA Opposition	0.50

In early 2000 this active assistance formally changed with the transfer of responsibilities for major tourism development projects to the Department of

Housing and Works. Nevertheless, as is evident from this analysis, WATC must still have been actively lobbying for the development, reflected in its elevation into the top ranks of network collaboration on the Maud’s Landing issue.

It is also interesting to note that in this collaboration network structure regional interests play a much stronger role in the actual political process than perceived (i.e. influence reputation) as is demonstrated by the emergence of the Carnarvon and Exmouth Shire Councils and the Gascoyne Development Commission and Tourism Association as well as the Baiyungu Aboriginal Corporation.

Information Exchange

The information exchange network of the Maud’s Landing decision-making process unveils some rather surprising results in comparison with the previous levels of analysis. There are clear overlaps in the composition of the networks, but the composition of the leadership group and a few new entries of actors with high levels of information exchange activities need to be noted

Information exchange can be accounted for either in form of an undirected network, where only the act of communication, but not the direction of the flow of information is recorded. On the other hand in a directed network it is also possible to distinguish between one-way and two-way exchanges of information. The results of the underlying information exchange matrices are summarised in Table 3.

A dominant role of the WATC was anticipated, considering its high ranking in collaboration activities. This finding underlines the previously made point that this stakeholder played a proactive role although its perceived importance does not correlate with its activity in information exchange. Considering WATC’s function at the time as the key government agency for tourism in Western Australia with a certain role in tourism development and planning issues, its high profile in communication activities appears natural since Maud’s Landing was a major tourism development project. In this context it is interesting to note that no other stakeholder with a focused interest on tourism, such as the Tourism Council WA or any of the Regional Tourism Associations, was found in this information exchange elite,

Another interesting perspective in this information exchange analysis is to investigate sub-networks of communication. It appears that there were mainly acts of information exchange within the group of proponents and also amongst the opponents to the proposed development but hardly any communications across the divide. This finding once more underlines the level of distrust between those against and those in favour of the Marina development.

Table 3: Information exchange elite

Stakeholder	Undir-s_{ie}
Western Australian Tourist Commission (WATC)	1.00
Gascoyne Development Commission	0.73
Ningaloo Reef Retreat	0.53
Exmouth Shire Council	0.37
Environmental Protection Authority (EPA)	0.23
Coral Coast Marina Development Pty Ltd (CCMD) WA Opposition	0.17
Australian Marine Conservation Society Carnarvon Shire Council Conservation Council of WA (CCWA) Save Ningaloo Reef Coalition WA Planning Commission	0.13

Conclusion

This chapter set out to describe, analyse and explain the political processes which led to the WA government's decision to reject the proposed resort and marina complex at Maud's Landing after 17 years on the drawing board, a decision certainly strongly influenced by the magnitude of opposition in the wider community. The various interests in the Maud's Landing development proposal were assessed in a policy network study which investigated how key stakeholders, who contributed to or participated in the Maud's Landing political process, worked together to shape the decision-making process.

Since collaboration and trust are important aspects of a sustainable approach to tourism policy and planning (Pforr 2004a), the clear division between proponents and opponents, represented by community and environmental interests united in the Save Ningaloo Campaign on the one hand and the Coral Coast Marine Development (CCMD) on the other, which became evident in the Maud's Landing case study, appears to have been a major impediment. A comparative analysis of perceived influence and active collaboration within the political process demonstrated that the CCMD and the Save Ningaloo Coalition were the most active players, but mainly within their own alliances of interest. The Save Ningaloo Campaign opted for public campaigning techniques to raise awareness and to increase public support. The CCMD's strategy to lobby for the development, obviously with much less of a public face than the grassroots Save Ningaloo Campaign, on the other hand mainly targeted organised key interests.

Notwithstanding some limitations this network study was successful in revealing and analysing the different network structures underlying the Maud's Landing decision-making process. Considering the complexity, time and also costs involved in how the decision over Maud's Landing was finally made, it implies that future policy and planning processes have to be more inclusive to develop trust and consensus amongst stakeholders to achieve more efficient and effective outcomes. This can only be achieved in new ways of working together built on the expertise and knowledge of all relevant stakeholders and their willingness to collaborate. Only their constructive cooperation can ensure sustainable outcomes through a process of consensus building (Pforr 2004a; 2004b Pforr & Megerle 2010; Wesley & Pforr 2010).

The chapter explored the role of tourism networks in tourism policy formulation and resultant implications for democratic participation, legitimacy, accountability and public interest. Drawing from the Maud's Landing case, it is argued here that collaboration, information transfer and opportunities for wider and more meaningful engagement are important for truly networked policy-making.

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Applying Business Intelligence for Knowledge Generation in Tourism Destinations – A Case Study from Sweden

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Abstract

The book chapter at hand presents a knowledge infrastructure recently implemented as genuine novelty at the leading Swedish tourism destination, Åre. By applying a Business Intelligence (BI) approach, the Destination Management Information System Åre (DMIS-Åre) drives knowledge creation and application as a precondition for organizational learning at tourism destinations. Schianetz et al.'s (2007) concept of the '*Learning Tourism Destination*' and the '*Knowledge Destination Framework*' (Höpken et al. 2011) build the theoretical fundaments for the technical architecture of the presented BI application. After having briefly discussed the set of indicators measuring destination performance and tourist experience, the book chapter highlights how DMIS-Åre is used to gain new knowledge from customer-based destination processes, like '*Web-Navigation*', '*Booking*' and '*Feedback*'. The chapter ends by outlining future research, such as the application of real-time Business Intelligence for gaining knowledge on tourists' on-site behavior at the destination in real-time.

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1 Introduction

Since the advent of the WWW, a major part of tourism transactions is handled electronically (Buhalis 2006; Fuchs et al. 2010a/2010b). Consequently, a huge amount of data on customer transactions as well as customer behavior and perception is stored on various data bases at tourism destinations. However, these valuable knowledge sources typically remain unused. Against this background, this chapter demonstrates a knowledge infrastructure which has been prototypically implemented as genuine novelty at the leading Swedish tourism destination, Åre. By applying a Business Intelligence (BI) approach, the presented Destination Management Information system Åre (DMIS-Åre) drives knowledge creation as a precondition for organizational learning at tourism destinations (Pyo et al 2002).

Coles et al. (2006) view tourism destinations as '*value networks of competencies that coordinate complex social stakeholder constellations and resource configurations to deliver and mediate co-created tourist experiences'*. Indeed, tourism can be regarded as a complex social phenomenon where *knowledge* is the essential basis for development and competitiveness (Jafari 2001). It is, thus, postulated that through the generation and application of knowledge, immanent information asymmetries between destination stakeholders can be significantly reduced (Shaw & Williams 2009). Schianetz et al. (2007) introduced the concept of the '*Learning Tourism Destination'* thereby acknowledging that organizational, community and individual learning is strongly interlinked. The authors suggest that the learning focus should be on the '*understanding of how a tourism destination functions, how market possibilities can be enhanced, the requirements for adaptation to changing environments, how to promote collective awareness of economic, social and environmental risks and impacts, and how risks can be minimized and/or countered*' (ibid 2007:1486). Finally, Schianetz et al. (2007) argue, that the implementation of a networked infrastructure that collects customer-based data, disseminates and also applies gained new knowledge, is fundamental to foster learning processes and knowledge exchange between tourism organizations at the destination. Indeed, *destination competitiveness* is strongly affected by the extent knowledge creation is supported by ICT-based infrastructures and intelligent management information services (Buhalis 2006; Back et al 2007).

2 The Knowledge Destination

The *knowledge destination framework,* introduced by Höpken et al. (2011), builds the fundament for a Web-based infrastructure that collects customer-based data, and creates as well as disseminates *new* knowledge among destination stakeholders. We argue that knowledge creation and acquisition processes at destinations can be significantly enhanced by applying methods of *Business Intelligence (BI)*.[1] However, literature only recently emphasises BI for knowledge creation for travel and tourism (Min et al. 2002; Magnini et al., 2003; Bloom 2004; Wong et al. 2006; Palmer et al. 2006; Fuchs & Höpken 2009), while only few BI studies exist at the level of tourism destinations (Pyo et al. 2002; Höpken et al. 2011; Fuchs et al. 2013; Höpken et al. 2014). According to the knowledge destination framework, knowledge activities deal with extracting information from differing customer and supplier-based sources, and with the generation of relevant knowledge to be applied in the form of intelligent services for customers (Jannach et el. 2013) or destination stakeholders. Thus, the framework distinguishes between a *knowledge creation* and a *knowledge application layer* (Figure 1).

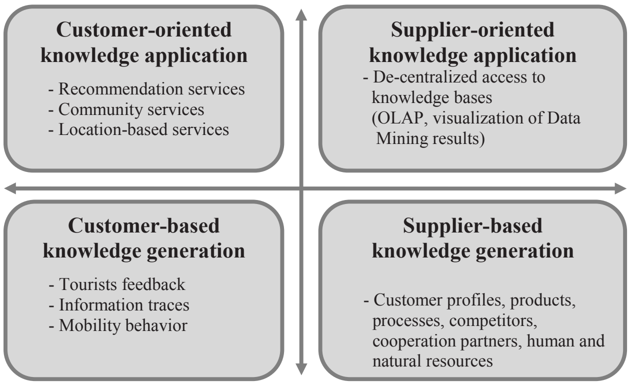


Figure 1: The knowledge destination framework

Source: adapted from: Fuchs et al. 2013, p.127

The *knowledge generation layer*, through methods of information gathering, extraction and storage, makes knowledge sources accessible to stakeholders: for instance, on the customer side, knowledge can be generated through data from feedback mechanisms, like surveys and e-review platforms. Tourists' information traces (e.g. web search) can be made explicit through web-mining (Pit-

[1] BI is an umbrella term comprising a) *Data identification and preparation*, b) *database modelling* and the *data warehousing*, and c) the application of *Online Analytical Processing* (OLAP) and *data mining* (DM) techniques (Larose 2005). DM comprises Classification (e.g. artificial neural networks [ANN], decision tree analysis, K-Nearest Neighbour techniques, etc.), Estimation and Prediction, Clustering (e.g. Kohonen Networks) and Association Rules (particularly for Market Basket Analyses).

man et al. 2010). Furthermore, knowledge about tourists' buying behavior can be generated through mining transaction data (Höpken et al. 2014), while tourists' mobility behavior may be traced by GPS/WLAN-based position tracking (Zanker et al. 2009). On the supply side, knowledge about products can be extracted from information sources (web-sites), for example, in the form of product profiles and availability information.

The *knowledge application layer* offers e-services that inform about supply elements and tourists' activities. For instance, at the customer side, intelligent location-based services adaptive to the user can guide tourists to most attractive destination spots (Höpken et al. 2005/2010; Rasinger et al. 2009). At the supply side, BI-based management information systems enable the de-centralized generation of knowledge relevant to the destination management organisation (DMO), and private/public destination suppliers (Fuchs et al. 2011). Similarly, also the used *architectural framework* distinguishes between a knowledge creation and a knowledge application layer: the former comprises the various sources of *customer*-based data (e.g. web-search, booking, and feedback data), the technical components for data extraction, transformation and loading (ETL), a centralized Data Warehouse and Data Mining, including OLAP and machine learning techniques. The decentralized presentation and ad-hoc visualization of data mining models and underlying data rests on the knowledge application layer, the *DMIS-Åre cockpit* (Fig. 2).

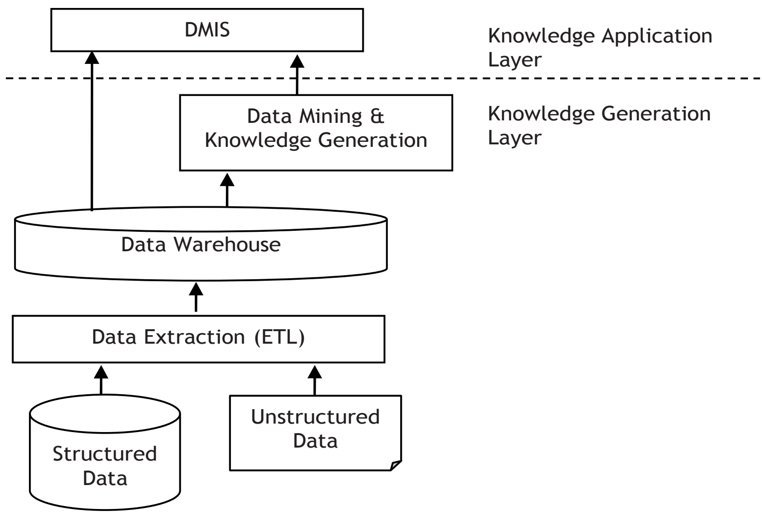


Figure 2: The knowledge destination framework architecture

Source: adapted from: Höpken et al. 2011, p. 420)

3 The Business Intelligence-based Destination Management Information System Åre

Knowledge relevant in a destination context subsumes knowledge about market cultivation (e.g. how to attract valuable customers), and knowledge relevant for destination management, development, and planning (e.g. the development of new product-market combinations for valuable customer segments, training, private-public partnerships, etc. (Bornhorst et al. 2010). Especially *customer-based knowledge* can be gained through techniques of customer segmentation and service performance evaluation (Ritchie & Ritchie 2002). Thus, the knowledge sources considered below reflect tourists' web navigation and search, booking and feedback behaviour, respectively. Accordingly, data extracted, stored, analysed and visualised in DMIS-Åre include customers' information search and product consumption patterns, as well as demographic and psychographic characteristics, buying motives and brand perceptions. Based on the literature (Dwyer & Kim 2003; Fuchs & Weiermair 2004; Pyo 2005; Gretzel & Fesenmaier 2004; Wang & Russo 2007; Bornhorst et al. 2010; Chekalina et al. 2013/2014), and input from stakeholders of the Swedish destination Åre, a comprehensive set of DMIS indicators was defined:

- *Economic performance indicators*, like bookings, overnights, prices, occupancy, sales
- *Customer behaviour indicators,* comprise website navigation & search (e.g. page views, search terms, session length, etc.), booking patterns (e.g. booking channels, stay length, cancellations, etc.), customers' profiles (e.g. country of origin, age, gender, etc.), tourists' travel and consumption behaviour (e.g. destination activities, customer life time value, accommodation and transportation type, purpose of visit, etc.)
- *Customer perception & experience indicators*, comprise destination brand awareness (e.g. brand visibility, knowledge about the destination), tourists' judgment of destination value areas (e.g. skiing and non-skiing winter activities, summer activities, attractions, destination services and features, atmosphere, social interaction, etc.), value for money and, finally, customer satisfaction (i.e. functional and emotional value, total satisfaction with the destination) and loyalty (i.e. cognitive, affective and conative) (see: Chekalina et al. 2013/2014).

Through a business process oriented multi-dimensional data modelling approach these indicators are assigned to *sequential* destination processes, namely '*Web-Navigation*', '*Booking*' and '*Feedback*' (Höpken et al. 2013). Each process is composed by the main variable(s) of analysis and their context (*dimensions*). By identifying 'common dimensions' across different business processes (*con-*

formed dimensions), this procedure allows DMIS to provide analyses *across* various processes, thus, to join so far disconnected and separately filed knowledge areas (Kimball et al. 2008); a condition considered as crucial for enhancing learning processes (Schianetz et al. 2007). Information extraction, transformation and loading (ETL) are based on the *Rapid Analytics BI*® server, while the DMIS cockpit is developed as *html*-based web application (www.dmis-are.com). DMIS-Åre is technically fully validated, tested and implemented as a genuine novelty at the tourism destination Åre (Fuchs et al. 2013; Höpken et al. 2014). In its present form DMIS provides instant reports (*dashboards*) and OLAP analyses, thus, grants destination stakeholders real-time access to the data stored in the Data Warehouse. Exemplarily for the business process '*Web Navigation'*, Figure 4 shows how destination suppliers may generate new knowledge through the DMIS cockpit. Customized dashboards and tables generate instant reports about customers' search and navigation behaviour on a supplier's website, comprising metrics like, number of visits (sessions), unique visitors, page views, top 10 visited pages, and clicks/sessions grouped by date, and other pre-selected dimensions (Figure 3).

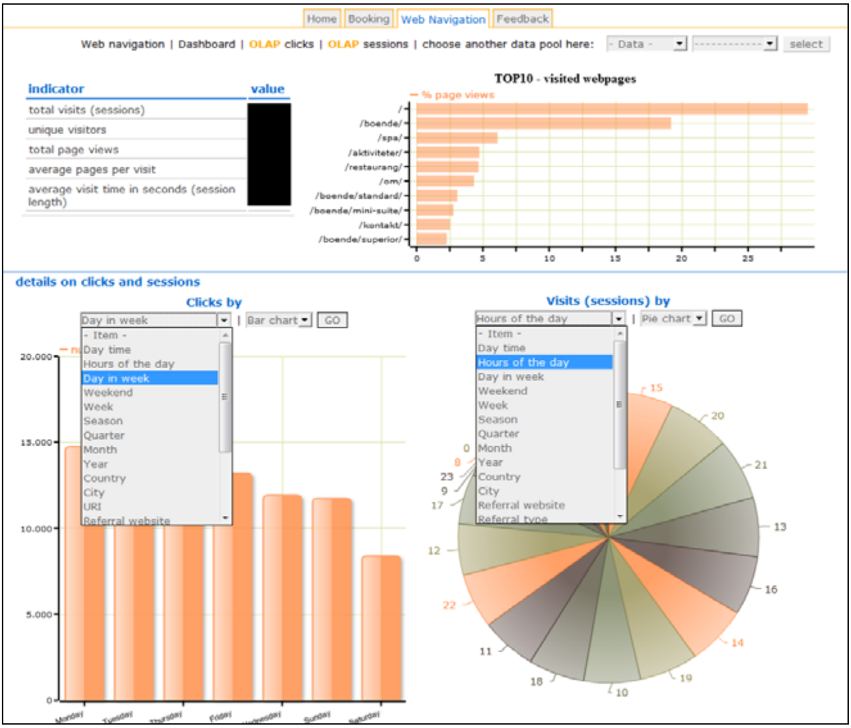


Figure 3: DMIS-Åre dashboard: Log-file analysis (process: *Web Navigation*)

Also the ‘*Booking*’ process pertains to the pre-trip phase and includes data with respect to the booking stage of Åre guests. In the DMIS opening screen, a *cross business process analysis* is available: the relationship between web-sessions (Web Navigation process) and actual bookings (Booking process) is graphically presented over time (Figure 4). For the whole destination and for individual suppliers, the correlation between searching and booking pattern can be recognized, what is especially useful to forecast tourist arrivals from various sending countries.

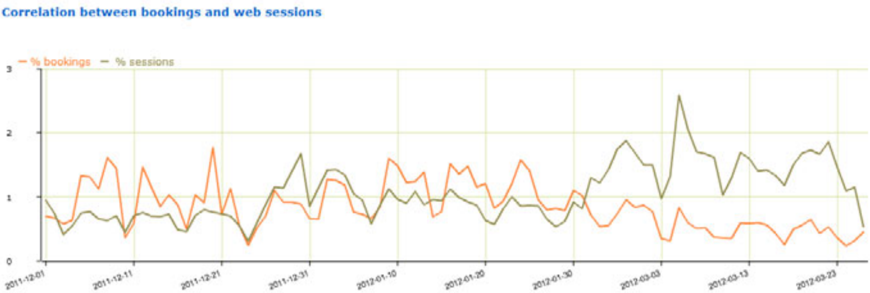


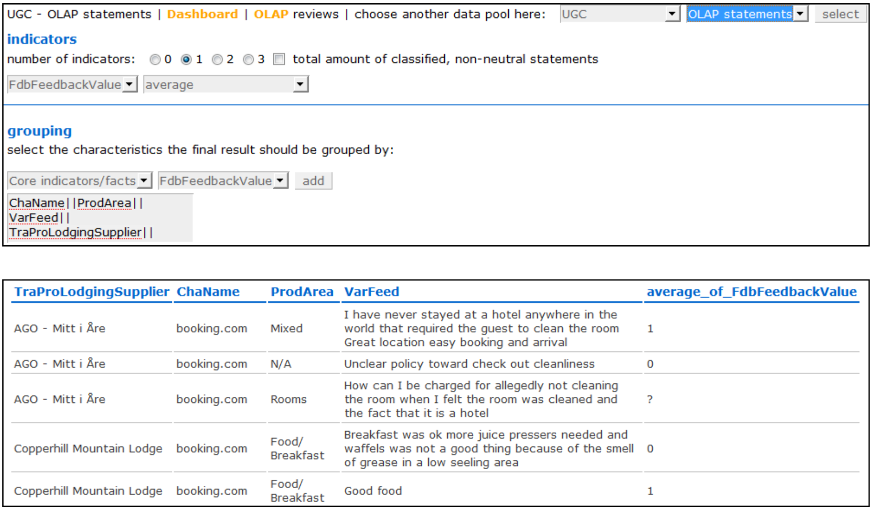
Figure 4: DMIS-Åre a cross-business analysis (process: *Booking*)

The business process ‘*Feedback*’ refers to the tourists’ *post-trip* phase. Currently, this process embraces the most comprehensive data input, comprising a) Åre Destination Brand Equity surveys for recent winter and summer seasons (Chekalina et al. 2014), b) Real time feedback from Åre guests during their stay provided by an e-customer registration and survey tool (e-CRST) accessible via Quick Response Codes (Höpken et al. 2012), c) User Generated Content (UGC) (Fuchs & Zanker 2012; Gräbner et al. 2012), and finally, d) customer feedback based on surveys conducted by various destination suppliers, such as the accommodation providers Copperhill Mountain Lodge and Tott Hotel Åre. Exemplarily, we point at UGC regarding the destination Åre which is gained from the major social media platforms *TripAdvisor.com* and *Booking.com*. Text mining techniques are applied to semi-automatically extract single statements from each of the crawled reviews (Schmunk et al. 2014). Subsequently, by using machine-learning techniques (i.e. Support Vector Machine, Naïve Bayes, Nearest Neighbour, and a dictionary-based approach), these statements are classified as either ‘positive’ experiences, ‘negative’ experiences or ‘neutral’ (i.e. ‘other comments’). From the proportion of classified positive and classified negative experiences (i.e. statements), a normalized average feedback value is computed. The dashboard in Figure 5 displays the average feedback value grouped by hotel ‘product areas’ of project partners, all major hotels in Åre (i.e. ‘all combinations’) and by the total aggregate (‘FeedCategoryService QualitySatisfaction’).

items	Copperhill Mountain Lodge	Diplomat Åregården Hotel	Fjällgården, Hotell	Holiday Club Hotell	Karolinen Hotell	STF Hotell Åre Torg	Tott Hotell	Åre Bed & Breakfast	Åre Continental Inn	AGO - Mitt i Åre	Granen & Residences, Hotel	Parkvi
Food/ Breakfast	0.467	0.704	1	0.545	0	0.500	0.667	1	1	?	?	?
Location	0.837	0.938	0.556	0.764	1	0.909	0.933	1	0.667	?	?	?
Mixed	0.569	0.680	0.667	0.731	1	0.625	0.895	1	0.571	1	?	1
Rooms	0.524	0.571	0	0.404	0.333	0.333	0.227	?	0.200	?	?	?
Service/ Personnel	0.522	0.750	0	0.600	?	0.500	0.750	1	1	?	?	?
Wellness	0.950	0.750	?	0.917	?	?	0.857	?	1	?	?	?

Figure 5: DMIS-Åre Dashboard: UGC-based satisfaction scores by Åre hotels and product areas (process: *Feedback*)

The OLAP analysis in Figure 6 is again for UGC data. The analysis goal is to group the feedback value of statements (1=positive experience/0=negative experience/? = neutral) by the specific statement text, accommodation suppliers, product areas and the social media platform where the feedback was given by Åre guests. Thus, the selected fact is the overall ‘feedback value’ aggregated as average value. In addition the ‘count function’ is activated. Finally, the data is grouped by the dimensions 1) statement text: ‘VariableFeedback’ (Attribute ‘VarFeed’), 2) accommodation: ‘Travel Profile’ (→ Attribute ‘TraProLodgingSupplier’), 3) product: ‘Product’ (→ Attribute ‘ProdArea’) and 4) social media platform: 'Channel' (→ Attribute: 'ChaName'). This example demonstrates the flexibility of the OLAP approach applied by DMIS-Åre.



TraProLodgingSupplier	ChaName	ProdArea	VarFeed	average_of_FdbFeedbackValue
AGO - Mitt i Åre	booking.com	Mixed	I have never stayed at a hotel anywhere in the world that required the guest to clean the room Great location easy booking and arrival	1
AGO - Mitt i Åre	booking.com	N/A	Unclear policy toward check out cleanliness	0
AGO - Mitt i Åre	booking.com	Rooms	How can I be charged for allegedly not cleaning the room when I felt the room was cleaned and the fact that it is a hotel	?
Copperhill Mountain Lodge	booking.com	Food/ Breakfast	Breakfast was ok more juice pressers needed and waffels was not a good thing because of the smell of grease in a low seeling area	0
Copperhill Mountain Lodge	booking.com	Food/ Breakfast	Good food	1

Figure 6: DMIS-Åre OLAP – BI-based UGC Analyser (process: *Feedback*)

4 Conclusions and future research

The presented research conducted in collaboration with stakeholders of the leading Swedish tourism destination Åre, addressed the *generation of customer-based knowledge* to provide a BI-based *supplier-oriented knowledge application* to support destination suppliers' decision making. The focus was on the *pre-trip* and *post-trip phases*. Thus, customer-based knowledge sources, like tourists' Web search and navigation, booking, and feedback behaviour (e.g. recognized through surveys and e-review) allow the provision of an all-stakeholder encompassing *Destination Management Information System* (DMIS). All critical concepts, like the definition of industry's knowledge requirements, data extraction, data warehousing and user-interfaces, have been technically validated, tested and implemented as a genuine novelty at the Swedish tourism destination Åre. In its present version, the DMIS prototype comprises web-search, booking and feedback data from the Destination Management Organization, Åre Destination AB, and the major destination operator, Ski Star Åre, conducting cable cars and ski-lifts, but also offering accommodation and ski rentals. However, also small- and medium-sized accommodation suppliers, like Tott Hotel Åre and Copperhill Mountain Lodge Åre, are constantly providing their customer-based data to

DMIS through a semi-automated process which is extracting, loading and transforming data into the homogenous and centralized destination Data Warehouse (Höpken et al. 2013; Fuchs et al. 2013). Privacy issues are secured through a responsible data handling process: technically, sensitive customer data is stored to a minimal extent and access to such data is handled as restrictive as possible. Following this trust keeping mechanisms, each stakeholder can visualize only analysis results regarding its own data compared to aggregated, thus, fully anonymized data.

Although, in its present version, DMIS mainly considers customer-based data, it is planned for future research to also integrate supplier-based data sources from the entire digital eco-system of the destination Åre, including information on products, processes and collaboration partners extracted from sources (i.e. websites) in the form of product profiles and availability information (e.g. booking engines) (Gretzel & Fesenmaier 2004). Thus, valuable knowledge about suppliers' service potential (property status), the complementarity of destination offers (on the base of market basket analyses), and their evaluation through tourists' feedback will be gained. Moreover, in the near future, the DMIS cockpit will also provide visualizations for data mining processes, like classification, clustering, or prediction executed by the *RapidMiner®* data mining software. A final future research goal comprises the application of real-time Business Intelligence (Gravic 2013) to gain real-time knowledge on tourists' on-site behavior as a valuable knowledge input for intelligent ubiquitous e-CRM applications in tourism destination (Sidali et al. 2012; Jannach et al. 2014).

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The Case of Switzerland During the Last 20 Years

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Abstract

Information and communication technologies (ICT) have been recognized for quite some time (cf. Buhalis, 2003, p. 338; Scaglione & Murphy, 2012) as a key tool for marketing and distribution in tourism. Actually, not only do they offer opportunities in terms of information diffusion (24*7*365) on product and service presentation, pricing strategies and promotions (last-minute, location-based offers, etc.), but also they broaden selling opportunities for tourism suppliers including getting customer feedback from social media sites.

During the last 20 years, various papers at the AIEST conference have followed the ICT evolution using Switzerland tourism sectors for case studies. These studies focused on either diffusion and implementation (Perruchoud-Massy, Scaglione, Schegg, & Murphy, 2005; Scaglione, Ismail, Trabichet, & Murphy, 2010; Scaglione, Johnson, & Trabichet, 2010, 2011; Scaglione, Schegg, Steiner, & Murphy, 2004a; Schegg, Scaglione, Liebrich, & Murphy, 2007; Varini, Scaglione, & Schegg, 2011) or the impact on revenue generated by ICTs in Switzerland (Scaglione, Schegg, & Murphy, 2006, 2009)

The central aim of the present research is to describe the evolution of ICT adoption and implementation in the Swiss tourism sector and in conclusion to show the importance of supporting innovation policy through the whole process but also to show the possible thread of Online Travel Agencies (OTA) for the hospitality sector. This research reviews empirical results and spells out the role of public policy in accompanying the ICT adoption and implementation processes in Switzerland.

Last but not least, this paper is a tribute to the president of AIEST, Professor Peter Keller, by showing his role during the early stages of ICT adoption and implementation in Switzerland.

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Introduction

Tourism is one of the main economic sectors in Switzerland. The share of export revenue due to tourism (Tourism Balance of Payments) was around 5.5% in 2012, which means that the sectors ranked in the fourth position after chemical industry, metal and machine industry and watchmaking industry. In 2009, tourism ranked in the third position ahead of the watchmaking industry affected at that time by the global economic down-turn. The Tourism Balance of Payments for 2012 showed that revenue from foreign tourists was of 15.4 billion CHF (Swiss Tourism Federation, 2013). In terms of labor force, the tourism sector is a major employer: in 2005 it represented 4.4% of the total Swiss workforce (Presence Switzerland-Federal Department of Foreign Affairs, Unknown) and in 2012, the accommodation sector represented 3.6% of the tertiary sector (Federal Statistical Office, 2013).

Tourism is also a traditional sector in Switzerland, even though it has lost the dominant position, once enjoyed in the 19th century *Belle époque* and boosted by the creation of the *Rhaetian Railway* and the attraction of the of the *Gornergrat* and the *Jungfraujoch* mountains (OCDE, 2000). From the early stages, the tourism marketing in Switzerland was characterized by a dynamic and modern approach. In 1893, the Association of Swiss Tourist Offices was founded and in 1904 the Swiss Federal Railways (SBB) introduced its advertising offices to promote tourism (Switzerland Tourism, 2007). On the 28th of November 1917, the national association for the promotion of tourism was founded, namely, the Swiss National Tourist Office (SNTO) and on the 1st of July 1940, following a federal resolution, the SNTO received the official status as the Swiss Central Office for Tourism Promotion (Switzerland Tourism, 2007).

After the Second World War, especially since 1950, total overnights increased due to the new ski resorts making Switzerland one of the top five destinations in the world in the '50s. During the '70s it suffered from stagnation but nevertheless, during the '80s, Switzerland was still among the top ten destinations in the world. Yet, the tourism sector in Switzerland had to face an important down-turn during the first part of the '90s as a result of the recession between 1992 and 1996 (Conseil fédéral suisse, 2010; OCDE, 2000). "This crisis in tourism did have one positive result, despite losses amounting to billions of francs, in that it demonstrated to many people in political and economic circles just how important tourism is for economic growth and employment in Switzerland. Fortunately growth has returned in the meantime." (OCDE, 2000, p. 2).

The Swiss Confederation has assumed the role of a planner regulator and developer of tourism channels in a pioneering way as it has been the first country in the world to build an instrument of sustainable development in 1979 known as the *Swiss Tourism Concept* (Commission consultative fédérale pour le tourisme, 1979). This document initiated the Swiss tourism policy during the '80s and

90's aiming at "an acceptable optimum between the positive and the negative externalities" (OCDE, 2000, p. 4, N. 11). During the same year, the federal government provided a contribution of CHF 5 million over 2 years (1979 and 1980) which allowed the introduction of a phone number "120" for tourist information and a computer screen text system.

In 1995, SNTO became Switzerland Tourism (ST) which was reorganized as a marketing company, and an agreement between ST and 12 regional tourism regions was signed. ST launched also in 1995, its online presence (MySwitzerland.com) and its own e-mail system (Switzerland Tourism, 2007).

On the 29th of May 1996 the Swiss federal government (Federal Council) presented to the Parliament a plan to improve the tourism industry's framework conditions and finally in December 1999, the Swiss Parliament agreed to increase to 190 million CHF the support for ST for the period from 2000 to 2004. In 1997, *Innotour* was created as an instrument for promoting innovation and co-operation in the tourism sector (OCDE, 2000); this program was first supposed to exist until 2001 but is still in service in 2014. *Innotour* provides financial support for innovation projects and private sector companies "that develop and implement parts of the project and are expected to participate in the cost to the extent of 50 per cent…" (OCDE, 2000, n. 19).

Since and actually already before the publication of the leading document on Swiss tourism policy in 1979 (Commission consultative fédérale pour le tourisme, 1979), the tourism and hospitality industry has undergone radical changes, one of which has been the revolution induced by the development of information and communication technologies (ICT). ICTs have been changing the way in which business is conducted in the tourism and hospitality industry (e.g. Buhalis & Law, 2008; O'Connor & Frew, 2002) since the 1970s: the development of Computer Reservation Systems (CRS – 1970s), Global Distribution Systems (GDS – 1980s), and the advent of the Internet (1990s) have generated not only a paradigm shift but an actual change in operational practices in the industry (Buhalis & Law, 2008; Ip, Leung, & Law, 2011). Werthner & Klein (1999a) pointed out from the beginning that ICT and travel/tourism industry are closely "interrelated and intertwined" (p. 256).

The central aim of the present research is to describe the evolution of the ICT adoption and implementation in Swiss tourism and in conclusion, to show the importance of the supporting innovation policy through the whole process. The structure is as follows: The second section of the paper, the literature revue, will discuss the evolution of ICT diffusion in the tourism sector and its evolution and relationship with developments in the Swiss tourism policy. The third section consists of a meta- analysis of research on the evolution of ICT in Switzerland based on the papers published by a multidisciplinary team of researchers and mainly published in conferences (ENTER, AIEST) since 2003. The fourth section will discuss the observed success of ICT innovation in the Swiss tourism industry and also the path being taken.

Literature review

ICT and distribution channels: a generational approach

ICT impact and evolution in the tourism sector deserves a study from a historical perspective. Kracht & Wang (2010) carried out this kind of approach by examining the evolution of distribution channels in the tourism sector. They focused on the progressively larger number of intermediaries in the distribution landscape and showed, at the same time, the simultaneous disintermediation and re-intermediation of contemporaneous business models. The authors structured distribution channels into three different generations setting 1993 as a milestone, owing to the introduction of the web browser into the marketplace which enabled direct communication between suppliers and consumers:

I. The first generation channels (G1: traditional channels) emerged in the pre-World-Wide-Web (WWW) era, before 1993 and were composed of traditional retail and traditional corporate travel agents, traditional tour operators, Global Distribution Systems (GDSs), incoming travel agents, CRS of hotel chain or franchisee and destination marketing organizations (DMOs) as wells as the direct channels of suppliers such as telephone, fax or letters (op. cit. cf., p. 739). GDS was the channel which enjoyed an oligopolistic position in the distribution environment that could be only massively broken by the arrival of the WWW protocol. Even though, some of the other channels such as toll-free call centers held by regional/national tourism organizations or retail outlets helped suppliers to sell directly (McCubbrey, 1999; Werthner & Klein, 1999b), this generation is mostly characterized by a *traditional intermediation process*.

II. The second generation channels (G2: online direct channels) developed after the communication protocol of the WWW had been made freely available in 1993. Suppliers began to connect directly with customers through web-mediated channels (Kracht & Wang, 2010, p. 741) and thus began the *disintermediation of traditional intermediaries*. This second generation is characterized by the growing importance of new direct communication/distribution channels such as e-mail, online booking forms and internet booking engines (IBE) on hotel websites. As various studies have shown, traditional Internet technologies have helped small to medium sized tourism enterprises (SMEs) develop their business and gain a competitive advantage (Buhalis & Main, 1998; Morrison & Rhodri, 1999), as they have been able to reach directly the final consumer/tourists even in far away markets.

III. Third generation channels (G3): new online intermediaries. In spite of the underlying *disintermediation* process in G2, a new intermediation layer - Online Travel Agencies (OTAs) - grew in importance in the late 1990s due to the concurrent development of internet search engines such as Google and Yahoo. OTAs have been able to show that their business models survived the Internet bubble of 2000 and had increasing market success thereafter. The first OTAs were Internet Travel Network (ITN) in 1995, Travelocity in 1996 and Priceline (one of the dominant players in today's market place) in 1998 (Kracht & Wang, 2010, p. 741).

Travel meta search engines such as Kayak, SideStep (now owned by Kayak), Mobissimo, and Trivago represent probably the next big stage in how guests search and shop for travel (Christodoulidou, Connolly, & Brewer, 2010) and could thus become the fourth generation. It is clear that these meta search engines "differ from online travel intermediaries in that they do not process booking transactions – nor do they provide the full range of services and destination content typically found on an OTA site" (Christodoulidou, et al., 2010, p. 1049). The beginning of this fourth generation (G4: Meta search engines) can be situated in 2006 when Kayak's popularity started to grow and led to awards such as BusinessWeek's 2006 'Best of the Web' and among the "50 Coolest Websites" by Time Magazine (Anonymous, 2007).

The evolution of distribution channels into different generations; from disintermediation (G1 to G2) and then the re-intermediation (G2 to G3), increased the complexity of ICT layers and was driven to a large extent by the technological advances. Though we do not pretend to rule out socioeconomic factors such as changes in travelers' behavior in the search and booking process, the perceived risk in on-line booking, etc. (i.e. cf. Bieger & Laesser, 2005; Bieger, Laesser, & Beritelli, 2004), the evolution of ICTs went along and enabled these customers' evolution as a supply pushing factor. The role of the internet in disintermediation is more than evident in the evolution from G1 to G2 during the Web 1.0 era. The shift from the G2 to G3 was preceded by "newcomers" like web robots and internet search engines (e.g. Google and Yahoo), and other applications such as iTunes during Web 1.5 (Graham, 2005). The basic idea of these search engines is to index the entire content of web pages instead of only the titles or Uniform Resource Locators (URL) and has contributed to the re-intermediation process in the early stages of G3 (cf.Kracht & Wang, 2010, pp. 741-745). Since then, customers have been able to find information without targeting a specific website or URL beforehand and therefore are given a greater range of choices (Buhalis & Law, 2008).

The success of the third generation channels (OTAs) is coincident with the momentum of the Web 2.0 characterized by mass collaboration and User Generated Content (UGC), such as videos, blogs, wikis, podcasts and tags, allowing consumers to share their experiences online and to create positive or negative reviews of services they have experienced (Kasavana, Nusair, & Teodosic, 2010). This latter information is known as e-word-of-mouth (eWOM), and some studies have stressed the important role of this information during the planning process of travelling, along with consumer degree of trust (Gretzel & Yoo, 2008; Yoo, Lee, Gretzel, & Fesenmaier, 2009). As a result, Web 2.0 has made communication between travel companies and travelers (Hvass & Munar, 2012) at the same time easier and more complex. Planning tools such as interactive maps and traveler discussion boards facilitate travel planning and provide additional communication channels and opportunities for direct customer feedback for travel/tourism providers (Scaglione, Schegg, Syed-Ahmad, & Murphy, 2008). Thus Web 2.0 challenges marketing techniques and some scholars claim that all marketing research should be adapted because collaborative tools allow companies to take advantage of any rapid changes in social and media environments (Cooke & Buckley, 2008).

The meta-search engines that characterize G4 enjoy the advances in ICT interoperability techniques. Interoperability has to deal with provision in a consistent and predictable way of well-defined, end-to-end services (Buhalis & Law, 2008; Werthner & Klein, 1999b). Interoperability is a central issue in a complex sector like e-tourism, where business of third-party players consists in the combination of heterogeneous products, e.g. airline tickets and accommodation, in order to optimize planning process of travellers. It has always been a challenge to maintain consistency between different software systems given that each of the suppliers' websites evolve dynamically and independently, and may change the implementation independently from clients to correct faults or meet new requirements (Tosi, Denaro, & Pezze, 2009; Werthner & Klein, 1999b). The advances in the field of the so-called "Web Science" (Berners-Lee et al., 2006), specifically in the Semantic Web (Shadbolt, Hall, & Berners-Lee, 2006) , sometimes referred to as Web 3.0, have been driving factors for the evolution of G4. Scholars have developed a whole corpus of science by the adoption of common conceptualizations in the field of e-tourism called *ontologies* (cf. Pan, Xiang, Law, & Fesenmaier, 2011; Xiang, Gretzel, & Fesenmaier, 2009).

As with the internet search engines in G2, OTAs and meta-search engines increased the choice and the transparency of prices for consumers in an unprecedented way. (Dynamic) pricing is one of the most important aspects that reshaped e-tourism.

Compared to hotel websites, OTAs sell travel related products offering consumers a "one-stop-shop" (O'Connor, 2008) where they can purchase the whole travel experience giving OTAs a competitive advantage over hotels' owned websites. The reason for hoteliers employing multiple online and offline channels is to maximize exposure and market share, and reduce costs (Toh, Raven, & DeKay, 2011). Yet the use of OTAs, or third-party websites is associated with considerable costs. Nevertheless, OTA gained increasing market shares since the very early stages of the development of online distribution (Runfola, Rosati & Guercini, 2012) owing among other reasons to a superior product choice to the traveler (OTAs offer multiple alternatives of hotels and room prices). Hotels were slower and less efficient in using the opportunity offered by the online distribution (Gazzoli et al. 2008), thereby losing control over this channel (Phelan et al. 2011), for instance, in terms of price integrity and brand equity (Runfola, Rosati & Guercini, 2012). SME hotels have historically underestimated the need for an effective online marketing strategy whereas OTAs had invested heavily in Internet marketing and aggressive conversion techniques (Egger & Buhalis, 2008). The fact that online intermediaries are likely to continue to play a central role in the sale of hotel rooms changes the opportunities that small and medium sized independent hotels have to maximize profits (Varini et al., 2011).

Figure 1 shows the historical evolution of subsequent generations of distribution (sales) channels along with the technological milestones and below the graph, the main characteristics of the distribution processes. The vertical axis shows the evolution of ICT: from the birth of the Web 1.0 in 1993 when WWW became freely available to the Web 2.0 in 2004, year when Tim O'Reilly coined the term (O'Reilly, 2005) and finally the Semantic Web (Web 3.0) in 2006 when Berners-Lee et al. (2006) published their seminal work about the subject. The horizontal axis shows the evolution of subsequent generations of distribution channels. For G2,the milestone was the year 1995, a moment when the first Swiss hotel adopted its domain name (.ch) in switch (cf. Scaglione et al., 2004a; Scaglione, Schegg, Steiner, & Murphy, 2004b) and ST launched the website "MySwitzerland.com". The third generation channels G3, composed of OTAs that survived the dot-com bubble in 2000, is placed in 2002 and finally, the possible fourth generation (G4) in 2005, when Kayak gained the increasing popularity as pointed out above. The flags on the right side of Figure 1 show the time line of tourism policy actions of the Swiss government and their position within the IT-based evolution of distribution channels.

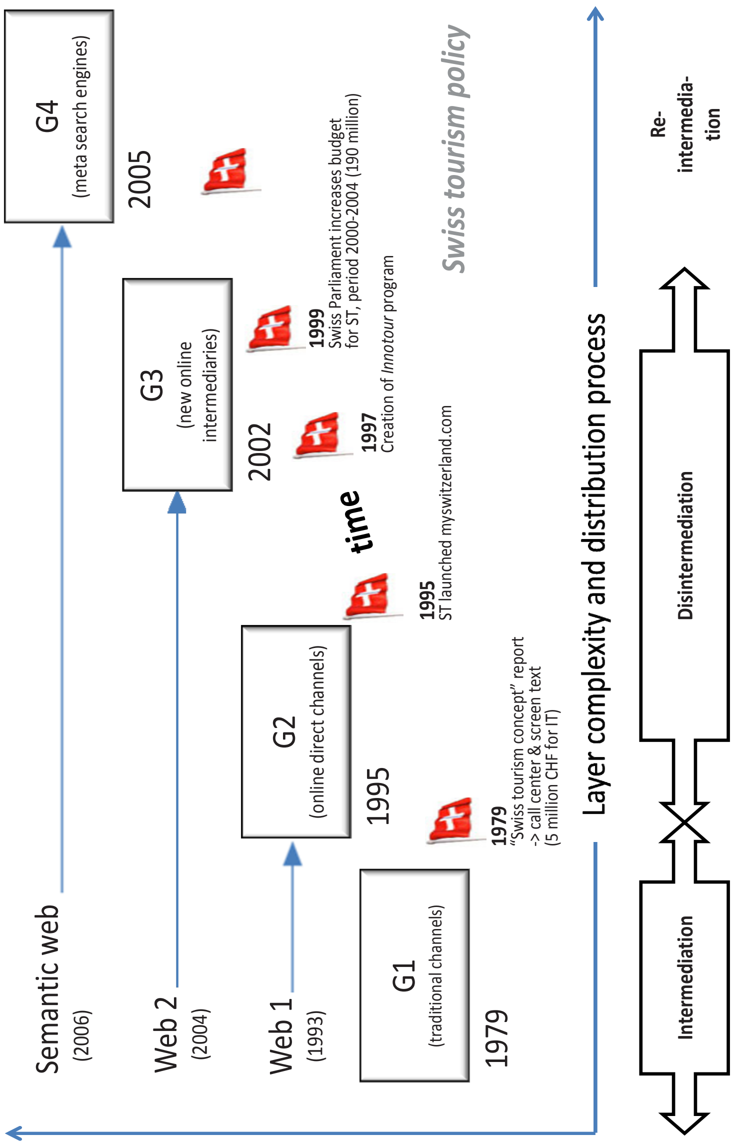

Figure 3: Schema of ITC evolution (vertical axis) and layer complexity over the time. The arrow shows the miles stone of synchronic Swiss tourism policy.

Innovation adoption and implementation in theories of innovation diffusion

Diffusion research shows resemblances in how enterprises and organizations adopt technologies (e.g. Damanpour, 1991). Management characteristics as well as internal and external structures and processes influence organizational capacity to innovate (e. g. Abrahamson & Rosenkopf, 1993; Rogers, 1995). Not like simple binary decisions (yes/no) with adoption of innovations by individuals, organizational adoption ranges from awareness of an innovations to successful infusion of the innovation in the workflow and the processes of the organization (Murphy, Schegg, & Olaru, 2006; Raho, Belohlav, & Fiedler, 1987).

The ICT adoption process by tourism sectors in Switzerland was not homogenous in the past; different dynamics depending on multiple factors such as geographical position of the enterprises, size of the companies or the industry sector itself, can be observed. Yet, a theoretical framework enables the quantitative analysis of innovation processes with a model which basically consists of two different processes: adoption and implementation. The innovation technology process evolves over a continuum for one specific organization: from having a technology (adoption process) to its effective use throughout the organization (implementation process) (Abrahamson & Rosenkopf, 1993; Rogers, 1995). According to Ismail, Hashim, Schegg, and Murphy, (2009), the adoption stage refers to develop competencies for using an innovation, such as training and hiring personnel, or acquiring the innovation whereas the implementation stage relates to innovation use and organizational performance.

The diffusion of innovation theory suggests five adopter categories for a given population: "pioneers" (2.5% of population), "early adopters" (13.5%), "early majority" (34%), "late majority" (34%) and "laggards" (16%) (Rogers, 1995). The approach based on Bass' (1969) model (Equation 1, hereafter called the B-R model) classifies Rogers' adopter categories based on actual data and reflecting two coefficients: innovation and imitation. Whereas innovators are influenced by **external** mass communication channels, imitators are influenced only by **internal** resp. inter-personal communication channels. In equation 1 below, N(t) is the cumulative number of adopters at time t, and m is the total market potential for new products.

An innovation coefficient p suggests the propensity to adopt driven by external information. The imitation coefficient q, suggests the propensity to adopt driven by interpersonal communication channels (Mahajan, Muller, & Srivastava, 1990). With pure innovation, $q=0$ and $p>0$, Equation 1 is a modified exponential function. With pure imitation, $p=0$ and $q>0$, Equation 1 is a logistic function (Meade & Islam, 2006). Apart from these extreme cases, comparing the p and q parameters helps examine adoption dynamics across sectors and the adoption of different innovations by the same population. The q/p ratio, internal communication divided by external communication, shows each channel's relative strength in the adoption process. A high q/p ratio shows that imitation relative to innovation drives adoption. Although the diffusion rate of adopter categories varies widely, a coupled Bass and Rogers diffusion model (Mahajan, Muller, & Bass, 1990; Mahajan, Muller, & Wind, 2000) helps predict the diffusion rate.

Equation 1

$$\frac{dN(t)}{dt} = \underbrace{p(m - N(t))}_{\substack{\text{adoption due to}\\ \textbf{external}\text{ influence}\\ \text{or independent adoption}}} + \underbrace{\frac{q}{m}(m - N(t))}_{\substack{\text{adoption due to}\\ \textbf{internal}\text{ influence}\\ \text{or internal adoption}}}$$

Past research suggests that geographical location of an organization is one of the most influential factors in the adoption process (e. g.Hagerstrand, 1967; Rees, Briggs, & Oakey, 1984). In Switzerland for example, Salvisberg, Klarer, & Sacchi (2001) found that one in four SMEs in the French-speaking region had websites compared to one in two in the German-speaking region. Some other organizational characteristics have an influence on technological adoption such as characteristics of the CEO, management attitudes, business strategies, size of the company and general environment (Croteau & Bergeron, 2001; Rogers, 2003).

The implementation stage relates to innovation use and organizational performance (Brynjolfsson & Hitt, 2000; Fichman, 2000; Zhu & Kraemer, 2005). Hotels were not only slow to adopt new technology, especially independent hotels (Egger & Buhalis, 2008; Schegg et al., 2007), but also they lacked the skills needed to capitalize on new e-commerce opportunities (Martin, 2004). Irvine & Anderson (2008) found that a significant proportion of SME businesses embraced the Internet as a useful way of attracting business, but struggled to maximize opportunities.

The evolution of successive generations of distribution channels in tourism (Kracht & Wang, 2010) shed some light on the substitution effect among market players. According to Kracht & Wang (2010, p. 737), "this evolution and transformation of tourism distribution channels resulted in greater choice for the consumer, increased competition for distribution participants". The authors further state that ICTs have introduced complexity to the distribution system with various permutations such as additional layers of intermediation or disintermediation when certain players bypass traditional intermediaries. Substitution effects theories model the evolution of the share of each generation when it is replaced by a new one (Meade & Islam, 2006). Researchers had already used multi-generation simulations in the service area to model the diffusion/substitution effects across several generations of technologies in the simulation of successive generations of mobile bands (Meade & Islam, 2006, 2008) and the replacement of cash payment by electronic means in European countries (Snellman, Vesala, & Humphrey, 2001). One of the most popular theoretical model of substitution for the analysis of the evolution of market shares of various product generations is the pioneering work by Fisher & Pry (1971). The F-P model follows an S-shaped curve for each generation characterized by two constants: the early growth rate and the time at which the substitution is half complete as shown in equation 2 where f is the fraction substituted:

Equation 2 $$f = (1/2)[1 + \tanh \alpha (t - t_0)]$$

Where α is half the annual fractional growth in early years and t_0 is the time at which the share of the generation is 50%, namely when the substitution is half complete, the "takeover time" is the period necessary to go from the minimum time for the take-off (10%) up to 90% of the substitution. Research presented in the following sections gives the results of substitution effect models across the successive generation in Swiss hotels (Scaglione & Schegg, 2013; Schegg & Scaglione, 2013).

The next section will shed some light on the effects that the latter had on the adoption and implementation of ICTs by Swiss sectors in terms of the successive generation.

Evolution of ICT adoption in Switzerland: a review of ten years of research

Adoption of domain names (Web 1.0)

Research on the adoption of the technologies associated with the Web 1.0 by the Swiss tourism industry focused at first mainly on hotels and was then extended to other sectors. These studies used the date of domain name registration (DNR) in switch.ch as a token of Web adoption. The approach and the data collection method is explained in Scaglione et al. (2004a). Based on this measure, the penetration of DNR was 38% in 2001 (Schegg, Steiner, Frey, & Murphy, 2002); up to February 2004 the penetration was estimated at 40% (Scaglione et al., 2004a) and at the end of 2005 more than 90% of members of hotelleriesuisse (athe Swiss hotel association) (Scaglione et al., 2006).

In line with the general findings in the theory of diffusion, there is a relationship between some organizations' characteristics and DNR adoption dynamics. By modeling the diffusion dynamics with the B-R model (Equation 1), Scaglione et al.(2004a) were able to show that size of hotels (number of rooms) have a positive relationship with the timing of adoption; larger hotels register DN earlier than smaller ones. The same observation can be made for the hotel category (number of stars): higher rated hotels registered DN earlier than lower rated ones. Finally, the authors also showed that compared to non-affiliated hotels, affiliated hotels have a more dynamic domain name registration pattern. On the one hand, affiliated hotels registered early than non-affiliated and the percentage of adoption due to external factors is higher than in non-affiliated ones represented by the parameter p in Equation 1.

Another study extended the focus to *Guesthouses, Auberges* or *Pensions* (Scaglione et al., 2004b). For this type of accommodation enterprises, DNRs are correlated only to imitation as the innovation parameter; p in equation 1, could not be found to be significantly different from zero. Another finding is that hotels showed a faster DN registration dynamic than guesthouses. These results shed some light on the rapid development of the Web, not only in terms of opportunities but also of threats from small and medium tourism enterprises' (SMEs) perspective. At that time, a lack of opportunities for economies of scale in marketing, distribution and operations further exacerbated their situation. Some sectors seemed to be driven by external influences and to be pushed to reengineer their business more quickly than others due to the pressure of strategic intermediary partners such as Travel Agencies (TA), Tour operators (TO), destination management organizations (DMO) and to be able to connect to their distribution network (Buhalis & Main, 1998; Scaglione et al., 2004a, 2004b).

Scaglione & Murphy (2012) studied, besides the mentioned data sets above, 9 fresh data sets on DNR from different tourism sectors and regions. The specific data sets range in size from 96 to 2,467 organizations and are spread geographically across the globe, Europe and four countries—Austria, Germany, Malaysia and Switzerland. The six tourism sectors in the data sets comprise cable cars/ski lifts, DMOs, hotels, guesthouses, restaurants and tour operators. The B-R model estimation (Equation 1) yields the following conclusion based on the coefficients of innovation and imitation ratio (q/p) in the decreasing order:

- Three tourism sectors in Switzerland (cable cars, guesthouses and DMOs) have a logistic distribution meaning that only imitation drove their Internet adoption (q/p tends to ∞).
- Swiss hotels had the highest q/p ratios, ranging from 35 to 26 depending on the segment resp. enterprise characteristics.

- These six Swiss tourism sectors adopted due either to imitation more than innovation or exclusively to imitation. There seems a general parsimony of Swiss sectors, sensible to the critical mass of adopters and a wait and see behavior. It seems that the effects of channel communication have helped to accelerate the adoption process.
- The median group— Malaysian hotels, Swiss restaurants, Swiss travel agents and German DMOs—had imitation/innovation ratios towards 10.
- The lowest group are Austrian DMOs shows the lowest q/p ratio (2.94) followed by hotels chains (3.8) and European TOs (5.8).

From the point of view of the final forecasted market penetration for DNR, Scaglione & Murphy (2012) could only calculate the values for 10 sectors, excluding Austria and German DMOs and European tour operators due to the lack of reliable statistics. The median of forecasted (final) Internet penetration rate for the 10 remaining segments was 80%. Below the median are Swiss cable cars, Malaysian hotels and non-affiliated Swiss hotels. These sectors tend to comprise small organizations and have low levels of internationalization, which can help explain their low level of final penetration. The low penetration of the accommodation sector could also be due to a *leapfrog effect;* whereby late adopters my forego traditional websites in favor of a new technology such as social networks (Hashim, Scaglione, & Murphy, 2012). Close to the median are Swiss hotels (overall and affiliated hotels) and international chain hotels showing consistent behavior in the accommodation sector. At the highest level are Swiss DMOs and TAs. The increasing role of Internet in holiday planning by consumers has probably constrained the classical intermediaries to follow the online trend to a larger extent than the suppliers in order to meet market needs. In spite of the adoption lag by the Swiss accommodation industry in comparison to other sectors under study; the efforts carried out by the Swiss hotel association with the government support as a push factor, has succeeded in increasing Internet use over time. Though we do not show here direct evidences, Swiss hotels association might have acted as a communicator and emulation environment that helps adoption.

The relative lag of the accommodation sector could be explained by the reluctance of the hotel managers to perceive ICTs as an opportunity to increase customer value, a perception which is linked to the B-R adopter category. Perruchoud-Massy et al. (2005) showed, on the basis of a survey addressed to Swiss hotels, that this perception is reflected in the implementation stages of their websites. Early domain name adopter hotels have more advanced websites and seem more confident with the ICT opportunities; they are also less afraid about the risk compared to hotels from later B-R categories. Laggards and non-adopters seem to perceive websites simply as an additional marketing channel and fail to prioritize technologies that add customer value such as the lower use of Customer Relationship Management (CRM) tools and corporately weak customer service focus (i. e. providing Internet access to customers).

Adoption of Web 2.0

Web 2.0 arises contemporaneously with the third generation distribution channels (G3 in figure 1 above) as the second generation of Web-based services. The complex infrastructure of Web 2.0 was considered as an array of evolving technologies and application or services (Anderson, 2007) and often referred to two main streams of actions (Alby, 2007) in the early days of development:

- User-generated content and collaborative evaluation
- Technologies that improve user interfaces such as AJAX, RSS, APIs, mashups and tagging.

Schegg, Liebrich, Scaglione, & Ahmad (2008) analyzed Web 2.0 applications and technologies present on websites of almost 3,000 tourism businesses in 2007 with the help of 13 binary criteria which were collected with a web bot. Swiss tourism organization included were DMOs, mountain railways, travel agencies and hotel, but the study comprised also samples of international tourism enterprises, namely European tour operators and International hotels chains. The overall presence of Web 2.0 technologies on the websites analyzed was low. The top feature, XHTML, was present in 15% of the websites within the population. "Although XHTML is a core Web 2.0 application, it would take a leap of faith to assume that every site using this standard did embrace Web 2.0." (Schegg et al., 2008, p. 160). All other Web 2.0-related technologies showed generally frequencies of less than <1% and the sector analysis indicated that the adoption in the two international sectors was significantly higher than the average of penetration of the overall.

In 2008, the overall penetration of Web 2.0 features on website of tourism enterprises over all sectors was 19% when including XHTML and 3.7% without it. The follow-up study in 2009 (Scaglione, Johnson, et al., 2010) added also Swiss restaurants. In both studies, early BR adopter categories showed significant higher level of adoption than the latter ones. Scaglione, Ismail, et al. (2010) studied the relationship between Web 1.0 and 2.0 adoption by focusing the research on the leapfrogging phenomenon. The study found that laggards in Web 1.0 adoption had leapfrogged the earlier B-R categories in user-generated content adoption (UGC).

Yet these early studies discussed above did not take into account the new Social Media (SM) actors which started to emerge in recent years. Amongst many others, social networks (Facebook, Twitter), online communities, and hotel evaluation portals (TripAdvisor, HolidayCheck) are included in the list of new

Web 2.0 players. The aim of a recent research by Scaglione, Schegg, & Trabichet (2013) was thus to update the 2008 figures (Schegg, et al., 2008) by enlarging on the one hand the range of tourism sectors analysed and on the other hand by taking into account the technological and economic changes within the Web 2.0 landscape. Therefore, some changes were made in the classification of web 2.0 features. The study found that the Web 2.0 feature that had the highest progression is Videocast/Podcast, followed by AJAX and at almost the same level Atom/RSS and folksonomy. The only feature showing a negative difference is the blog, probably due to the growth of external social channels such as social networks. According to the authors the uptake of Web 2.0 technologies advanced rapidly compared to the situation back in 2008. They further state that tourism enterprises are aware that assimilating these technologies is important today and that Web 2.0 goes beyond pure technological aspects requiring reengineering of marketing paradigms and even changes in operational business processes. Yet, mainly tourism organisations and tour operators seem to be leveraging the opportunities of the Web 2.0; probably due to the fact that they are as intermediaries under strong pressure from suppliers and travellers and have to provide added value to stakeholders.

Figure2 shows the evolution of web 2.0 penetration across sectors and time (2008-2012). Besides the two international sectors (European tour operators and International hotels chains), only Swiss DMOs and cable cars have also reached the full penetration potential. These Swiss sectors had also the greatest growth over the period. Once again, Swiss hotels showed rather low penetration levels of Web 2.0 features demonstrating a similar adoption behavior as for Web 1.0.

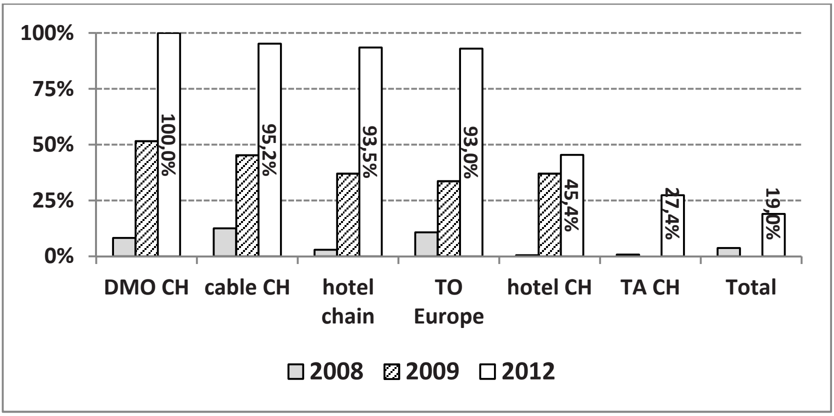

Figure 4: Penetration evolution of Web 2.0 features excluding XTLM . Data sources Source: Scaglione, Johnson, et al., 2010; Scaglione, Schegg, et al., 2013; Schegg et al., 2008)

Scaglione, Johnson, & Trabichet (2013) used the samples that yielded the latest results about penetration of Web 2.0 features to extend the analysis to the adoption of social networks (SN) focusing on Facebook (FB).

This study analyzed also the timing of adoption of the FB pages for organizations having adopted one. In terms of age of page adopters, European Tour Operators and International Hotel Chains have the highest ages together with Austrian DMOs. Local providers such as Swiss restaurants and travel agencies jointly with Swiss hotels are the youngest FB page adopters. From the point of view of the implementation, one out of six companies preferred to offer on their website either only a FB sharing option or both (sharing and friending) whereas only FB friending is preferred by four out of six companies. This high level in the area of the exclusive implementation of friending could be motivated by the fact that the number of followers/fans is an essential measure for communicating with stakeholders and management. Turning to the level of engagement, the average of followers/fans for hotel chains and European tour operators outperform other sectors; however, the number of "talk about"/comments is still higher for European tour operators followed by Swiss and Austrian DMOs, and hotels chains follow them with an average level that is not significantly different from the overall sample. Once more, Swiss DMO's are ahead in the implementation of Web 2.0 compared to other sectors in Switzerland.

Adoption of ICT in tourism enterprises (online distribution, technology use)

The Internet has been acknowledged as a powerful tool in terms of the whole marketing mix in tourism, it does therefore not only provide opportunities in terms of product and service presentation and promotion but it also offers selling opportunities (Buhalis, 2003). In 2002 online distribution was already been seen as a promising progressive shift away from traditional sales channels (O'Connor & Frew, 2002). The study of the evolution and adoption of online sales channels in the Swiss hotel industry was therefore a main issue of several surveys since 2003 (see Schegg, Stangl, Fux, & Inversini, 2013) for a summary of results). The comparison of predominant booking channels by these authors revealed that direct booking channels (telephone, fax, walk-ins, e-mail, form or booking engine on own website) have been remaining the dominant sales tools for Swiss hotels (67.0% in 2011 compared to 75.4% in 2002) since 2002. Their proportion in the distribution mix has been steadily diminishing though (Schegg & Fux, 2010). Yet the trend towards online booking channels seems to be unbroken. The sales channel with the highest growth rate is OTA which could multiply its market share within few years.

Schegg & Scaglione (2013) analysed the past evolution of distribution channels in order to forecast future trends. They could show substitution effects across different clusters of distribution channels and shed light on the dynamics of competing sales funnels using the F-P model (Equation 2 above). The data are the series of annual member surveys since 2002 which monitored the evolution of market shares of 15 individual distribution channels. Details on data collection and descriptive results are from our publication (Schegg & Fux, 2013) and from unpublished data of the last survey, conducted in January 2013. The authors grouped the distribution channels into three generations (G1 to G3) described in the literature review above. Figure 3 illustrates the observed and simulated evolution of market shares for two distribution channel generations (G1 and G3): backcasted trend before 2002, observed trend between 2002 and 2012 and forecasted trend after 2012. Results show, for the traditional channels (G1) a declining fractional growth (2α in Eq. 2) which is negative (-0.11) as it has been substituted by the two following generations (G2 and G3). The same parameter for the online direct channels G2 (0.04) is lower than G3's (0.27); moreover annual fractional growth for G3 is more than 6 times greater than the second (0.27/0.04). Therefore, *ceteris paribus*, the estimated year when Online Travel Agencies (G3) of channels will reach half of booking share will be 2017 and in the long run the G3 will dominate the booking channels. This is just a theoretical trend given that it does not take into account the rise of possible forthcoming generations of distribution channels. Given this fact, the results give some evidence of the domination of G3 over the two previous ones. New industry data[1] by skift.com on the past and future booking turnover and market shares of Priceline (booking.com) in Europe support our results. This analysis foresees a market share for booking.com in 2018 of 22% in Europe. When adding up the shares of other relevant OTAs such as Expedia or HRS one might easily approach the final penetration values estimated by Scaglione et al. (2013).

This domination of G3, nevertheless, does not affect homogenously all the categories of hotels. Scaglione & Schegg (2013) analyzed this issue using the same set of data as in the previous research by splitting them by either hotel category or size (numbers of rooms) for the forecast of the final share of penetration using the B-R model (Equation 1). Analysis by hotel category yields a final OTA market share of at 37% (Confidence Interval -CI: 28%-63%) for budget hotels (0-2 stars) but the peak of diffusion was already reached in 2010 showing that the process of diffusion is at the beginning of its mature phase. For middle class hotels the final market share of OTAs is 59% (CI : 22%-96%), its peak of diffusion is forecasted to be in 2016 which means that the diffusion is still in progress and that hotels in this segment can be situated in the early majority adoption class. The margin of progression is still high, given that the upper

[1] http://skift.com/2014/04/16/the-big-growth-opportunity-left-for-the-worlds-biggest-travel-company/

value of the CI is 96%. Finally, for upscale hotels no model yields a significant value for the final market parameter.

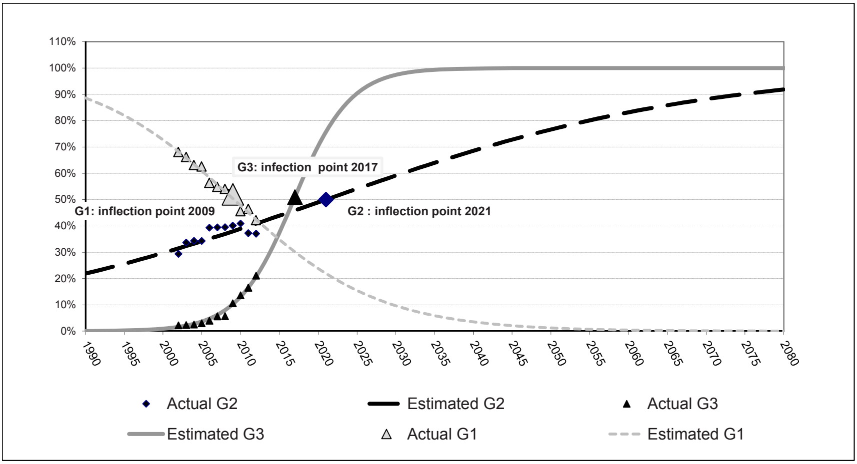

Figure 5: Evolution of market shares for the 3 generations of distribution channels: observed (2002-2012), backcasted (1990-2012) and forecasted (2013- 2080)

This research shows that except for mid-scale hotels with an estimated final penetration rate of more than 50%, the final share for OTAs is below 40%. Budget hotels have the highest OTA market share at the moment, but will reach the ceiling level soon; whereas upscale hotels might see a steadily increasing OTA market share for a long period. Three-star hotels constitute the majority (>50%) of the members of hotelleriesuisse and are therefore the most important element of the Swiss lodging sector. The foreseen very high market share of OTAs is therefore a serious threat for the Swiss lodging sector. Online intermediaries have become increasingly powerful in recent years and this development puts hotels in a difficult position of having to sell steadily growing portions of their inventory at (often) discounted rates and with high commission rates through third party intermediaries (Carroll & Siguaw, 2003).

Conclusion: Past success and foreseen paths for the Swiss tourism sector

Since the end of the XIX century, Switzerland that has always had a pioneer position and dynamism in its marketing approach and it could not miss to address the challenges associated with the development of ICT. Tourism is not only a traditional sector in Switzerland but also a very important economic /strategic one (OCDE, 2000, n. 3). This change was not easy to manage given that from the beginning that ICTs and travel/tourism industry were closely "interrelated and intertwined" (Werthner & Klein, 1999a). ICT-based distribution and marketing strategies not only open new possibilities but also raise new challenges such as the high technical demands in terms of human skills and infrastructure. The results presented in our review show that big players in tourism, either in terms of internalization of their business or the size of company, are more willing to face ICT innovation than SMEs. SMEs represent the predominant share of players in the Swiss tourism industry such as hotels. The majority (>50%) of the members of *hotelleriesuisse* are 3-star hotels and are therefore the most important element of the Swiss lodging sector.

The importance of the support of the Swiss government during the early stages of the Web development seemed to be relevant in the improving of marketing and distribution at least in the Swiss accommodation sector. Two cases studies on 147 hotels in canton Valais (Scaglione et al., 2006, 2009) shed some light on the success of the adoption of Internet by showing the impact on the total room revenue (2006) and revenue per available room or RevPAR (2009) . These studies indicate that website adoption related positively to a performance indicator (either RevPAR or total room revenue) based on the analysis of hotels' monthly revenue between 1992 and 2003. The results show that performance indicators of hotels were higher after adoption than before and hotels with no web presence showed a negative trend in revenues. Furthermore, revenue growth rates were stronger for hotels with their own website than for hotels with a web presence via regional portals.

This paper presents other empirical evidence that Swiss tourism policy such as the allocation of CHF 190 million for Switzerland Tourism in 1999 (for promotion and IT developments) and the Innotour program have helped to create a kernel of innovators and early adopters of companies that encourage innovation and adoption by the whole tourism industry. As a result, once the "take–off" conditions were created, the others followed in response to the imitation effect that characterizes any innovation. Moreover, some sectors adopted Web 1.0 only by imitation such as guesthouses; whereas nonaffiliated hotels showed a higher influence of imitation than innovation compared to hotels affiliated to hotelleriesuisse. Nevertheless, it seems not very clear why some actors still cannot perceive the use of ICT (e-marketing, online distribution, eCRM, etc.) as a tool to increase customer value or only as a new but traditional marketing channel. When we look to the increasing importance of the share of bookings due to OTAs, especially for 3-stars, it seems that, at least the latter sector, has not yet developed (online) marketing and distribution strategies (e.g. creation of CRM systems to capture customers from other sources other than OTAs) which help them to stay competitive.

One of the milestones for the take-off in the Swiss tourism sector, from our point of view, was the launch of the site mySwitzerland.com, which seems to have been a catalyst for the adoption and implementation process for the other regional or local DMOs. The previous sections give some empirical evidence about the leading position of Swiss DMOs in the adoption of Web 2.0 features on their websites and also in the implementation of FB where they outperform other sectors in the level of customer engagement (FB "talking-about").

On the down side, one of the greatest threads for the Swiss tourism industry, specifically the accommodation sector, is the increasing domination of OTAs. In the preceding section we showed that the share of OTAs is increasing very quickly though the effects are different depending on the size and / or the categories of the hotels. Medium size and category hotels are under more pressure than others (budget/small, upscale/big). This growing power of OTAs and the dependency of hotels is a central topic for the industry and raise fundamental questions: Can or should the (fragmented) hotel sector fight against an oligopoly of global booking portals? Is the increasing power of the "new online" intermediaries a thread (e.g., unfair market practices, high commissions, and decreasing profit margins) or an opportunity (e.g., efficient global online market reach) for individual hotels?

As in the beginning of the century, still now the challenge is to "develop new products, new information technology distribution channels and new co-operative structures at all levels" (OCDE, 2000, n. 19) as Professor Dr. Peter Keller pointed out in this government document. In 1979 he was in charge of the *Swiss Tourism Concept* having the central role of the reporter. Throughout the period he has spent in the Swiss federal administration (SECO) in Bern in charge of tourism, as President of the AIEST and professor in HEC at the University of Lausanne, he has raised timely, relevant issues not only on an operational business level but also from a theoretical point of view. He was one of the first to grasp the importance of the evolution of ICTs and he faced his duties as a policy maker and as a researcher with remarkable success. He had always found the necessary consensus in the Swiss Parliament to allocate public funds to support promotion, cooperation and innovation projects in the Swiss tourism industry as shown in Figure 1. In the AIEST and during his presidency, new-comers to tourism research were welcome in the association. Tourism research has become, since then, more interdisciplinary, computer scientists have joined forces with tourism marketers, economists and geographers, among other disciplines. Those new-comers have enjoyed the possibility through the AIEST conferences to become familiar with the tourism field, and the association was the arena where exchanges across disciplines were not only possible but fruitful. The aim of this paper was to shed some light on the value of Professor Keller's contribution to the Swiss tourism sector and the scientific research; by doing so, authors wish to express a tribute for his outstanding contributions and career.

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World Heritage as Tourism Destination Drivers

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Abstract

The idea of world heritage in our times originates back to 1954 when The United Nations Educational, Scientific and Cultural Organization (UNESCO) started a campaign to preserve a valley with treasures from old Egypt where the Egypt government planned to build the Aswan Dam. The campaign was successful and was followed by other similar campaigns to protect world heritages around the world. At the UN conference on Human Environment 1972 The World Heritage Convention was accepted. For many years protection was the one and only goal in respect to world heritage sites. However, over time world heritage sites have achieved a position as tourism destinations as many visitors have wanted to experience the unique world heritages by travelling to the world heritage sites to enjoy the uniqueness by own eyes. It has changed the UNESCO policy in relation to world heritages sites to not only include protection but also sustainable tourism, as formulated in the convention of 2012.

World heritage is defined as a universal heritage from the past that is found important to pass on into the future. It can either be of cultural or natural character. It shall have a unique value and be considered as irreplaceable sources of inspiration for mankind.

In 2014, the world heritage list includes about 1000 items in form of cultural and natural heritages sites. They are placed in 150 countries and three quarter of the world heritage sites are cultural sites. More than half of the cultural heritage sites are located in Europe and so are also a quarter of the natural world heritage sites. 190 states i.e. almost all states in the world have ratified The World Heritage Convention and in many states world heritage sites have a role in the national tourism policy.

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This article investigates the role of the world heritage sites in the EU as destinations and drivers of tourism in the EU countries' tourism policy. The analysis is mainly a macro analysis made by applying strategy theory. It is the first study of this kind.

It is found that that using world heritage sites pull factors for tourism destination development differ in the national tourism policy in the EU-countries. Some EU-countries make extensive use of world heritage sites and experience a growth in their tourism while other EU-countries make no or little use of world heritage sites in their tourism and experience difficulties in their tourism development. The tourism development in the single EU-counties is analyzed, characterized and presented in relation to the way world heritage sites are included in their tourism policy. Also, some of the corporations offering world heritage tourism are presented.

Finally, the role of the world heritage in EU tourism at a supranational level as well as at a micro-level is presented stressing the need for development of relevant strategic tourism research.

Introduction

Theories on tourist destinations and attractions have been dealt with by many tourism researchers (for example Leiper 1990, Swarbrooke 1995, McIntosh, Goeldner & Ritchie 1995, Cooper & Hall 2007, Boniface & Cooper 2009, Laesser & Bieger 2003, Page 2009). It is also the case for strategies in relation to destinations and attractions. World Heritage as a tourism driver is however a relatively new topic in tourism and the strategies for world heritage as a tourism destination driver have not been researched.

To study the driver function the old well known model, the AIDA model (A), is still a highly relevant model, see below.

Tourism destination drivers are to a high degree created by tourism attractions and their accessibility, i.e. their physical accessibility in form of transportation possibilities and their human cultural accessibility in form of words of mouths, storytelling, literature, films etc. This is also dealt with below with departure in the Seven Wonders of the World (B).

A: The AIDA model

The model (Lewis, 1898) was originally developed as a communication and promotion model in relation to commodities, but the model has since been an important factor to explain service production and tourism and has been applied as a strategy for achieving objectives for tourism development. AIDA is an abbreviation for Attention, Interest, Desire and Action. It was from the beginning a communication model used in marketing and advertising. A communication model is a theoretical model explaining how communication between a consignor and a recipient can proceed when for example a consumer immerses in an advertisement. The AIDA model is often used as a template for how to target a market effectively and it is based on this that the model is applied as a strategy for developing a driver function, see figure 1.

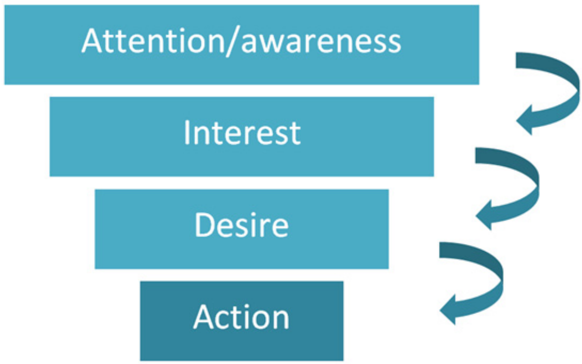

Figure 1: The AIDA model

Source: Elias St. Elmo Lewis

From each step, there is a recipient loss that is important to minimize by use of linkages that function as value change. *Attention/awareness* is the part that catches the eye of the recipient and/or other senses. It can for instance be a piece of text or a picture, strategically placed. It should be attractive enough to hold the mind long enough to merge into the next pillar: *Interest* – unconsciously for the recipient. *Interest* is the part that makes the recipient to consider the services the consignor can provide. This part should present new, interesting possibilities for the recipient. *Desire* is the part, where a myriad of positive words etc. creates a positive atmosphere making the recipient wish to see it by own eyes or to experience it. It is ideal to convince the recipient that the person's needs are being satisfied by the consignor's product. Here words of mouths and storytelling can play an important role. *Action* stands for the part that gets the recipient to actually visit the destination. This part can feature pictures and information about how to make the travel, prices etc.

The AIDA model is commonly attributed to American advertising and sales pioneer, Elias St. Elmo Lewis (1872-1948), who developed the first version of the model around 1898, adding the fourth term, *action*, later on. He was cofounder and first president of the Association of National Advertisers and a founding member of the Adcraft Club of Detroit. In 1896, he made one of the first scientific costumer research surveys. His most well-known publication is Getting the Most Out of the Business (1915).

Since Lewis first presented the model, other theorists have made different improvements. New steps such as *Satisfaction* (AIDAS) and *Confidence* (AIDCAS) have been added. *Satisfaction* refers to whether the costumer are satisfied enough to become a repeat costumer and give other possible costumers referrals. *Confidence* refers to the trustworthiness in communication and in words of mouth.

B: The historical learning from the Seven Wonders of the World

The understanding of the behavior and reactions modelled in the AIDA model has been a well-known – not modelled – wisdom since ancient times. It was already seen B.C. in the development of the Seven Wonders of the World which still demonstrates and classifies the basic ideas of cultural world heritage sites.

The Seven Wonders of the World were "the Temple of Artemis" in Ephesus, "the Mausoleum" at Halicarnassus, "the Hanging Gardens" of Babylon, "The Statue of Zeus" at Olympia, "the Colossus" of Rhodes, "The Pharos Lighthouse" of Alexandria and the "Pyramids" in Egypt (Lyck, L., 2003). Although only the Pyramids still exist, the story of all the Seven Wonders of the World is still worth to study. It tells about the role of religion and of love (Babylon), unique buildings and architecture etc. All the Seven Wonders of the World are manmade and have given rise to speculations on how they were constructed. Furthermore, they exhibit different dimensions of the understanding of beauty and uniqueness.

To have a lasting interest in tourism, there has to be stories telling about the attractions. It was understood already by Herodotus (490-425 B.C.) and other authors from the old Greek and Roman times. Especially to be mentioned is Pausanias (100 B.C.) who made a ten-volume travel guide to the ten most important cities and destinations in ancient Greece, books that were well-known up in the Middle Ages.

During the Renaissance an increased focus on the old Greece and Rome came on the agenda in the development policies all over Europe. It renewed the interest for European heritage and has become an integrated and basic part of the cultural development and history in Europe since.

Since World War II the formalization of the idea of preservation and protection has become fundamental in the political regime for international culture policy development worldwide and has given rise to the international Convention on World Heritage (1972).

The international formal World Heritage development

The departure was the Universal Declaration of Human Rights (1948) that strives at teaching and education to promote rights among the UN member states and among people at territories within their sovereignty. The Declaration includes 30 articles and article 27 deals with culture. It reads:
"(1) Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits. (2) Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author."
As seen both (1) and (2) include rights for individuals in relation to culture. (1) is about consumer rights to culture, i.e. on the demand side; (2) deals with supplier respective of culture. The difficulty in having these rights accepted worldwide is often related to the fact that these rights in many states are not only seen as individual rights, but primarily as rights in a society (state) framework within the state sovereignty.
The focus on world heritage after World War II goes back to 1954 when a campaign was started to preserve a valley with treasures from the old Egypt, when the Egyptian government planned to build the Aswan Dam. Between 1965 and 1968 several conferences were held focusing on world heritage and of the idea of establishing a World Heritage Trust. It was strongly supported by President Nixon. At the UN conference in 1972, the World Heritage Convention was signed by United Nations Education Scientific Cultural Organization (UNESCO). 190 State Parties have now signed the convention. It defines the criteria and the procedure for acceptance of cultural and natural heritages. Over time, still more persons have wanted to visit world heritage sites, creating a debate of the management of the world heritage sites. Since the sustainable tourism into the convention was published in 1987 (*Our Common Future*), a discussion began on how to include the sustainability tourism into the convention. At the 34th session in Brasilia 2010, it was decided that sustainable tourism should be included in the world heritage convention and it was realized in the new convention of 2012 (WHC-12/36.COM/5E).
The Steering Group composed of State Parties representatives from the six UNESCO Electoral Groups [Germany (I), Slovenia (II), Argentina (III), the People's Republic of China (IV), Tanzania (V) plus the Director of the world

heritage committee, the Advisory Bodies (IUCN, ICOMES and ICCRON), the UNWTO and the Swiss Government as donor agency].

Overview 1: Objectives and the budget for 2013-2015

Budget summary (in thousand US$)	2013	2014	2015	2013-2015
Objective A: Integrate sustainable tourism principles into the mechanism of the World Heritage Convention	100	75	75	250
Objective B: Strengthen the enabling environment by advocating policies, strategies, frameworks and tools that support sustainable tourism as an important vehicle for protecting and managing cultural and natural heritage of outstanding universal value (OUV)	310	110	110	530
Objective C: Promote broad stakeholder engagement in the planning, development and management of sustainable tourism that follows a destination approach to heritage conservation and focuses on empowering local communities	295	180	180	655
Objective D: Provide world heritage stakeholders with the capacity and the tools to manage tourism efficiently, responsibly and sustainably based on the local context and needs	205	175	55	435
Objective E: Promote quality tourism products and services that encourage responsible behavior among all stakeholders and foster understanding and appreciation of the concept of OUV	250	300	250	800
Objective F: Coordination and management caused and assessment	330	330	390	1050
Total US$ for the implementation of the overall action plan	1490	1170	1060	3720

Source: WH+ST Action Plan 2013-2015, UNESCO World Heritage and Sustainable Tourism Programme

As a result, a new paradigm with a clear strategy and a budget for financing has been accepted. It includes the following objectives (A+B+C+D+E+F) with suggested actions for 2013-2015, 2016-2018 and 2019-2022. Overview 1 shows the plan, the strategy and the financing.

Criteria for achieving world heritage status

There are certain criteria for respectively cultural and natural sites to be adapted to the World Heritage List. The site must fit the definitions made by UNESCO in ‘Convention Concerning the Protection of the World Cultural and Natural Heritage‘. Cultural sites are defined in article 1 as:

"**monuments:** architectural works, works of monumental sculpture and painting, elements or structures of an archaeological nature, inscriptions, cave dwellings and combinations of features, which are of outstanding universal value from the point of view of history, art or science;

groups of buildings: groups of separate or connected buildings which, because of their architecture, their homogeneity or their place in the landscape, are of outstanding universal value from the point of view of history, art or science;
sites: works of man or the combined works of nature and man, and areas including archaeological sites which are of outstanding universal value from the historical, aesthetic, ethnological or anthropological point of view."

Article 2 defines the character of natural sites as:

"**natural features** consisting of physical and biological formations or groups of such formations, which are of outstanding universal value from the aesthetic or scientific point of view;

geological and physiographical formations and precisely delineated areas which constitute the habitat of threatened species of animals and plants of outstanding universal value from the point of view of science or conservation;
natural sites or precisely delineated natural areas of outstanding universal value from the point of view of science, conservation or natural beauty."

The selection criteria, the sites have to meet at least one of, are as following:

i. to represent a masterpiece of human creative genius;
ii. to exhibit an important interchange of human values, over a span of time or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning or landscape design;
iii. to bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared;

iv. to be an outstanding example of a type of building, architectural or technological ensemble or landscape which illustrates (a) significant stage(s) in human history;

v. to be an outstanding example of a traditional human settlement, land-use, or sea-use which is representative of a culture (or cultures), or human interaction with the environment especially when it has become vulnerable under the impact of irreversible change;

vi. to be directly or tangibly associated with events or living traditions, with ideas, or with beliefs, with artistic and literary works of outstanding universal significance. (The Committee considers that this criterion should preferably be used in conjunction with other criteria);

vii. to contain superlative natural phenomena or areas of exceptional natural beauty and aesthetic importance;

viii. to be outstanding examples representing major stages of earth's history, including the record of life, significant on-going geological processes in the development of landforms, or significant geomorphic or physiographic features;

ix. to be outstanding examples representing significant on-going ecological and biological processes in the evolution and development of terrestrial, fresh water, coastal and marine ecosystems and communities of plants and animals;

x. to contain the most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or conservation [1].

Criteria I-VI applies to the cultural sites, whereas criteria VII-X apply to the natural sites. A world heritage site does generally not meet all of the criteria applied to respectively the cultural and the natural categories, but typically meets between two and four of them. The articles are not specific or excluding. However, it is the idea and goal set by UNESCO to make sure that the list is representative and furthermore ensures diversity within the character of the sites. This idea is formulated in the Global Strategy, which will be described in the following.

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1 The definitions are found at http://whc.unesco.org/en/conventiontext/ (March 7th 2014)

Management of world heritage

The World Heritage Committee decides whether or not a heritage should be inscribed on the list. The Committee with representatives from 21 States Parties meets once a year. The representatives are elected by their General Assembly to fulfill a mandate for four to six years. Many members of the Committee choose only to be a member for four years so that other States Parties get the opportunity to be in the Committee. This shows another example of the universal, including atmosphere the World Heritage Committee strives to achieve. Once every two years outgoing members are replaced with new members during the General Conference of UNESCO. At their first session, the Committee developed its 'Rules of Procedure of the World Heritage Committee' and it has been followed since.

States Parties are encouraged to submit what is called a Tentative List to the Committee. These lists consists of sites each country consider being a heritage of unique universal value and suitable for inscription on the World Heritage List. The lists should be submitted at least one year prior to the submission of the nomination of the sites. The Tentative Lists should be re-examined every ten years by each States Parties to re-consider potential sites.

The Committee has the right to request further information on sites States Parties suggest to be inscribed on the list. Additionally, it is responsible for implementation of the Convention and controls the use of the World Heritage Fund. It provides annual support of about 4 million US$. Furthermore, the Committee examines reports from the States Parties and encourages them to take action when a site needs conservation or properly managing. Finally, it manages the List of World Heritage in Danger and whether inscription or deletion is needed of the sites listed. The List of World Heritage in Danger presents the heritage sites for which their characteristics for inscription are threatened by conditions. The list is made to inform the international community of these threatening conditions and to encourage protective conduct.

Reporting

For the Committee to be able to keep track of the 981 sites in the 160 States Parties and assure the implementation of the Convention, regular reporting is needed. The States Parties are obligated to write reports about the status of conservation and the protection needs at their sites. In that way the Committee can resolve problems and assess whether a property should figure on the List of World Heritage in Danger. In 1977, Periodic Reporting by the State Parties was decided by the Committee to be updated on the state of conservation of sites. Each State Party prepares their report on a regional basis whereto the Committee examines them on a six year basis. They are included in the report by the World Heritage Committee to the General Conference of UNESCO.

Global Strategy

In 1994, the Committee launched the Global Strategy. The aim of the strategy was to broaden the kinds of sites on the list and show the full, universal spectrum of cultural and natural heritages in the world. In the 1980's and 1990's, the Committee found that traditional cultures were underrepresented on the list and that nomination of more diverse categories and regions of the world were necessary. Focused studies with the purpose to implement the strategy have been undertaken in different regions with specific, local needs. Also, there has been put down a limitation for how many nominations each country can present so that every State Party has the possibility of getting sites on the list. Thereby, global diversity and representativeness are secured.

Since the inclusion of sustainability more strategic elements have become part of the strategy. Referring to the World Heritage Tourism Programme A. Background, item 5, the new World Heritage and Sustainable Tourism Programme overarch and align with the strategic objectives formulated since 1994. B. Context, item 7 stresses that tourism shall be a driver for preservation and conservation of cultural and natural heritage and a vehicle for sustainable development. Item 10 stresses the importance of stakeholder participation and mentions especially States Parties, the tourism industry, visitors' behavior and local communities. Item 12 notices that world heritage sites attract significant tourism interest and form important tourist destinations and that it requires that opportunities and challenges are included in the new paradigm.

The vision is presented in C.1, item 18, reading: "World Heritage and tourism stakeholders share responsibility of conservation of our common cultural and natural heritage of Outstanding Universal Value and for sustainable development through appropriate tourism management." C.2, item 19 presents the mission, saying: "Facilitate the management and development of sustainable tourism at World Heritage sites through fostering increased awareness, capacity and balanced participation of all stakeholders in order to protect the sites and their Outstanding Universal Value whilst ensuring that tourism delivers benefits for conservation of the sites, sustainable development for local communities, as well as, a quality experience for visitors."

It can be concluded that the inclusion of sustainability tourism in the World Heritage Convention implies considerable impact on strategy both in relation to vision, mission, stakeholders and action plans. Furthermore, it includes a destination approach, see D. Programme Methodology, item 25, e. (2012).

Situation analysis for world heritage with focus on Europe

As the Convention is signed by States Parties, it is logical to take departure at the state level in a situation analysis. It is done below in **overview 2** that shows world heritage by type and classification as well as year for achievement of world heritage status. It includes the situation for 2013.

The overview shows that there were 374 world heritage sites (excluding mixed heritage sites) in the included European countries and that 335 of those were cultural world heritage sites. It illustrates the fact that far the most of the European world heritage sites are cultural world heritage sites. In no other parts of the world similar concentration of cultural world heritage sites can be found.

The overview also demonstrates the interest of the different states to have world heritage accepted and by this to have world heritage included in the national strategy for tourism. The most active States Party have been Italy with 49 world heritage sites from 1979-2013. Also Spain has been very active with 42 world heritage sites accepted from 1984-2012. The same is the case for Germany with 40 world heritage sites from 1978-2013 and France with 37 world heritage sites from 1979-2012. Switzerland has had 11 world heritage sites accepted from 1983-2011. Switzerland is unusual by having only three cultural heritage sites, but 8 natural heritage sites. It is the only country with more natural heritage sites than cultural heritage sites. Among the smaller countries, Sweden has been very active from 1991-2012, achieving acceptance of 14 world heritage sites. Opposite to this is Denmark with a very passive strategy as also found in Ireland and Luxembourg. It is characteristic that countries with a high competitiveness in tourism have included a world heritage strategy in their tourism policy.

Overview 2: World heritage by type, classification and year of achievement of world heritage status, 2013

	*(C) marks 'Cultural site', (N) marks 'Natural site', (M) marks 'Mixed site'	Total		
European states	**Year and type**	C/M	N	Total
Austria	1996 (C), 1996 (C), 1997 (C), 1998 (C), 1999 (C), 2000 (C), 2001 (C), 2001 (C), 2011 (C)	9	0	9
Belgium	1998 (C), 1998 (C), 1998 (C), 1999 (C), 2000 (C), 2000 (C), 2000 (C), 2000 (C), 2005 (C), 2009 (C), 2012 (C)	11	0	11
Bulgaria	1979 (C), 1979 (C), 1979 (C), 1979 (C), 1983 (N), 1983 (C), 1983 (C), 1985 (C), 2010 (N)	7	2	9
Croatia	1979 (N), 1979 (C), 1979 (C), 1997 (C), 1997 (C), 2000 (C), 2008 (C)	6	1	7

	*(C) marks 'Cultural site', (N) marks 'Natural site', (M) marks 'Mixed site'	Total		
European states	**Year and type**	C/M	N	Total
Cyprus	1980 (C), 1985 (C), 1998 (C)	3	0	3
Czech Republic	1992 (C), 1992 (C), 1992 (C), 1994 (C), 1995 (C), 1996 (C), 1998 (C), 1998 (C), 1999 (C), 2000 (C), 2001 (C), 2003 (C)	12	0	12
Denmark	1994 (C), 1995 (C), 2000 (C), 2004 (N)	3	1	4
Estonia	1997 (C), 2005 (C)	2	0	2
Finland	1991 (C), 1991 (C), 1994 (C), 1996 (C), 1999 (C), 2000 (N), 2005 (C)	6	1	7
France	1979 (C), 1979 (C), 1979 (C), 1979 (C), 1979 (C), 1981 (C), 1981 (C), 1981 (C), 1981 (C), 1981 (C), 1982 (C), 1983 (N), 1983 (C), 1983 (C), 1985 (C), 1988 (C), 1991 (C), 1991 (C), 1992 (C), 1995 (C), 1996 (C), 1997 (C), 1997 (M), 1998 (C), 1998 (C), 1999 (C), 1999 (C), 2000 (C), 2001 (C), 2005 (C), 2007 (C), 2008 (N), 2008 (C), 2010 (N), 2010 (C), 2011 (C), 2011 (C), 2012 (C)	35	3	38
Germany	1978 (C), 1981 (C), 1983 (C), 1984 (C), 1985 (C), 1986 (C), 1987 (C), 1995 (N), 2007 (N), 2009 (N), 1981 (C), 1984 (C), 1987 (C), 1990 (C), 1991 (C), 1992 (C), 1993 (C), 1993 (C), 1994 (C), 1994 (C), 1996 (C), 1996 (C), 1996 (C), 1996 (C), 1998 (C), 1999 (C), 1999 (C), 2000 (C), 2000 (C), 2001 (C), 2002 (C), 2002 (C), 2004 (C), 2004 (C), 2006 (C), 2008 (C), 2011 (C), 2011 (C), 2012 (C), 2013 (C)	37	3	40
Greece	1986 (C), 1987 (C), 1987 (C), 1988 (C), 1988 (C), 1988 (C), 1988 (M), 1988 (M), 1989 (C), 1989 (C), 1990 (C), 1990 (C), 1992 (C), 1996 (C), 1999 (C), 1999 (C), 2007 (C)	17	0	17
Hungary	1987 (C), 1987 (C), 1995 (N), 1996 (C), 1999 (C), 2000 (C), 2001 (C), 2002 (C)	7	1	8
Ireland	1993 (C), 1996 (C)	2	0	2
Italy	1979 (C), 1980 (C), 1980 (C), 1982 (C), 1987 (C), 1987 (C), 1990 (C), 1993 (C), 1994 (C), 1995 (C), 1995 (C), 1995 (C), 1995 (C), 1996 (C), 1996 (C), 1996 (C), 1996 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (C), 1998 (C), 1998 (C), 1998 (C), 1999 (C), 2000 (N), 2000 (C), 2000 (C), 2001 (C), 2002 (C), 2003 (N), 2003 (C), 2004 (C), 2004 (C), 2005 (C), 2006 (C), 2008 (C), 2008 (C), 2009 (N), 2011 (C), 2011 (C), 2013 (N),	45	4	49
Latvia	1997 (C), 2005 (C)	2	0	2
Lithuania	1994 (C), 2000 (C), 2004 (C), 2005 (C)	4	0	4
Luxembourg	1994 (C)	1	0	1
Malta	1980 (C), 1980 (C), 1980 (C)	3	0	3

	*(C) marks 'Cultural site', (N) marks 'Natural site', (M) marks 'Mixed site'	Total		
European states	**Year and type**	C/M	N	Total
Netherlands	1995 (C), 1996 (C), 1997 (C), 1997 (C), 1998 (C), 1999 (C), 2000 (C), 2009 (N), 2010 (C)	8	1	9
Poland	1978 (C), 1978 (C), 1979 (N), 1979 (C), 1980 (C), 1992 (C), 1997 (C), 1997 (C), 1999 (C), 2001 (C), 2003 (C), 2004 (C), 2006 (C), 2013 (C)	13	1	14
Portugal	1999 (N), 1983 (C), 1983 (C), 1983 (C), 1983 (C), 1986 (C), 1989 (C), 1995 (C), 1996 (C), 1998 (C), 2001 (C), 2001 (C), 2004 (C), 2012 (C), 2013 (C)	14	1	15
Romania	1991 (N), 1993 (C), 1993 (C), 1993 (C), 1999 (C), 1999 (C), 1999 (C)	6	1	7
Slovakia	1993 (C), 1993 (C), 1993 (C), 1995 (N), 2000 (C), 2007 (N), 2008 (C)	5	2	7
Slovenia	1986 (N), 2011 (C), 2012 (C)	2	1	3
Spain	1984 (C), 1984 (C), 1984 (C), 1984 (C), 1984 (C), 1985 (C), 1985 (C), 1985 (C), 1985 (C), 1985 (C), 1986 (N), 1986 (C), 1986 (C), 1986 (C), 1987 (C), 1988 (C), 1991 (C), 1993 (C), 1993 (C), 1993 (C), 1994 (N), 1996 (C), 1996 (C), 1997 (C), 1997 (C), 1997 (C), 1997 (M), 1998 (C), 1998 (C), 1998 (C), 1999 (C), 1999 (M), 2000 (C), 2000 (C), 2000 (C), 2000 (C), 2000 (C), 2001 (C), 2003 (C), 2006 (C), 2007 (N), 2009 (C), 2011 (C), 2012 (C)	41	3	44
Sweden	1991 (C), 1993 (C), 1993 (C), 1994 (C), 1994 (C), 1995 (C), 1996 (C), 1996 (M), 1998 (C), 2000 (N), 2000 (C), 2001 (C), 2004 (C), 2005 (C), 2012 (C)	14	1	15
Switzerland	1983 (N), 1983 (N), 1983 (N), 2000 (N), 2001 (C), 2003 (C), 2007 (N), 2008 (C), 2008 (N), 2009 (N), 2011 (N)	3	8	11
UK	1986 (N), 1986 (C), 1986 (C), 1986 (C), 1986 (C), 1986 (C), 1986 (M), 1987 (C), 1987 (C), 1987 (C), 1987 (C), 1988 (N), 1988 (C), 1988 (C), 1995 (N), 1995 (C), 1997 (C), 1999 (C), 2000 (C), 2000 (C), 2001 (N), 2001 (C), 2001 (C), 2001 (C), 2003 (C), 2004 (C), 2006 (C), 2009 (C)	24	4	28
	Total	342	39	381

Source: Elaborated by Lyck, L. based on information published by the World Heritage Committee

Other stakeholders beside the States Parties have been still more pronounced during the later years. In the EU, it began with tourism becoming a part of the EU treaties, especially the Lisbon treaty. It was further developed when the European Commission published COM (2010) 352, June 30th 2010 in Brussels with the title *Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe*.

It was recognition of tourism being a major economic activity with a broadly positive impact on economic growth and employment in Europe as well as an increasingly important aspect on the life of the European citizens.

The background was the economic and financial crisis in Europe and the fact that the size of the population in Europe as well as the size of Gross Domestic Product (GDP) in Europe count for a still smaller fraction of the world population and of the world GDP. It implies that there is a need for attracting even more tourists from other parts of the world to increase the income creation in the EU. It has later been followed up by the G8 countries stressing the need for a successful tourism development to overcome problems caused by the economic and financial crisis. It has led to a consolidation of the image and profile of Europe as a collection of sustainable and high quality destinations. The Commission strategy included 21 planned actions and was based on a pronounced strategic approach to tourism development in Europe.

Also at the micro level, i.e. among tourism corporations, the interest for including world heritage in their vision and mission has increased involving still more corporations in arranging travels to world heritage sites in order to achieve a higher profitability.

Overview 3: Travel corporations specializing in world heritage in Europe

Travel Corporation	**Specialized Areas in Europe**
Bestway Tours & Safaris	Europe
Edinburgh Bus Tours	Scotland
Cosmos	Europe, esp. Switzerland
Austrian Tourist Office	Austria
Albania Holidays	Albania
Kollander	Albania
Albania Travelnet	Albania
whl.travel	Europe
Urban Advenures	Europe
Amistad Tour Agency	Geogia & Armenia
Aventure	Armenia
Peregrine	Azerbaijan, Georgia & Armenia
World Heritage Tours	Europe
Intrepid	Europe

Travel Corporation	Specialized Areas in Europe
Pheonixtour	South-east Europe
ToursByLocals	Austria
Pure Travel	Europe
The Travel Manor	Southeast Europe
Lithuanian Tours	Belarus, Lithuania, Poland
Country of Tourism	Russia
Travel All Russia	Russia
Artisans of Leisure	Europe
Traveleyes	Europe
Adratic Sunshine Travel	Croatia
Momentum Tours and Travel	Europe
Magic Tours	Bulgaria
Altours BG	Bulgaria
Trip.me	Bulgaria
Ambertravel	Croatia
ZagrebTours	Croatia
Romania	Romania
Travelslovakia.sk Ltd.	Slovakia
National Geographic Expeditions	Europe
Furnel Travel	Poland
Viator	Europe
Totally Spain	Spain
CT&T	Romania
Portugal Tours	Portugal
Top Travel & Tours	Czech Republic
Exciting Poland	Poland
Viking River Cruises	Europe
Pacha Tours	Turkey
Ave Bicycle Tours	Europe
Causasus Travel	Georgia, Armenia, Azerbaijan
VBT	France
Eurocycle	Europe

Travel Corporation	**Specialized Areas in Europe**
Cox & Kings	Europe
Rhaetian Railway	Europe
TripIdea	Europe
Best Slovakia Tours	Slovakia
Tauck	Europe
BC Travel Company	Europe (cruise)
Globus	Europe
Nordic Visitor	Nordic Europe
Baltic Travel Company	Europe
Titan Travel	Europe, for example Italy
Zicasso	Europe, Italian world heritage sites
Family Holiday Net	Europe, for example Italy, Czech Republic, Greece and France
Saga River Cruise	Europe
Uniworld	European River Voyage, starting in Amsterdam
Princess Cruises	Europe, starting in Barcelona
Grand Voyages Cruises	Europe, advertise focus UNESCO world heritage
Hurtigruten	Europe, from Bergen to Lisbon
Live Voyage Reports	Europe, the Netherlands
Cruise & Maritime Voyages	Europe, from Hungary to the Netherlands
Crystal Cruises	Europe, focus on world heritage
Apartment Granit	Europe, skiing world heritage in Italy & Austria
Germany Travel	Europe, routes to discover German national world heritage

Source: Internet homepage information

Overview 3 does not include all travel corporations with a focus on world heritage, but the ones that can be found via systematic internet research. It is demonstrated that many travel corporations have a focus on world heritage sites in Europe. It has not been possible here to go into the accounts of those corporations, but looking randomly at the corporations it is found that this kind of business is lucrative.

The whole population of travel corporations focusing on world heritage worldwide is much bigger.

It is worth to notice that world heritage travels include travelling by plane, bus, train, car as well as cruises.

Use of world heritage to promote a successful tourism development

Kotler, P. is considered the modern father and expert of marketing. Among many publications, he has written the book *Marketing for Hospitality and Tourism* (2010). It includes strategic considerations on destination and attraction marketing and management. However, it shall be mentioned that the concept world heritage is not included in the publication. To link and focus this article to the mentioned publication and series, the following 11 characteristics are to be considered:

- World heritage functions as a *pull factor* as explained by the AIDA model and by the historical analysis of the Seven Wonders
- There is a formulated strategy including both vision and mission, both at the national level, supranational level and at the micro level
- The procedure for achieving the world heritage status is based on an intensive quality control undertaken by the World Heritage Committee and the local stakeholders. It implies that the supplied tourism product is a quality product
- The financial requirements for maintenance imply that there is a current effective supervision of the product
- World heritage can strengthen short time tourism to the cities and the capitals. Here world heritage functions as three star Michelin guide attraction, meaning that the world heritage is a destination in itself and thereby a reason to go
- World heritage can also strengthen and promote country side and world tourism by identifying goals for travelling
- The systematic strategic approach to achieving and keeping the world heritage status imply establishment of efficient value chains
- The focus on combining sustainable tourism to preservation and conservation figures a long time perspective and the viability of the tourist product
- The global perspective and diversity coverage of world heritage fits with the global trend in tourism

- The storytelling about world heritage is systematic due to the National Geographic publications stressing world heritage sites and how to travel to these sites for special segments, including among others also families with kids. The National Geographic also includes a price guide making it easier for travelers to estimate the cost of visiting world heritage sites
- There are many different price levels offered, as well as a high degree of diversified products. Among the 2013 world's most expensive holiday offers is also the product sold by VeryFirstTo.com. It includes visiting of the 962 world heritage sites in the world during a 2 years period. The price of this travel is 1.000.000£.

The advantages of using world heritage to promote tourism are that it lowers costs and diminishes risk in tourism destination development and increases tourism demand (AIDA Model). Thereby world heritage in general contributes to increase the profitability and a lasting sustainable basis for tourism destination development.

Conclusion

The article has explained the world heritage concept and the development the concept has undergone over time. It is the development that to a still higher degree concentrate on the strategic elements of world heritage as *pull factor* for destination development and on the integration of world heritage and the sustainable development.

The analysis makes use of the AIDA model and the old traditional wisdom of the functional world heritage by presenting the story of the Seven Wonders of the World and of their role in a common European culture development.

It is demonstrated that Switzerland as an old expert in tourist has devoted also financial effort in promoting world heritage in a sustainable way. The plan for 2013-2015 is unique in the sense that earmarked amounts are set aside for further development.

The criteria for achieving world heritage status have been identified and developed over time to give room for world heritage that have a global perspective on what should be preserved and protected for the future.

The understanding of world heritage as including both manmade attractions and natural uniqueness present a coherent view of what is worth to protect and preserve. Taking departure in an elaborated situation analysis for world heritage in Europe, it makes it clear that different State Parties have devoted more or less energy and consideration in understanding world heritage as a part of a national tourism policy. Indeed there is a surprising difference in the understanding of the links between culture and tourism in different countries. The most successful countries with aspect to increasing and profitable tourism have demonstrated a clear understanding of the need of combining culture and tourism.

It is also presented that supranational stakeholders as well as micro level stakeholders in form of private corporations have been still more interested in making use of world heritage in their promotion of tourism. Quite many travel corporations have developed a strategy where they include world heritage as an important asset in their strategy.

Still no coherent strategic strategy to develop and promote a successful tourism development has been presented. Although Kotler, P. has been very engaged in marketing also including marketing for hospitality and tourism, world heritage is not included. This article lists 11 items and perspectives that are considered to be needed in a strategy for how to achieve the advantages by making use of world heritage to achieve both a sustainable and profitable tourism development.

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DMO 3.0 in Practice – From Strategy to Governance

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Abstract:

Fragmented, territorial structures can be an obstacle to the implementation of efficient development processes within Destination Management Organizations (DMOs). Early destination management forms focused on brands and divisions of responsibilities (first generation). Then, a broad reform on destinations led to sales optimization and economies of scale (second generation). Strong territorial focus is still the case for a variety of destinations – as it is for the Swiss destination, FRIBOURG REGION. Third generation DMOs overcome this territorial focus and concentrate instead on tourist flows and functional service chains. This paper provides a practice oriented view of the paradigm shift in the FRIBOURG REGION. The results derived from the consistent focus on tourist flows shall be described, starting from fragmented destination structures on to the adoption of the new paradigm. Concerning this, the effects of the applied St. Gallen Model for Destination Management® are discussed. Finally, the resulting new governance for the FRIBOURG REGION is outlined.

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1 Introduction

FRIBOURG REGION covers a 167,070 hectare surface and is comparable to a small tourist destination. Located in the Swiss pre-alpine region between the two metropolitan areas of Lausanne-Geneva and Bern-Zurich, this destination has just under 300,000 inhabitants and registers a total of over 1.8 million overnight stays per year - hotel and para-hotel accommodations counted together. The FRIBOURG REGION's strengths include a comparable high diversity and density of tourist attractions, an offer that is anchored in traditions, the proximity to the major metropolitan areas, as well as its rich, natural and cultural heritage (FTV, 2009). These singularities have afforded favorable tourism development in the FRIBOURG REGION for several years. However, these resources can and must be optimized even further. There is an urgent need for action, especially regarding the fragmented territorial destination structures, because tourists are unconcerned by geographical and functional boundaries.

2 FRIBOURG REGION's Fragmented Destination Structures

FRIBOURG REGION's destination structures have been historically and territorially shaped: 112 tourist instances are shared – partly in an overlapping way – in relation to the mission and the means (see Fig. 1).

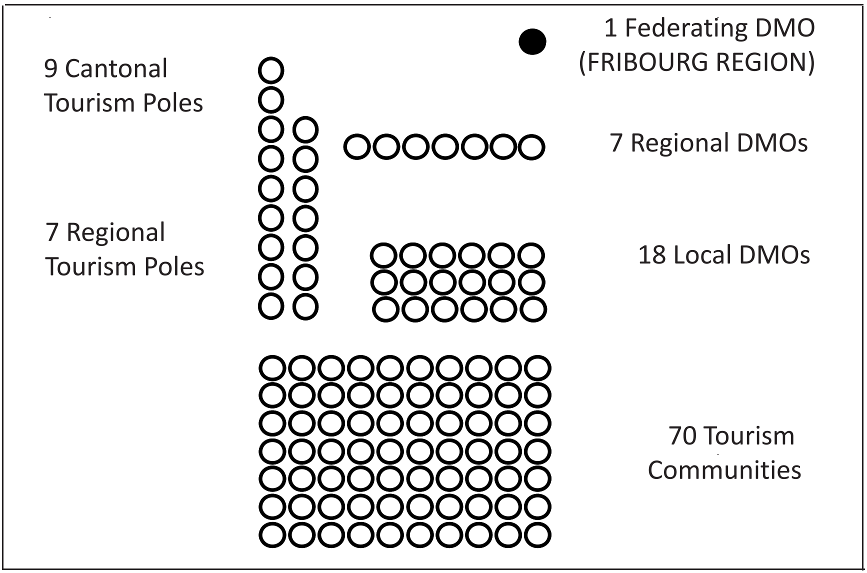

Fig. 1 – The fragmented, territorial structures of FRIBOURG REGION

This fragmentation has been reflected in the competition among the sub-regions for a long time. Attention given to price and performances issues was higher than to what was given to the actual singularities. The latter should instead be on the basis of location advantages and exclusive services with higher added value (Karpik, 2007 ; Kim & Mauborgne, 2005). The offers were being partially squeezed into each other which led to negative price and positive growth spirals at the interregional level. The tourist development was centered on classic lighthouses and cast a shadow on the remaining diversity, which meant insufficiencies in what could be achieved. Finally, various differences of opinion prevailed about the tourism services to be provided, as well as about the related growth models. In terms of the criticism (Latouche, 2006), quantitative growth was assumed *a priori* and would not be called into question.

The Canton of Fribourg has created a framework law for the tourism promotion fund and the clarification of tasks at the local, regional and interregional levels, as well as modern mechanisms for the promotion of tourism development. Starting in 2005, the fund for coordinated marketing replaced the thinly spread allocation of subsidies and has since forced the regions towards intensive cooperation. Finally in 2009, the Vision 2030 for the FRIBOURG REGION's touristic development was presented (FTV, 2009). This strategic framework specifies the preferred growth model: Quantitatively, tourism's contribution to the Canton of Fribourg's GDP should be increased yearly, from CHF 1 Billion to CHF 2 Billion until 2030. Qualitatively, this should happen through the development of sustainable tourism, which is primarily oriented towards the valorization of natural and cultural heritage.

Despite these now concrete intentions and efforts, infrastructure and marketing decisions were further separated at first and the development of an effective governance should be extended over several years. The Vision 2030 defines the framework, sets the objectives and comments on possible measures. However, it is not mentioned how these intentions should be implemented within the existing territorial, fragmented structures. It soon became evident that the mobilization of innovation drivers in highly fragmented structures within a comparable confined area requires a great deal of time. Therefore, there was an urgent need for action on the existing structures.

3 Unleashing the Power of Tourist Flows

The modification of the existing destination structures is not an option for the FRIBOURG REGION due to temporal and historical reasons. Instead, the development of a parallel governance structure (Kotter, 2011) – see also (Kotter, 2014) has started (see Fig. 2). This is no longer based on the historically grown, territorial hierarchies, but instead on a voluntary, direct participation in strategic business areas (SBAs). A SBA is a regular flow of guests in a sphere of activity, from which business is generated and which is of strategic importance (Beritelli & al., 2013).

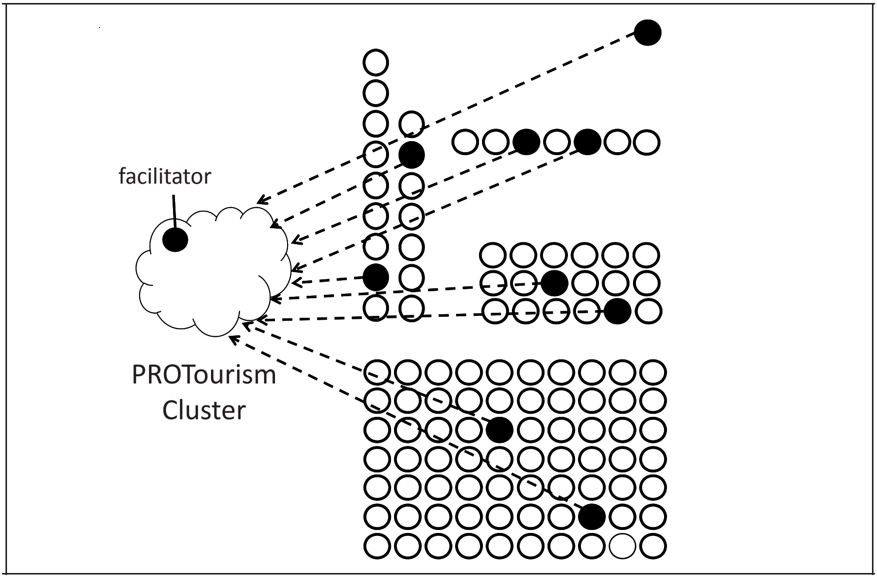

Fig. 2 – Facilitating participatory decision making with an open network

With the establishment of a parallel governance structure, the existing structures were not abolished, but were augmented by a new dimension. The tourism service providers and stakeholders remain in their traditional structures and hierarchies. However, in addition, they are united in the PROTourism cluster. Today, nearly 200 tourism professionals belong to this cluster. They meet twice a year and contribute to strategic deliberations.

The SBAs are defined together with partners from the cluster and follow the St. Gallen Model for Destination Management® (see Fig. 3). One can speak of an effective tourism development governance if a destination manages its SBAs and links them to the singularities which create the competitive advantage. Today, thanks to various workshops being held with the regions and service providers, SBAs can be jointly identified and new offerings can be developed more quickly. With the internet, and particularly with social media, this updated and enhanced reactivity on market developments is absolutely essential.

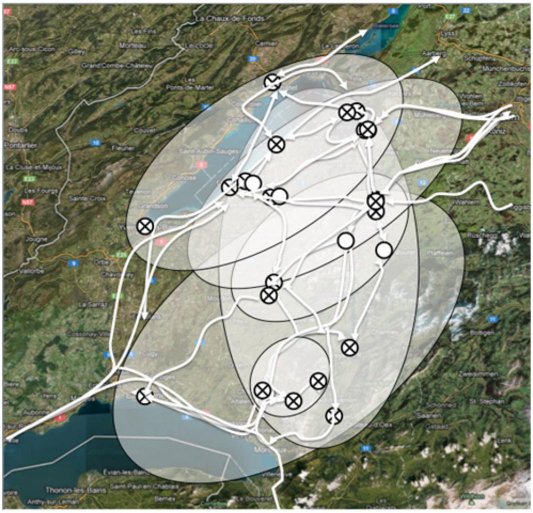

Fig. 3 – The superposed strategic business areas.

Source: Destinorama® FRIBOURG REGION - background maps extracted from Google maps.

4 The St. Gallen Model for Destination Management® in Practice

The acceleration of the tourists' decision-making process with new media also forces destinations towards a similar reactivity. Analogous to the extreme speed – one speaks of eXtreme Programming (Beck, 1999) - from which these networks emerge, tourism destinations must by analogy appoint X-Teams (Ancona & Bresman, 2007). These X-Teams conceive offers together with the customer, then test them and deliver them for booking on the corresponding platforms. Such a networked agility no longer has much in common with the classic, territorially dependent offers and promotion. Unlike in conventional promotional campaigns, these offers are not aimed at entire market segments, but instead are much finer scaled towards specific interest groups. Therefore, the promotion of these offers cannot be made through traditional channels (e.g., at trade and consumer exhibitions), but must be organized towards well-connected opinion leaders, the so-called Mavens (Gladwell, 2002).

Mavens are people who directly or indirectly influence a large number of other people with their statements and behavior. The basic hypothesis here is that mavens have a decisive influence on tourist flows. Within the framework of the St. Gallen Model for Destination Management®, the mavens are systematically approached. According to the well known AIDA principle, they are attempting to gain others attention. Mavens have their interests aroused by subject-specific topics. Through the placement of precise information along these interests, a destination may reinforce a maven's demand for the offer. When a maven makes a booking, the marketers try to move as many of his "followers" as possible to the same booking. This is done most effectively through social networks and the specialized press.

The strength of the St. Gallen Model for Destination Management® lies in the simplicity and speed at which SBAs can be identified, formulated and translated into offers. The core business summary – the so-called Destinorama® - see (Beritelli & al., 2013) – facilitates the permanent exchange with potential clients, service providers and instances. FRIBOURG REGION has implemented the Destinorama® using a collaborative internet solution (Podio, 2014). This significantly accelerates the conception of offers and ensures transparency.

From the identification of an offer idea within the SBAs to the mobilization of service providers, the packaging of service processes, testing and tailoring of the offer, up to the activation as a bookable product by a four-person team now requires a three to four week period. Just as quickly as offers are made, they can be taken off the market, should they not run successfully.

5 The New Governance for the Destination FRIBOURG REGION

The FRIBOURG REGION's role has changed with the development of the PROTourism cluster, in parallel to the existing territorial, fragmented destination structures. With the declaration of SBAs at the basis for participatory decision-making, the institution has evolved from a distributor of symmetrical public funding to a selective supporter for strategic projects. Today, FRIBOURG REGION is a facilitator for SBA development and the translation into bookable products (Kaner, 2007).

The St. Gallen Model for Destination Management® has closed the last remaining gap in the FRIBOURG REGION's governance cycle (**see Fig. 4**): The Tourism Observatory provides quantitative and qualitative monitoring for SBAs. The key figures flow into the decision-making processes of the tourism development instruments (tourism equipement fund and fund for coordinated marketing). The products and infrastructures supported by these instruments are the basis for discussions within the PROTourism cluster. From these discussions and reflections, adaptations to the guidelines can be in turn identified for the Observatory. The cycle closes and an effective destination governance is in place for the FRIBOURG REGION.

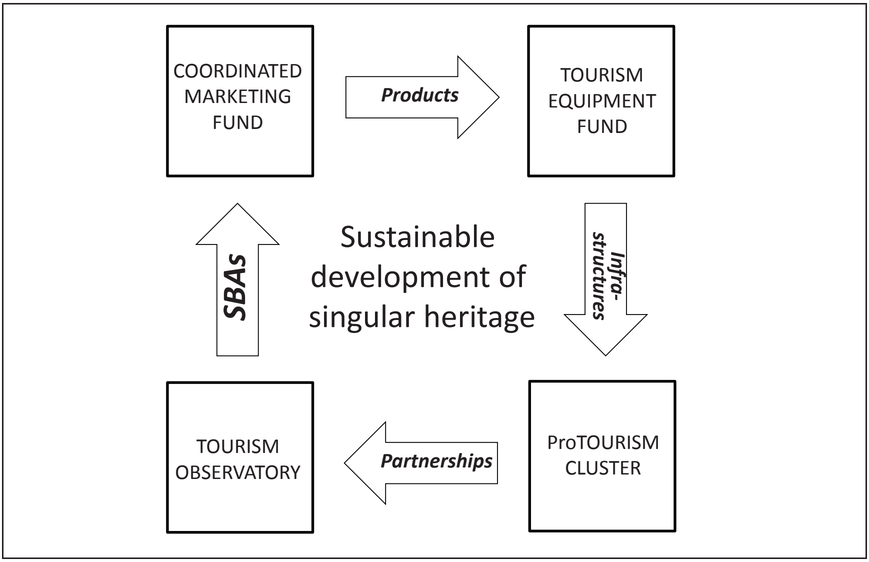

Fig. 4 – The new destination governance of FRIBOURG REGION

6 Conclusions

This paper discusses the transition of the FRIBOURG REGION's destination management from level 2.0 to level 3.0. This extensive restructuring is carried out by means of the St. Gallen Model for Destination Management® and currently remains in force in the region. The discussion illustrates the breaking-up of the existing territorial, fragmented destination structure, the unleashing of the power of tourist flows with the help of opinion leaders, as well as the building of an effective governance for the FRIBOURG REGION's tourism development. The destination's experiences with the St. Gallen Model for Destination Management® have been consistently positive. In the course of restructuring, a gap in the governance cycle could be closed and the step forward to destination management 3.0 could be taken.

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Roles of Network-Integrating NPOs that Connect Local Stakeholders in Rural Tourism: Evidence from Japan

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Abstract
Operators of rural tourism face various difficulties that hamper development of their activities. This paper explored the roles that NPOs play in the development of rural tourism to help operators counter such difficulties. For this purpose the author firstly presented a conceptual framework from the perspective of institutional economics that explains why development of a rural tourism activity is often slow. It was revealed that the high marginal cost of acquiring skills in local resource management should be reduced to counter that slow development. Secondly, the author empirically evaluated the significance of NPOs through a case study in Chiba, Japan, that works to horizontally integrate stakeholders. This type of NPO provides services to ease difficulties encountered by operators by network building among stakeholders, providing training opportunities, negotiating with travel agencies, and assisting in program development in which many other stakeholders are not always proficient. This type of NPO can reduce the marginal cost of local resource management, which eventually leads to the development of rural tourism. Thus, it is expected that roles of this type of NPO will increase in the future. Partnerships with NPOs will be important in the design of policy measures for rural tourism.

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Introduction

Nonprofit organizations (NPOs) have been gaining recognition in many parts of society. As civil society progresses, areas where this kind of body run by a group of self-motivated citizens will expand to become involved in various local issues. NPOs are expected to play a role in tourism development in rural areas as well to address many challenges that specifically exist in rural areas. Traditionally, rural tourism has been supposed to be performed by farmers or groups of farmers. Nevertheless, farmers often face various constraints in the management of rural tourism amid the rapidly aging and depopulated agrarian communities due to the shortage of capital, skills, marketing knowledge, etc. (Ohe, 2010a, 2014). Because of these constraints, development of rural tourism often remains slow in quite a few cases. Rural tourism in Japan, the study area of this paper, is not an exception.

To address this issue, which has not been examined fully from an economic point of view, this paper takes a two-step approach, first conceptually and then empirically. Firstly, this paper explores conceptually from an institutional economic framework why these constraints often stifle the expansion of rural tourism activity and gives a clue to address this problem by taking into account how support measures can be effectively undertaken. Secondly, the author empirically investigates through a case study how NPOs can contribute to narrowing gaps generated in the field that other local stakeholders such as local governments and travel agencies are not able to fill. To the author's knowledge, research on the relationship between NPOs and rural tourism has not been conducted extensively, yet. In this context, this paper explores the roles of NPOs in the area of rural tourism by especially focussing on a type of NPO that generates a network that horizontally connects various local stakeholders in Chiba, Japan. Finally, policy implications for the development of rural tourism are presented by taking into account an emerging rural-urban partnership composed of self-motivated citizens.

Literature Review

As noted earlier, despite the growing expectations of NPOs addressing local issues, NPOs have not been extensively studied in the tourism research area. As far as the author knows, studies on NPOs have only been conducted in limited areas such as performance of sports organizations examined through a literature review (Winand et al., 2014) and relationship building through a website by content analysis (Uzunoğlu and Kip, 2014).

This fact is in contrast to the case of non-government organizations (NGOs) that have been studied mainly in the context of poverty alleviation through tourism in developing countries (Barnett, 2008; Kennedy and Dorman, 2009) or of the relationship between environmental concerns and tourism (Barkin and Bouchez, 2002; Lovelock, 2005) in both developed and developing countries. Meanwhile, destination management organizations (DMOs) for tourism have been studied extensively from various perspectives. Especially, issues of success in governance of DMOs have been examined by qualitative approaches from stakeholders' perspectives (Bornhorst et al., 2010), from the perspective of corporate governance (Beritelli et al., 2007; Pechlaner et al., 2012), and from a statistical approach with a new mediation analysis (Volgger and Pechlaner, 2014). Beritelli and Laesser (2014) focussed on the governance issue by examination of the composition of the board of directors of DMOs. D'Angella and Go (2009) focussed on collaborative tourism marketing practices, mainly the relationship between the DMO and tourism firms. In connection with DMOs and rural tourism, Komppula (2014) investigated the role of entrepreneurs in enhancing the competitiveness of rural tourism destinations and pointed out the importance of collaboration between small rural tourism entrepreneurs. Beritelli and Bieger (2014) presented a concept of destination leadership as a wider context of destination management. The issues of leadership is closely connected with the NPO activities that this paper studies.

In research on destination marketing organizations, also designated as DMOs, Pike et al. (2011) quantitatively investigated the visitor relationship orientation of DMOs by structural equation modeling and Pike and Page (2014) conducted a narrative analysis of a large amount of destination marketing literature. Lemmetyinen (2010) conducted comparative case studies on three DMOs in Finland by focussing on the role of destination networks. Nevertheless, none of these studies shed light on the roles of NPOs.

From an economic point of view, NPOs have not been explored in relationship to tourism and hospitality economics (Tribe, 1995; Cullen, 1997; Matias et al., 2009, 2011; Stabler et al, 2010; Vanhove, 2011) with the exception of Candela and Figini (2012). Although Candela and Figini (2012) mentioned that non-profit and voluntary organizations can fill in informational asymmetries, what is discussed are labour unions. Crouch and Ritchie (2006) only slightly touched upon DMOs in the context of destination competitiveness. Thus, it is safe to say that NPOs have not been examined either conceptually or empirically in tourism economics. To summarize, an economic approach in examining NPOs that are involved in rural tourism has not been undertaken, which justifies the study described in this paper.

Conceptual Framework: an Approach by Institutional Economics

Any rural tourism stakeholder no matter the type, i.e., farmers or groups of farmers, faces various resource constraints for development of the activity. Even if stakeholders have abundant local resources on the farm and nearby, it is often difficult for these operators to find a way to successfully mobilize and manage those resources for rural tourism due to constraints such as a shortage of capital and/or lack of skills for hospitality, marketing and attractive program development under circumstances of aging and the decreasing population in rural communities. Since these common constraints that exist in rural areas are hard to eliminate, stakeholders often need support from outside.

Keeping these practical questions in mind and supposing that other conditions are constant, this paper focusses on capacity building for local resource management among rural tourism operators. This is because the largest issue for those farmers or groups of farmers is the lack of skills for engaging in activities related to rural tourism. We simply call these skills "local resource management skills". It is costly for operators to acquire these skills. The cost includes not only actual monetary payment but also opportunity costs and psychological costs.

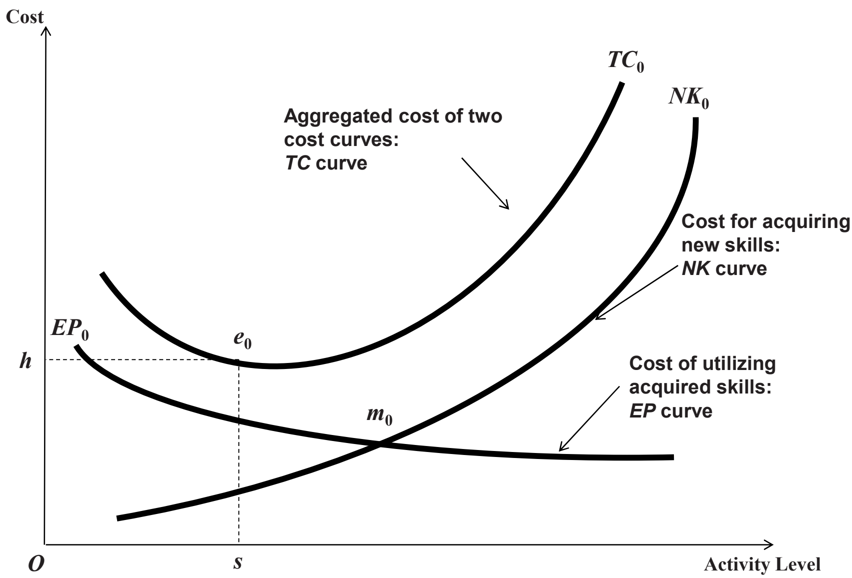

Figure 1: Cost curves of local resource management for rural tourism (1)

Figure 1 depicts two competing cost factors by incorporating the perspective of institutional economics. The right upward curve, *NK*, demonstrates that those operators who conduct rural tourism face an increasing cost when they try to acquire the necessary skills for the development of a tourism activity within their home community. When the activity becomes larger and larger, it becomes more and more difficult to acquire these skills even if operators can manage to cope with these constraints imposed by management skills when the activity is conducted on a small scale. This is because the larger the activity becomes, the more difficult it is for operators to acquire skills that require more sophistication in the quality and quantity of service and products, and also for services and products to become better integrated with other parts of on-farm activity than those necessary at a small activity level (Ohe, 2010b). This is because intangible rural tourism is a new activity for farmers unlike traditional tangible farm production. This nature of a high cost to operators hampers the development of rural tourism and keeps the rural tourism activities at a small level.

At the same time, however, operators of rural tourism can accumulate business experience as the activity grows, which will lead to reduced costs, which is called here the "experience effect" and is depicted as the right downward curve, *EP*, in Figure 1. This cost curve means that there is a cost for utilizing the acquired skills that have been accumulated through business experiences in rural tourism. As the activity becomes larger, the more experienced are the operators. Thus, it is apparent that the experience effect reduces this cost so that this cost curve has a right downward slope.

Thus, it is considered that there are two vectors that work opposite each other: the one for an increase in cost and the other for a decrease in cost. In total, the vertical sum of the two costs presents a U shape, *TC* curve, which has the minimum point at *e*. The operator will conduct rural tourism at the level of this minimum point *e* under the assumption that operators behave rationally.

From the fact that actual rural tourism has remained at a low level in Japan, it is supposed that the minimum point of the *TC* curve is located more leftward than the point *m* where the two cost curves meet. Now, let me explore the conditions as to how the minimum point is determined and how to improve the situation toward a more rightward minimum point. The total cost *TC* is the sum of the two costs, which is expressed in the equation (1).

$$TC(\mathrm{y}) = NK(\mathrm{y}) + EP(\mathrm{y}) \qquad (1)$$

where y = activity level of rural tourism

The minimum point of *TC* is given as the first derivative of equation (1) equal to zero as indicated as equation (2).

$$\mathrm{d}TC/\mathrm{d}y = \mathrm{d}NK/\mathrm{d}y + \mathrm{d}EP/\mathrm{d}y = 0 \qquad (2)$$

Thus,

$$\mathrm{d}NK/\mathrm{d}y = -\,\mathrm{d}EP/\mathrm{d}y \qquad (3)$$

d*NK*/d*y* means the tangential slope of the *NK* curve, which represents the marginal cost of the *NK* curve, newly acquiring skills. Likewise, d*EP*/d*y* means the tangential slope of the *EP* curve and the marginal cost of the *EP* curve, utilizing acquired skills. Equation (3) indicates that both of the marginal costs are identical where *TC* is the minimum. d*EP*/d*y* has a negative sign because that marginal cost is negative due to its right downward slope, which is illustrated by the fact that the two slopes of the tangential lines are identical when the minus sign is considered in equation (3).

Thus, the minimum point of *TC* is determined by the magnitude of which the marginal cost is larger than the other.

$$NK(y) = EP(y) \qquad (4)$$

At point *m* where the two curves meet as expressed in equation (4), suppose the marginal cost of *NK*(y) is more rapidly increasing than the decreasing marginal cost of *EP*(y), which is expressed as (5). Practically, this is true because it is more difficult to obtain new skills than to utilize already acquired skills when the activity level becomes greater.

$$d^2NK/dy^2 > -\,d^2EP/dy^2 \qquad (5)$$

In this case, the minimum point *e* will be at the left side of point *m* as illustrated in Figure 1 because there is no prospect to have identical slopes between *NK* and *EP* curves in the right side of the meeting point *m* due to widening of the gap in the slopes between the two curves. That means that the optimal activity level remains small. By more rapidly increasing the *NK* cost, the optimal activity level will be smaller. This case is exactly as happens in rural Japan. At this point, an operator utilizes mostly already acquired skills rather than trying to acquire new skills, which is exactly in equilibrium at a low activity level that does not need higher management skills.

In contrast, suppose

$$d^2NK/dy^2 < -\,d^2EP/dy^2 \qquad (6)$$

Then, the minimum point will be at the right side of the meeting point of the two curves. This fact implies that the optimal activity level will be larger than the first case in (5). The more rapidly the *EP* cost decreases, the larger will be the optimal activity, which is favourable for the development of rural tourism. Nevertheless, this does not happen very often unless there is support from outside because the marginal cost of *NK* rapidly increases.

In short, the above framework explains how the optimal activity level is determined and what the detrimental factors are, which clarifies what factors should be improved to increase the activity level. The reduction in or at least slowing of increases in the *NK* cost is such an issue. At the same time, it is also important to accelerate the decreasing rate of the marginal cost of utilizing acquired skills, which means enhancement of the experience effect. The author considers that the following type of NPO can play a crucial role in these purposes and therefore an empirical study is conducted below.

The Chiba Nature School as a network-integrating NPO: a case study

This paper focusses on the Chiba Nature School, CNS hereafter, which is an NPO established voluntarily in 2003 with local government officials, scholars and company employees to create opportunities to provide a sense of wonder through nature experiences for those children and adults who these days rarely have that kind of experience by mobilizing underutilized local resources including the rural heritage and the elderly in rural areas who are well experienced in farm skills that are outdated now but have a high educational value (Ohe, 2008). As of March 2014, CNS has grown from its initial 38 members to 51 member NPOs and farmers, groups of farmers, a local bus company, a third sector enterprise, association of inns, etc. CNS connects these groups and individuals into a horizontal network of likeminded individuals and various types of organizations implementing tourism activity in rural Chiba. A member of CNS is called a member school no matter what job the member does as far being involved in activities related to rural and nature experiences. The annual membership fee is 10,000 Yen (nearly equal to 100 US dollars as of April in 2014). These members conduct rural tourism, provide nature experience services and environmental educational services, and work to preserve rural resources and heritage. Half of the 20 CNS board members are from representatives of member schools to ensure a horizontal relationship with member schools.

The CNS conducts supporting activities for member schools and also directly provides nature experience services to participants, mainly youngsters. In this respect, a distinctive feature of CNS that differentiates it from ordinary NPOs is that CNS plays a role of integrating its members through networking. Otherwise, these member schools would act in isolation without any support or any network that works together. Thus, CNS builds and integrates a network of stakeholders of rural tourism in Chiba.

Table1: Stakeholders of rural tourism and complementary role of a network-integrating NPO

Type of stakeholder	Firm	Induvidual	Association	NPO	Network-integrating NPO	Policy maker
Financial capability	III	I	II	I	I	III
Geust-attracting capability	III	I	II	II	II	I
Development of program	II	II	II	II	III	I
Capability of networking	II	II	II	II	III	II
Capability to raise leader	I	II	II	II	III	II
Policy design	I	I	I	I	II	III
Sector	Private	Private	Semi-public	Semi-public	Semi-public	Public

Notes: III means being proficient in that area while I means not being proficient. II means neither 'proficient' nor 'not proficient'.

Now let me characterize the role of this network-integrating NPO in comparison with other stakeholders of rural tourism (Table 1). Stakeholders shown here are travel agencies, farmers, NPOs, local associations for tourism promotion, local public sector and a network-integrating NPO. The author evaluated the six areas of activity and examined which areas were the strong and weak points of each stakeholder. In Table 1, III indicates an area in which a stakeholder is proficient while I indicates an area in which a stakeholder is not proficient. II means neither proficiency nor lack of proficiency. Evaluation was done from a comparative point of view among stakeholders. Travel agencies have relatively strong financial capability and the ability to attract guests among stakeholders while they lack the capability that raises leaders of rural tourism and designs support measures. In contrast, farmers and ordinary NPOs are inferior in areas of financial capability and the ability to attract guests. The public sector, i.e., local governments, have financial capability to some extent and are capable of designing support measures. Local governments are, however, not good at how to actually attract tourists and to devise tourism service programs, at least in Chiba. Thus, although it is safe to say that local stakeholders should be involved in the areas in which each has proficiency, not every stakeholder is proficient in areas of program development, network building and raising leaders except for network-integrating NPOs despite the significance of these aspects for the development of rural tourism. These factors are common constraints for rural tourism operators in every part of the world. Under these constraints, what CNS is doing is network building among members, leadership training, program development, and marketing activity as a representative of member operators of rural tourism. It also provides price negotiations with travel agencies that are proficient at attracting tourists. Thanks to the existence of CNS, those operators who do not have sufficient bargaining capability can avoid unfavourable price negotiations with travel agencies that are well experienced in price bargaining but are able to provide tourists to these operators. In this sense the CNS has a multi-faceted role: a mediator, integrator and trainer, program developer and provider of nature and rural experience services. At the same time, CNS does not have a license to conduct a tourism business like a travel agency to avoid competition with tourism business firms because CNS needs a partnership with the tourism sector horizontally.

With respect to its aspect as a trainer, since 2003 CNS has been conducting a training program for operators of rural tourism or those who want to be operators, which is termed ‘the training school for rural-tourism operators’. Although this program is financed by the prefecture of Chiba, CNS organizes the whole program. The author also has been involved in this program as the head of this training school. The number of paticipants reached 184 people since 2006. The group of lecturers is composed of nature experience trainers in CNS, member bodies of CNS, ex-trainees in this program, officers of the prefecture and scholars. Thus, this program is a collaboration among people in various fields who have knowledge and experience in rural tourism and can contribute to building a human network for rural tourism, which is difficult to build when conducting rural tourism alone. We can say that CNS integrates, not vertically but horizontally, these various people to work together for the same purpose. No other stakeholders can do this job better than CNS.

Another feature of CNS is that it was not organized by people in rural areas but by people in an urban area to connect the two areas. It has been supposed that rural tourism is conducted by people in rural areas for the benefit of the rural areas and that urban residents are only expected to be visitors to rural areas. The

CNS was born in an urban area and works for a rural area. Thus, the activities of CNS indicate that the urban side can play a distinctive role in the development of rural tourism. Self-motivated semi-public bodies will have an important role in rural tourism especially in the expansion of a network that generates an opportunity to work together for people concerned who are outside of the traditional local community. This network-based activity enables operators to ease their own constraints by taking advantage of knowledge and experiences that are available through the network.

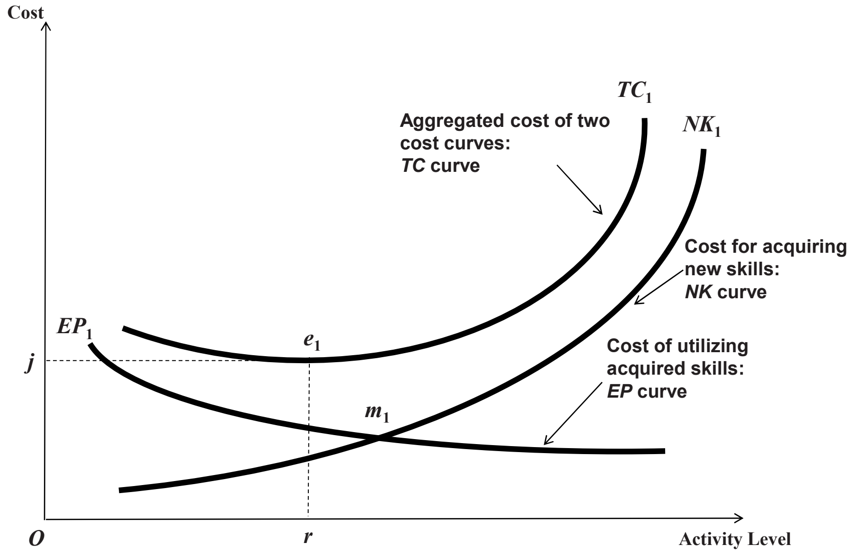

Figure 2: Cost curves of local resource management for rural tourism (2)

Based on the above examination of CNS, now going back to the conceptual framework, in order for the optimal cost minimum point to move rightward, it is necessary to not only shift downward the cost curves, but also to reduce the marginal cost of capability building for local resource management, which means reducing the slopes of the cost curves. To achieve this, CNS makes it easy for operators to acquire new skills and form networks that enable them to take advantage of knowledge and experiences of others. In this context, building resource management capability has two aspects, which are the acquisition of new skills and enhancement of the experience effect for the development of rural tourism. It is safe to say that CNS works as a rightward shifter of the cost minimum point, which is the role of a type of NPO that integrates a network horizontally. Figure 2 depicts this case, where the activity level increases *Or* from *Os* and the cost becomes lower from *Oh* to *Oj* due to the shift down of the aggregated cost curve from TC_0 to TC_1. In this case the marginal costs of EP_1 and NK_1 are reduced from those of EPn_0 and NK_0 in Figure 1.

Like other NPOs, however, CNS is not immune to the common issues observed in NPOs. It is often difficult to achieve a balance between being economically viable and continuing to provide high quality service to member schools amid limited capital and human resources. Needs of member schools vary from one area to another and building an effective network among a broad range of member schools is always time consuming work. The CNS continuously faces new challenges. At the same time, the roles that this kind of NPO can play and must play are expanding. What CNS is looking at now is an aging society because Japan is becoming an aged society with the greatest speed in the world, especially in rural areas. The CNS has now launched the ‘Senior Nature College’ targeted at senior citizens in urban areas. This college provides an opportunity for those senior citizens who are willing to take part in rural revitalization projects such as a nature experience, preservation of the rural heritage and rural tourism activities. Consequently, we can say that the contribution by CNS has now become indispensable in the rural Chiba area and that this approach is applicable to other parts of the world that have basically the identical issues in their rural areas.

Conclusion

Since operators of rural tourism face various constraints that are difficult to solve by themselves, it is quite often that these constraints hamper the development of rural tourism despite government support measures. This is exactly what has been happening in rural Japan. To address this issue, this paper conceptually and empirically explored the roles of an NPO that creates and horizontally integrates a network of stakeholders who are involved in rural tourism although that kind of NPO is a body that has not originally existed in the local community. The main points clarified in this study are as follows.

The author presents a conceptual framework that explains the slow development of rural tourism often observed from the perspective of institutional economics. The framework considers an increasing cost for newly acquiring the capability for local resource management and a decreasing cost for utilizing accumulated experiences in rural tourism. Under the assumption of minimizing the sum of the two costs, this framework clarifies that the increasing marginal cost of acquiring capability in local resource management hampers the enlargement of rural tourism so that reducing this marginal cost is crucial for the expansion of rural tourism.

Then, this paper presented a case study of an NPO that locally acts in Chiba, Japan, as a network builder, skills trainer and program developer and fills needs in areas in which other stakeholders of rural tourism are not proficient by connecting those people who are involved in or interested in rural tourism and related activities between the rural and urban sides. These activities can reduce the marginal cost of local resource management, which eventually leads to the expansion of rural tourism. The roles that this type of NPO established in urban areas can play are increasing in rural areas where aging and depopulation have deeply progressed. In this context, local policy makers can take more effective policy measures in collaboration with this type of NPO for the development of rural tourism. This point should be kept in mind for design of rural tourism policy.

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Part 4

Experience:
Customer Value and Involvement

The Challenge of Branding and Brand Management: Perspectives from the Hospitality Industry

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Abstract

Branding is considered to be a key driver for success in the hospitality industry and consequently brand expansion has become a major trend in many hospitality markets worldwide. However, many hospitality firms and executives still focus on product development rather than brand development. This is often due to a lack of a consistent understanding of the essence of branding, reducing the power of a hotel or restaurant brand to a name, a logo, a specific design or to corporate communication, presenting the hospitality brand merely as a set of product and service features offering certain functional advantages. An appropriate brand strategy in the hospitality industry however necessitates a different and consistent management approach. The purpose of this article is to address what is being perceived to be a misunderstanding of the concept of the brand and discussing the essential components of branding and brand management in the hospitality industry. Furthermore, the paper examines selected brand practices of individual hotel properties and global hotel chains and gives an outlook on the major challenges the hospitality industry has to face in the near future.

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1 Introduction

The high impact of brands for corporate success is undisputed, both in academia and in business practice and thus numerous contributions from very different industries and sectors support the positive relationship between brand strength and corporate success (Schultz/Schultz 2005; Esch et al. 2005; Aaker/ Joachims-thaler 2000; Berry 2000). The strategic relevance of branding as a key driver for success in the hospitality industry has been increasingly recognized in the last couple of years and brand expansion has become a major trend in many hospitality markets worldwide (Harrington/Ottenbacher 2011; O´Neill/Mattila 2010; Hanson et al. 2009; Kayaman/Arasli 2007; Cai/Hobson 2004; Forgacs 2003; Prasad/Dev 2000). Thus branding - as the following quotations from the industry prove – is an ongoing top issue on the management agenda in the hospitality industry for some time.

- *"Although Germany represents the biggest market for hotel rooms of the zero or two- star category in Europe, reliable and qualitative brands are strongly underrepresented"*
  Mark Thompson, Head of B&B Hotels Germany
- *"Four Seasons has a great brand that drives high unit growths and high returns on invested capital",*
  Isadore Sharp, CEO, Four Seasons
- *"...our success is based on our strong brand portfolio that provides outstanding value, and a culture that celebrates change and values responsiveness"*
  J.W. Marriott, Jr., Chairman & CEO
- *"Each of our brands has tremendous heritage and great strengths and we´re making them even more powerful by building greater relevance, energy and differentiation for our customers"*
  Emil Brolick, President of U.S. Brand Building, Yum! Brands, Inc.

But not only hotel or restaurant operators seem to agree that branding is an essential component of a companies´ market success, also hotel investors, banks, consultants and developers emphasize the value of branding, especially referring to the ability of the brand to facilitate access to capital and the ability to support growth, as various studies amongst major industry stakeholder reveal (Dev/Whitiam 2011; O´Neill/Mattila 2010; Hanson et al. 2009; Olsen et al. 2005).

Table 1. Ranking of brand statements

Brand Statements	*Mean**
▪ Brands have greater access to capital	4.14
▪ Branded hotel companies and hotels grow faster than unbranded equivalents	4.04
▪ Branded hotel companies are managed in a more rational matter than unbranded equivalents	3.57
▪ Brands perform better than unbranded equivalents	3.56
▪ The capacity of a brand to reduce costs is a function of the size of its rooms´ portfolio	3.49
▪ The brand ensures longer economic life to assets	3.42
▪ The capacity of a brand to generate demand is a function of the size of its rooms´ portfolio	3.33

Note: * 1=strongly disagree, 5= strongly agree

Source: Olsen et al. 2005, p.156

The relevance of branding in the hospitality industry is set to continue and the last decade has seen a massive proliferation of hospitality brands. Particularly the big European hotel markets such as Germany, France and the United Kingdom have seen a lot of change and fortification of the competitive intensity in the last ten years (Gardini 2011; Harrison/Enz 2005), as the international hotel industry, driven by increasing pressure from investors for growth, has created, introduced and reactivated numerous new brands and/or sub-brand concepts. This is especially true for the big global hotel chains that up to present have pursued the dominant industry strategy, which is based on growth through franchising and management contracts (Olsen et al. 2005). Another reason for the increasing market share of the branded hotel industry is the individual hotelier's urge for more communication presence and sales impact. To counterbalance the brand strategies in the group or chain hotel industry, numerous brand concepts in the field of hotel membership organizations can be observed. Individual hotels are more and more looking for an affiliation to hotel cooperations/consortia in order to benefit from synergy effects in sales, communication and public relations and to achieve more customer awareness in their relevant markets (Holverson/Revaz 2006). Accordingly, the market share of the branded hotel industry has been growing continuously for years. In the United States, brand penetration (ratio of branded vs. non-branded entities) is considered to be over 70 percent in the commercial lodging industry. In Canada it is just under 40 percent, in Europe about 25 percent (Forgacs 2006). Especially in Europe the hotel industry is still very heterogeneous and dominated by individually owned properties or small family owned hotel groups. In Germany for instance, the branded hotel entities only incorporate a 10.6 percent of the entire German hotel market with approx. 37.000 hotel properties, while holding a market share of more than 50 percent based on the total industry's sales (IHA 2013).

The brand expansion strategies and the globalization of large hotel operators in Europe are not only a phenomenon which is owed to competitive aspects aiming to achieve economies of scale and scope, but can also be attributed to increasingly differentiated customer needs and to the fact that hotel customers recently are showing a more distinct brand consciousness. *"Hotel guests rely on brand names to reduce the risk associated with staying at an otherwise unknown property"* (O´Neill/Mattila 2010, p.28). There is evidence in the hotel industry that indicates a rising significance of the brand as an essential criterion for the hotel customer's purchase decision (Amadeus 2007; Deloitte 2006; Tarrant 2003¸ Dubé/Renaghan 2000). *"The respondents mentioned brand name and reputation with the second-greatest frequency as a source of value driving their purchase"* (Dubé/Renaghan 2000, p.64). The current development of the proliferation of new brands reflects the conviction of many hotel companies that they have to occupy niches and business segments before their competitors do so. However, studies show that more brands do not necessarily bring more or different guests (Lynn 2007). Furthermore, the rapid growth and the launches of new hotel brands is often driven more by opportunistic rather than strategic reasons, as the use of brand names is often mainly being offered by hotels firms to entice hotel owners and investors to sign franchise agreements or management contracts (Olsen et al. 2005), rather than investing into long term brand strategies aiming to create and build a unique brand experience for a designated target group. These industry brand practices and the lack of differentiation of many hotel brands in fact contradicts the intended function of branding, a situation seen from a customer perspective makes a significant contribution to unease and to confuse hotel customers (Fung So/King 2010; Kim et al. 2008; Gibson 2003). This customer confusion is often being reinforced by regular changes of operator ownership, rebranding or rescaling strategies in the course of numerous take overs, mergers, joint ventures and acquisitions in the industry during the course of the restructuring of many international hotel markets. An appropriate brand strategy in the hospitality industry however, necessitates a different and consistent management approach and it is for this reason that is being suggested that brand management and brand performance within the hospitality industry can be improved through more effective brand differentiation strategies (Dev/Withiam 2011; Harrington/Ottenbacher 2011¸ Bailey/Ball 2006). However, many hospitality firms and executives still focus on product development rather than brand development, seeing branding merely as a way of introducing new hotels products into the market while missing to exploit the full potential of branding as a competitive and customer driven strategy (Zhang et al. 2008; Olsen et al. 2005). For the future of many service providers in the hospitality industry a crucial issue will be therefore be if they can become or if they can stay relevant for their selected target group(s) with their brand strategy and their brands. The purpose of this article therefore is to address what is being perceived to be a misunderstanding of the concept of the brand and discussing the essential components of branding and brand management in the hospitality industry. Furthermore, the paper examines selected brand practices of independent enterprises and global hotel chains and gives an outlook on the major challenges the hospitality industry has to face in the near future.

2 The Essence of Branding in the Hospihtality Industry

Both in the goods and in the service industry, the decisive dimension of a consequent brand policy consists of developing a unique and meaningful identity and personality for a brand which should be a synthesis of physical, rational, aesthetic and emotional product or service attributes. In academia there is an abundance of brand definitions to be found**,** generally based on certain sets of criteria: *"A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."* (Kotler et al. 2010, p.239). The strength of a brand is considered to be grounded on a specific competence for solving customer problems or offering a specific and unique bundle of benefits, helping products or services to achieve a unique and relevant position in their selected markets and to occupy a distinctive place in the target customers mind (Aaker 2012; Kotler et al. 2010; Kapferer 2008; Calkins 2005; Murphy 1998). In extension to the classical brand definition, the definition of the term service brand additionally needs to include the consumer's subjective perception as well as mental pictures and symbolic meanings. With this extended understanding of the term, the service brand has to be understood as an unmistakable mental vision of a service which is fixed in the customer's mind, caused by a characteristic picture reflecting customer benefits, while constituting a bond of trust between service provider and customer (Stauss/Bruhn 2008; Cai/Hobson 2004¸ DeChernatoy/Segal-Horn 2001). Essential behavioural scientific objectives and tasks of the brand management in the hospitality industry therefore are to create and communicate a unique and relevant brand identity (self-image of the company) which, resulting from the combination of brand philosophy, brand personality, brand name, brand pattern and brand message, is consequently perceived positively and accepted by the consumer as brand image (external image of the company). Brand image, understood as a multidimensional construct of attitude, describes the entirety of all subjective brand imaginations and brand associations of a person concerning the perceived characteristics and the ability of specific brand to satisfy the rational and emotional needs of the individual (Keller 1993), a phenomenon being described as brand relevance (Aaker 2012). Brand relevance ideally leads to the formation of a specific brand preference with the consumer (Aaker 2012; Meffert/Burmann 2005). The German economy hotel operator Motel One for instance promotes with its budget design hotel brand the service promise *"Cheap and Chic"* in contrast to its main competitor Accor pursuing a more functional approach with its economy brand Ibis. Marriott´s premium brand Ritz Carlton stands for uncompromising service quality for affluent travellers, while a recently founded small German hotel group called 25hours, strives to position itself as an urban brand for the target group of the age from 19 to 49 which brings together lifestyle, urbanity and Zeitgeist with value for money. It is therefore a basic objective of a systematic brand management approach to achieve as far as possible congruence between the identity and the image of a brand within the relevant target groups of a company (Meffert et al. 2005; Burmann/Maloney 2008). The development of such a brand identity arises out of a thorough understanding of how the own business "*works*", i.e. how product/service, customer needs, competitive strength and corporate strategy are to be integrated in a sensible way and be put together in a brand concept (Aaker/Joachimsthaler 2000).

For the hotel industry such an understanding of the essence of branding can only be noted in a limited way (Frehse 2008; Gardini 2006, Olsen et.al 2005; Cai/Hobson 2004), although the importance of the brand as a factor of success in competition has been highlighted for some time: "*Competitive Strategy in the 1990s will be based on the concept of brand loyalty. For the hotel customer of the 1990s, service quality will increasingly become synonymous with brand image.*" (Francese/Reneghan 1990, p.60). Against the backdrop of this still valid fundamental competition paradigm in the hotel industry, it is astonishing that in the industry only few hotel companies are trying to achieve a competitive edge by executing a consequent and consistent brand policy, similar to companies in the consumer goods sector or other service industries. In an industry, in which historically seen successful companies have always been living from their good reputation, it is all the more remarkable that practitioners from the industry only hesitantly realize*"...the importance of brand management as a critical skill..."*(Dev/Whitiam 2011, p.7) and major driver for superior market performance. For too long hotel companies have relied on the signaling effect of national and international star categories as quality cues and preferred labeling or name cosmetics to a long-term and customer driven brand policy (Gardini 2009; Frehse 2008) as the following quote depicts: *"There are Porsche drivers and Armani wearers, Aldi adherents and Ikea followers. However, the faithful Sheraton sleeper, the fervent Best-Western fan or the ardent Interconti junkie does not* *exist – except for maybe in the dreams of marketing strategists. If they open their eyes they see disillusionment. The hotel guest is a comparably unfaithful creature who loves to change beds and knows only few reasons not to do so. The decisive task of the future is to give him these reasons"(Strobel y Serra 2008, p.4).* Among other things this is due to a reduced understanding of the brand concept according to which the power or strength of a hospitality brand is mainly defined by a name, a logo, intense advertising or a specific design (Frehse 2006; Buer/Groß 2006). The all-too narrow understanding of what a brand really is or should deliver in the hospitality industry is frequently expressed by focusing on certain performance indicators (e.g. level of service, loyalty programs, reservations systems) or design characteristics (e.g. design and lifestyle hotels/restaurants, location, architecture etc.), which appears if a brand is only seen as a set of product or service features offering certain functional advantages. Though a brand has certain performance characteristics and product/service features, it basically is designed to offer orientation, identification and differentiation in addition to functional advantages (Meffert et al. 2005; Aaker/Joachimsthaler 2000).

Apart from a lack of a consistent understanding of the concept of the brand amongst many hospitality industry executives, another misconception in terms of brand success is to be found in the belief that strong brands need huge media budgets (Gardini 2011; Birke 2009). It shouldn´t be concealed that this might be helpful in the course of developing and establishing competitive brands, but the problem of limited brand awareness and brand differentiation in the hotel industry is not merely a question of restricted financial resources. Some of the world´s best known brands like Starbucks, Tupperware, Body Shop, Häagen Daz, Weight Watchers, Aldi and others show that the competitiveness of a brand is not only a question of massive advertising and communication pressure as these brands were entirely established and positioned beyond mass media in the past (Joachimsthaler/Aaker 1997). In fact the hospitality industry´s brand strategies often display weaknesses in terms of creating a relevant value proposition and communicating the essence of this value to their customers (Daun/Klinger 2006). Although the hospitality industry has many brands which are relatively well known, still too many of them are inconsistent in what they provide to consumers and as such they not only suffer from poor perception of image, product and service quality but very often they are being perceived as interchangeable (Frehse 2008; Gardini 2006; Olsen et al. 1998). Single studies in the hospitality industry reveal that travellers and hotel guests are often hardly able to specify any particular associations that differentiate one hotel brand from the other. *"In many cases, it is difficult to differentiate between the levels of service offered from one sub-brand to another and pricing is now becoming blurred among and between them. The customer, unless an experienced traveller, is probably unable to differentiate among them."* (Olsen et al. 2005, p.148). Particularly global hotel chains like Steigenberger, Marriott, NH Hoteles, Hilton, Accor, Wyndham, Sheraton, Choice or Intercontinental with their different company sub-brands - the list could be continued at will – often fail to deliver a differentiating brand promise as they stay mainly vague in their brand message and do not show any clear brand identity or value proposition (Daun/Klinger 2006). This is particularly obvious in the case of the 65 hotel cooperations/membership affiliations that, at the moment, are active in Germany. This is even more remarkable because hotel cooperations/membership affiliations are established to realize brand and sales advantages through their pursued umbrella brand strategy. However, on the brand side only a few hotel membership affiliations succeed in doing so (e.g. Designhotels AG, Romantik Hotels, Familotels, Biohotels) while many hotel membership affiliations are neither well-known in Germany nor specifically marked and thus the relevant target group(s) remain quite unaware and unclear about the benefits the potential guest is to have from, for example a cooperative "brand" like Worldhotels, Select Hotels, Flair Hotels, Akzent Hotels etc. (Gardini 2011). This implies, as Bailey and Ball suggest (2006), that having a brand-name alone is not a guarantee of success within the hotel industry.

Beyond that many industry executives and academics believe that a strong hotel brand needs multiple units or as O´Neill and Attila (2010) recently suggested as a question for future research: *"How small can a brand be in terms of the number of hotels units and still be a brand?" (*O´Neill/Attila (2010, p.33). This quote reflects the inconsistencies and confusion amongst practitioners and academics about what the concept of the hotel brand or hotel branding really is and denies that a consequent brand management approach is a promising strategy for independent hotels, what is clearly expressed by various examples from the hotel practice (i.e. hotels such as the Bayerischer Hof Munich, Brenners Park Hotel & Spa Baden-Baden, Waldorf Astoria New York/Berlin; Atlantis Bahamas/Dubai). It appears that in the future developing positive and meaningful brand associations and value propositions should be more important tasks of hotel brand management, as in the cooperation and chain hotel industry there are too many brands without a soul, hotel brands without concrete message, without specific contents, without a differentiating character (Gardini 2011; Daun/Klinger 2006; Bailey/Ball 2006).

3 Brand Challenges in the Hospitality Industry

When weighing up chances and risks of brand policies in the hospitality industry it is crucial to consider the specific issues that arise in branding services. These, above all are assuring constant quality, providing information and establishing a trust based relationship (Ostrom et al. 2005; DeChernotay/Segal-Horn

2001; Berry 2000). If the actual performance of a service provider is particularly conveyed by person-to-person encounters like in many parts of the hospitality industry, the quality-related influencing factors are complex and can affect the customers' brand perception in different strengths. The integration of the customer into the process of service production therefore poses a particular challenge as to keeping a constantly high quality level. The problem of visualizing a brand label results from the intangibility of the actual service for the customer. The customer looks even more for assessment factors and quality cues when services are concerned compared to physical goods. Therefore, it is essential to physically mark services. Thus, hospitality companies increasingly have to look for *´tangibilization´* opportunities in order to give the customer orientation and reassurance (Brady et al. 2005; Kayaman/Arasli 2007). A competitive brand strategy in the hospitality industry therefore *"...must create the expectation, and it must offer a solution to the customer's problem. And that solution, if at all possible, should be different from and better than the competition's, especially if one of the competitors is already offering the same solution"* (Shoemaker et al. 2007, p.355).

Segmentation, specialisation and differentiation are crucial for a branding strategy to succeed (Trout/Rifkin 2000). A differentiation approach in the hospitality industry can be product, customer or market specialisation. A specialisation strategy which addresses specific activities or special interests of hotel customers can result in brand concepts focussing on themes and/or attitudes like sport, ecology, art, technology, health, history, music, gambling, nature and more (Figure 1). In Bavaria for instance, an independent hotelier has focused successfully on German folk music, building the first and till today only German folk music theatre in a hotel for more than 300 persons, while organizing more than 100 concerts per year. Explorer hotels, a small German hotel group with currently three hotels, addresses the sport and health attitude of many customers and offers a combination of sport, entertainment, design and community, trying to make the Explorers hotels a popular destination for all young-at-heart active holiday-makers (snowboarders, skiers, bikers, climbers) from around the world. The Hotel Gabriel Paris Marais considers itself to be the first *´Detox Hotel´* entirely devoted to well-being and regeneration. The *´Detox´* concept focuses on internal ecology to purify the body, where regenerative sleep and healthy foods are essential ingredients. The Zen-like and refined atmosphere contributes to its quiet sense of relaxation. Other types of specializations can be observed in the international hotel leisure market, where concepts like the Topkapi or Kremlin Palace in Turkey, The Venetian in Las Vegas or the Atlantis in Nassau, Bahamas and its sister hotel in Dubai are protagonists of a theme based brand strategy.

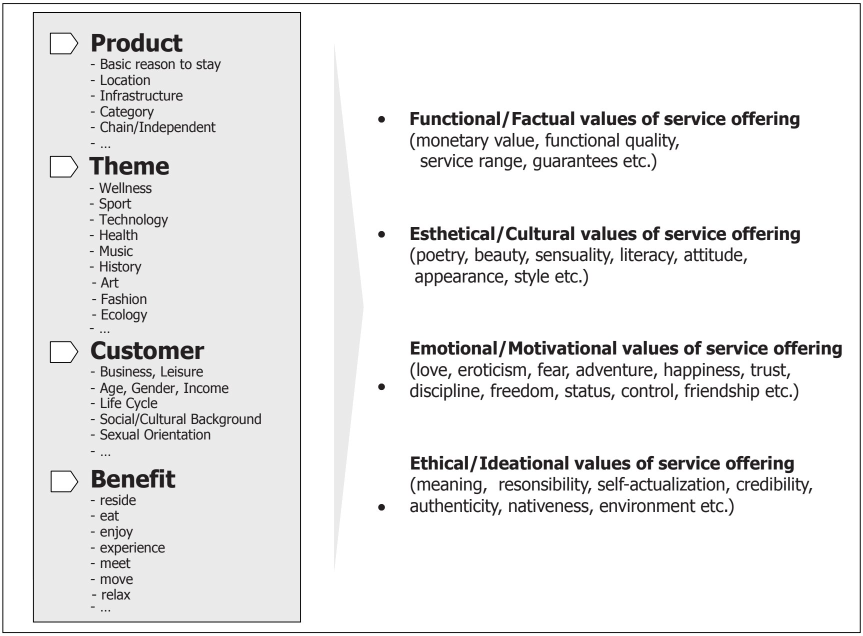

Figure 1: Selected differentiation and segmentation levers in the hospitality industry
Source: Gardini 2006, p. 3

The focus on a specific group of customers like teenagers, families, women, disabled persons, GLBT (gay, lesbian, bisexual, transsexual) or others can also be a promising differentiation strategy, if hotel and restaurant brands are able to understand the specific need configuration of the selected target group in the light of the specific customer situation (business, leisure). Axels for instance, is a small Spanish hotel chain explicitly focusing on the gay community. Another example of a customer focus strategy is Familotels, a very successful hotel co-operation in Germany and Austria, specialized on family vacations. Supported by the overall trend in tourism away from product attributes toward lifestyle or value systems (Barder/Kleiser 2002; Gonzalez/Bello 2002; Keeley 1992), the lifestyle, design and boutique hotels, which have long been seen as pure niche products, have gained importance in the hospitality industry. This profitable market segment includes various descriptions of hotel types – from the boutique hotel to designer hotels to art or concept hotels. What these concepts have in common is that, compared to the '*traditional*' hotel products with standardised rooms, a counter-draft is to be created, promising an individual styling and design, an extraordinary atmosphere and an extravagant style (look), a new and event-centred hotel experience and assuring a certain level of exclusivity (Funke 2008). International protagonists are the W Hotels, Como Hotels, Myhotels, Joie de Vivre Hospitality, The Kimpton Group, the hotel affiliation Design Hotels AG or the small German hotel group 25hours, just to name some of them.

Due to the intangibility, complexity and heterogeneity of many hospitality service offerings, which customers often consider intransparent and confusing in terms of assessing the specific price-value relationship, it is necessary in the hospitality industry to strive for a clear brand profile for the selected target group. The hospitality industry, like other industries, suffers from the general problem that basic services (basic benefits) of many brands or products have become very similar. Thus the functional *´hardware´* of a hotel to a great extent is interchangeable through the respective equipment in the individual star categories. Furthermore, due to the low differentiation potential of the hospitality industry's core services (sleeping, drinking, eating) and the slight need of explanation of hotel or restaurant services, the development of a meaningful brand profile is gaining importance in the hospitality industry. The differentiating character of a hotel brand therefore depends to a high degree on additional service components (additional benefits), such as psycho-social additional benefits (Prasad/Dev 2000; Barsky/Nash 2002). Thus, emotionally bound hotel customers are often less price-sensitive and, in addition, show a higher degree of customer or brand loyalty. This can be realized by offering emotional experiences like they are especially emphasized in the course of lifestyle approaches. Particularly in the medium and high-quality segments of the hospitality industry, there is a strong necessity for establishing a distinct profile because here, in contrast to the brand-strategic options in the economy segments, the basic profiling cannot only be done at a mere rational level (price, value for money), but the brand profile has to be created taking into account experiential and emotional aspects in order to be able to render necessary distinctions at all.

An emotional positioning strategy in the above-mentioned sense aims at developing and promoting a unique experience profile, breeding familiarity and acceptance of a brand in order to achieve an unmistakable brand identity and a positive brand image. By referring to certain social reference groups, which suggest the focused customer segment an ideal self-image, or by accentuating certain social motivations (life style, social acceptance, prestige, joie de vivre etc.) the brand is to be emotionally conditioned and, consequently, enriched with emotional experience. An experience-oriented brand strategy becomes all the more relevant, the more similar and interchangeable the corresponding functional performance associations present themselves in competition, and the more intangible, abstract and indistinct the underlying service is perceived by the customer because of missing objective or dominating socio-emotional quality components. This reflects the growing recognition among practitioners and researchers that customer experience is more important than product, service attributes or price in determining future customer behaviour and that hospitality companies, rather than emphasising merely high quality service levels or plunge into price wars, have to place a greater emphasis on providing high quality experiences (Schmitt 2003; Pine/Gilmore 1998; Otto/Ritchie 1995) or to quote the renowned French designer Philipp Starck: *"A hotel has to be an experience engine"*. An example of that approach is the Ushuaïa Ibiza Beach Hotel which considers itself an adult amusement park rather than being another simple holiday design hotel. One of the future challenges of the hospitality industry and its professionals therefore is developing a managerial framework to identify, manage and leverage the specific dimensions needed to create memorable brand experiences within the context and content of their property operation and service delivery (Xu/Chan 2010¸ Fung So/Knight 2010; Knutson et al. 2009; Zhang et al. 2008).

4 Brand Strategies in the Hospitality Industry

In order to profile and differentiate brands from competitive offers, an enterprise has to develop an appropriate brand strategy. The question if one or several products and services should be marketed below one brand or several brands should be marketed and controlled separately, is the central strategic brand issue in hospitality marketing (see Figure 2 and Figure 3). Important brand strategic options can basically be put down to forms of appearance like individual/mono brands, group brands, family, programme or umbrella brands (Esch/Bräutigam 2005; Calkins 2005). As the individual performance features of services are of intangible nature in many service contexts and, in addition, are often very heterogeneous, complex and thus extremely difficult to be communicated in their contents, brand strategies focusing on abilities and qualities of the total enterprise (Branded House or Corporate Brands) very often dominate in the service field (DeChernatony/Segal-Horn 2001; McDonald et al. 2001).

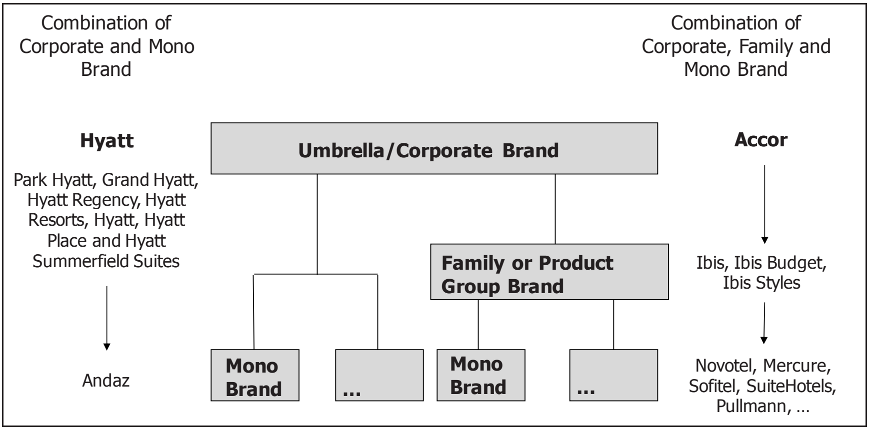

Figure 2: Examples of brand strategy options in the hospitality industry

While with an individual brand strategy (House of Brands) a company offers each product under a single brand (e.g. Starwood with the brands Sheraton, Westin, St.Regis, Luxury Collection, Four Point, W Hotels etc.), with a multi-brand strategy a company manages in the same product field at least two brands in parallel, differing in product features, price and communicative appearance (e.g. Marriott with JW Marriott and Ritz Carlton in the luxury segment). Group, family, programme or umbrella brands either combine all products of a company under a brand (Hyatt with Hyatt, Park Hyatt, Grand Hyatt, Hyatt Regency and others), or concentrate related products under a brand, however, without referring to the company's name (brand families like Ibis from Accor). Strategic prerequisite for a brand family strategy is that the products are equal in terms of the underlying quality approach. In between, there are strategies for which the sender's brand gives communicative support to the sub-brands (Endorsed Brands). In the hospitality industry different approaches coexist with hotel brands which have the company's name as a central element of the respective service brand, while other hotel operators created independent brand concepts for different quality segments and price categories (Gardini 2009).

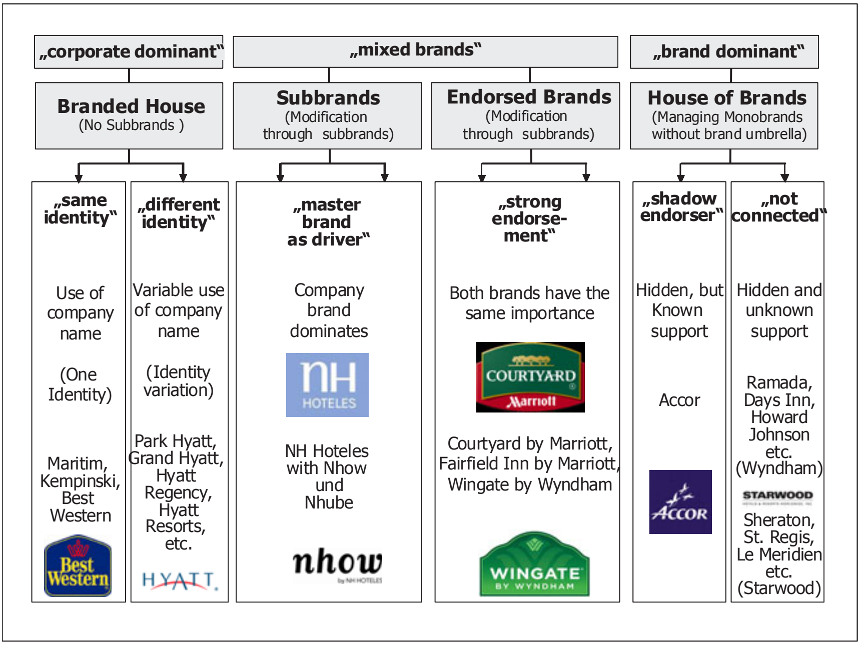

Figure 3: Applying the brand relationships spectrum by

Source: Aaker/Joachimsthaler (2000) to the hotel industry

The extensive market segmentation strategies, as well as the frequent changes of ownership, brands or names, which can be viewed in the hospitality industry in large numbers during the course of acquisitions, take overs and mergers in the last decade, has led to complex brand worlds and brand architectures in many international hotel corporations, with for instance Intercontinental owning seven, Starwood nine, Accor twelve and Marriott thirteen brands. The management of such complex brand systems (brand portfolios) and the question about the number of brands or brand types (individual/mono, group, family, programme or umbrella brands) is inseparably connected with the strategic role and status of these brands in the respective competitive context (Zehle 2011; Kapferer 2008). The fundamental field of tension, in which the management of complex brand architectures takes place, is characterized by a basic trade-off between the demand to achieve the highest possible synergy through a consistent brand portfolio, however, without losing track of the necessary independence of brands in their respective brand segments. Against the backdrop of steadily increasing costs for managing individual brands, hotel companies are forced to question their brand policy permanently as to what individual brands or the brand system may contribute to revenue and profitability. There is no magic formula for creating a strong brand portfolio and thus the question about the ideal portfolio strategy remains one of the greatest challenges in brand management. (Calkins 2005; Esch/Bräutigam 2005)

Based on these fundamental basic conditions of the brand policy in the hospitality industry, the question of how many brands a hotel company is to hold in the market is of vital importance for the brand management. The different brand strategies (see Figure 4 and Figure 5) lead to different chances and risks (Aaker/Joachimsthaler 2000; Esch/Bräutigam 2005). The objective of an umbrella brand, family brand, brand transfer or tandem strategy centred on the company’s name is to use the existing market-related interdependency potentials and, based on the core competence of the superior parent (umbrella) brand, to positively influence the customer’s expectation and perception pattern for the purposes of a brand or image transfer. The use of brand synergies in the course of creating a brand leads to a faster acceptance and an establishment of new product concepts on the market. The effectiveness of such a brand strategy is, on the one side, linked to assuring a brand/segment-specific quality consistency and, on the other side, to communicating product/service-related benefit advantages of the respective brand for the customer in a differentiated way, since otherwise negative *‚’spill-over‘* effects in the sense of diluting the core competence or losing credibility have to be expected.

Are there compellent reasons for a single brand because it has to,

- create and occupy a certain association ?
- incorporate a new and totally different product/service offering ?
- avoid a certain association ?
- to establish/nourish a relationship with the customer ?
- respond to conflicts in the distribution channels ?
- ...

Is the company capable and willing to support a new brand name ?

Single/Mono Brands	
Chances	**Risks**
• Clear/focused product profile • Credibility of positioning • Emphasis of innovative product character – offer customers more variety • Reinforcement of brand value • Creation of band loyalty • Resource Concentration • Avoiding „bad will“ transfer • ...	• Need for high brand investments (i.e. financial, human resources) • Need for sufficient market volume • Creation of brand identity/awareness takes time • Short product lifecycle in many markets • No synergies between brands • ...
Examples:	
Starwood	Sheraton, Westin, Four Points, W, Luxury Collections, St.Regis, Le Meridien, ...
InterContinental Hotel Group	InterContinental, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites and Candlewood Suites,...

Figure 4: Chances and risks of mono brand strategies in the hotel industry

Furthermore, so-called *'cannibalisation effects'* between the individual service brands can arise if the individual brands for specific customer/market segments are not clearly enough positioned in their promises ('brand value') and become interchangeable for the consumer. For individual brand strategies the opposite conclusions can be applied (O´Neill/Mattila 2010).

If the positive brand image of a successful brand should be extended to other product or service categories, marketers talk about brand extensions or brand transfer strategies. These brand extensions are termed line extensions when they are in the same product category as the parent or flagship brand (horizontal brand extensions), and they are termed category extensions when they are placed in a different category than the parent brand (vertical brand extensions) (Braig/Tybout 2005). Mövenpick for instance, a Swiss hospitality chain is appreciating the positive brand image built up in the hotel and restaurant business and franchises and uses its brand name in a variety of different fast moving consumer goods categories such as ice cream or jelly. A similar approach can be observed in many restaurants whose brand portfolio strategies can apply to multiple levels (e.g., the operation as well as individual products) to create a double benefit resulting in a dynamic combination.

Does the core brand contribute to the new product/service offering by

- adding associations which extend the intended ideal ?
- conveying credibility through the connection with the company ?
- offering more presence ?
- increasing the efficiency of marketing communication ?
- ...

Will the core brand be strengthend by being connected with the new product/service offering ?

Group/Umbrella brands	
Chances	**Risks**
• Positiv image transfer(„Good Will") • Brand synergies (Efficiency) • Accelerated product/brand acceptance • Joint brand investments – stretching marketing resources over several products/services • ...	• Cannibalization within umbrella • Poor „fit" of products with one another (lack of consistency) • Unfocused Positioning • Image dilution/Negative image transfer(„bad will") • Values of core brand limit innovation possibilities • ...

Examples:

Hyatt	Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt Resorts, Hyatt, Hyatt Place , Hyatt Summerfield Suites, Hyatt Vacation Club,...
Marriott	Marriott Hotel & Resorts, JW Marriott Hotel & Resorts, Marriott Conference Centers, Marriott ExecuStay, Marriott Vacation Club International, Courtyard by Marriott,...

Figure 5: Chances and risks of umbrella brand strategies in the hotel industry

A crossover of a brand from foodservice to food retail would be considered an example of an extension of a brand. For restaurants, this crossover can be derived through a product brand (e.g., TGI Friday's Mudslinger mix), restaurant concept brand (e.g., Taco Bell food items), or the regional brand (e.g., Cajun/Creole cuisine, California cuisine, etc.). This crossover into food retail has been applied to a variety of restaurant segments (e.g., QSR, family dining, fine-dining) and food products (Harrington/Ottenbacher 2011).

5 Conclusion and Outlook

The increased brand activities and the growth of the branded hotel and restaurant industry in the past twenty-five years have shown that the hospitality industry is getting more and more sensitive in terms of necessary market and competition related profiling services. The market share of brands in the hospitality industry will continue to grow in future and thus also the necessity of a systematic and consequent brand management. At the same time not only the gap between independent hotel/restaurant owners and integrated chains (franchise/affiliations) will increase, but also amongst the integrated global chains (hotels/restaurants) the competitive pressure will intensify, leading to a vigorous crowding out in the near future in major hospitality markets worldwide. From this competitive point of view more than ever it has to become clear for the customer what a hotel or restaurant brand as a combination of tangible and intangible assets and resources stands for and what they do not stand for, which core values and messages the brand wants to convey and how the problem solving competence and brand advantages are to be visualized. Besides communicating a trustworthy brand image with a convincing promise of performance to the target market, for a successful strategic brand profiling in the hospitality industry it is necessary to create and secure an integral and consistent brand identity both internally and externally (internal and external branding). Strong and successful brands do not solely rely on communicative elements of brand management, but face the compelling necessity of a comprehensively designed brand identity and culture as component of a corporate or entrepreneurial strategic concept. The necessary transition from the dominating operative sales and communication orientation in the hospitality industry to an integrative and strategic brand and customer orientation, comprising all functions, processes and people involved in the brand value chain is a major change of mindset that very often still has to be carried out seriously, both in the chain and independent hospitality industry. For the future of many service providers in the hospitality industry a crucial issue will be therefore be, if they can become or if they can stay relevant for their selected target group(s) with their brand strategy and their brands.

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Limits of Modelling Memorable Experiences: How Authentic Shall Events Be?

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Since the 1990s experiences are regarded as an important source of customer value (Matzler, Heischmidt, & Velentas, 2001) and a means to create unique selling propositions. Customer value is not anymore derived from the purchased service but from the consumption of an experience (Holbrook & Hirschman, 1982). Stakeholders in destinations need to create not only a basic commodity but also additional value to its consumers (Weiermair & Brunner-Sperdin, 2006). The consumer, since the 1990s, sometimes also referred to as the 'new consumer' (Lewis & Bridger, 2001), is striving for authentic and memorable experiences; the quality experiences provided to customers, which are indeed memorable, directly determine a business's ability to generate revenue (Pine & Gilmore, 1999). This new consumer was characterised as individualistic, involved, independent and informed. Moreover the new consumer is aware of the scarcities of time, attention and trust (Lewis & Bridger, 2001). Experiences were and are considered to be the future path to differentiate tourism products and services through creating memorable events. As a consequence, many tourism suppliers have developed strategies based on themes, such as cultural backgrounds, historical incidents, or typical surroundings such as landscape (Hennings, 2000; Matzler, Heischmidt, & Velentas, 2001). In addition, events, held in a tourism destination, focus also on this strategic approach having the aim to develop a lasting memory. This implies that marketers use orchestration as an instrument.

In contrast, a claim for authenticity exists (Zehrer, 2010). The need for authenticity is growing when societal changes occur and it is considered as key motive

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for traveling. This need is often affiliated with ‘back to nature’ or spiritual experiences (Steinecke, 2000). "There is a growing desire to obtain experiences and products that are original and the real thing, not contaminated by being fake or impure" (Yeoman, Brass, & McMahon-Beattie, 2007, p. 1128). Following Cohen (1995), tourism services are considered authentic when these services were not changed to make them attractive. Yet, authenticity is perceived differently by different consumers and therefore a definition is needed. Nonetheless it becomes clear that authentic or memorable experience play an important part in tourism. Yet, this still implies that experiences are staged to some extent. Thereby, orchestration is offered as authentic as possible to avoid artificial impressions and to meet the consumer’s need for authenticity (Vester, 1993). The question arises what is the right amount of orchestration that the consumer is willing to accept – if he/she is able to identify the orchestration and when will it be too much.

The purpose of this contribution is to provide a critical discussion about the value of memorable experiences and authentic events for consumers. Thereby, the active creation and orchestration of memorable experiences through organisations will be discussed. For instance in sports, several organisations hold corporate events and use sport as strategic instrument, blurring the differences to a real sporting competition held for the purpose of sport.

This contribution is structured as follows: First an evaluation of different definitions for authenticity and experience will be provided. Second, customer value and its creation will be in the spotlight followed by an overview about the current state of research in this area. A discussion will shed light on current trends and synthesise the findings regarding sport events. Finally, some concluding remarks shall be provided.

Authenticity and experience defined

The notion of authenticity was formed by Heidegger (1962) and introduced into tourism in 1973, when MacCannell published his seminal work introducing the concept of ‘authenticity’ (MacCannell, 1973). Authenticity basically is a very subjective criterion, thus can mean different things to different people. Authenticity is a value produced by modern life (Appadurai, 1986). Authenticity has often been related to the local area (place of origin) because tourists get motivated by the desire to experience somebody else’s culture (Asplet & Cooper, 2000; MacCannell, 1976). "The authentic is identified as the original and is set of against the copy" (Peterson, 2005, p. 207). Most tourists will accept a "commercialised object as authentic, insofar as they are convinced that it is indeed ornamented with traditional designs and hand made by members of an ethnic group" (Cohen, 1988, p. 378) "An authentic thing is not fraudulent, manufactured for some ulterior purpose, or contrived. It is not simply an imitation, but is a sincere, real, true and original expression of its creator" (Hughes, 2000, p.

190). "Since authenticity is not a primitive given, but negotiable, one has to allow for the possibility of its gradual emergence in the eyes of visitors to the host culture" (Cohen, 1988, p. 379). In other words, a cultural product being judged as inauthentic may, in the course of time, become generally recognized as authentic. Waitt (2000) defined authenticity as historic or connected to the past, and he asked tourists to respond to items that signified history.

Authenticity is often staged and commodified to meet the needs of the tourist. MacCannell (1976) introduces the term "staged authenticity" meaning the organising of touristic settings that provide to paying visitors semblances of the authentic experience they seek. Some of the recent research has indicated that authenticity is not a tangible asset but a judgment placed on the tourism product by the observers, which means it is a negotiable concept (Moscardo & Pearce, 1999; Stebbins, 1996; Walle, 2003; Weiler & Hall, 1992; Xie & Wall, 2002).There are various different concepts of authenticity in tourism that emerged since the mid-1970s (see table 1).

Table 1: Concepts of authenticity in tourism

Author (year)	**Concept**	**Meaning**
MacCannell (1973, 1976)	staged authenticity	Authenticity is staged
Cohen (1979b)	emergent authenticity	Authenticity can be experienced artificial
Pearce and Moscardo (1986)	authenticity through relationships	authenticity is experienced through external relationships and environments
Selwyn (1996)	- cool authenticity - hot authenticity	- real world: authenticity is knowledge - real self: authenticity as emotion
Wang (1999)	- objective authenticity - constructive authenticity - existential authenticity	- authenticity of originals - authenticity in terms of images, expectations, preferences and beliefs (clichés and stereotypes) - "state of being" activated by tourist activities

As Pearce and Moscardo (1986) point out, the concept of authenticity has a long history in social theory. The concept of MacCannell (1973), which was further developed but also criticized, is still used by many researchers to explain tourism experiences (Halewood & Hannam, 2001; Taylor, 2001; Wang, 2000). Wang (2000, p. 47) has made attempts to redefine the meaning of authenticity with the purpose of enhancing and justifying its explanatory powers by introducing the idea of 'existential authenticity'. Wang's notion of authenticity, like MacCannell's, is based on the idea that modern society creates an alienation that results in a longing for experiences.

Hence, closely associated with authenticity is the notion of experiences. Smith (1989, p. 1) defines the tourist as "a temporarily leisured person who visits a place away from home for the purpose of experiencing change". This leads to the conclusion that the experience is seen as contrary to the routines of everyday life. An experience therefore is the internal and subjective response customers have to any direct or indirect contact with a tourism product or company. The differentiation between everyday life and tourist experience was also highlighted by Turner and Ash (1975). They suggested that the temporary distance of tourists from their regular environments allows them to suspend the power of norms and values that govern their daily lives. This notion of the tourist experience has been challenged since the 1990s by scholars who introduced the perspective of postmodern tourism (Lash & Urry, 1994; Munt, 1994; Urry, 1990).

"An authentic experience . . . is one in which individuals feel themselves to be in touch both with a 'real' world and with their 'real' selves" (Handler & Saxton, 1988, p. 243). 'Seeking authenticity' has long been used to explain tourist motivation and experiences (Kolar & Zabkar, 2010). However, even though the tourists themselves might think they have gained authentic experiences, this can still be judged as inauthentic, if the toured objects are false or contrived, or what MacCannell (1973) called staged. The concept of staging an integrated customer experience has been utilised to evaluate the tourism product (Hayes & MacLeod, 2007; Pullman & Gross, 2004; Quadri-Felitti & Fiore, 2012). In the end, independent of authenticity or inauthenticity of the experience, tourists seek unique and memorable experiences to supplement or substitute for traditional commodities (Milman, 2008).

How to derive customer value

Scholars agree that customer experience is a key determinant and immediate antecedent of customer satisfaction, loyalty, and repurchase intentions (e.g., Caruana, 2002; Oh, 1999). The concept of customer value emerged in the 1990s and is considered one of the most significant factors of a company's success

(Landroguez, Castro, & Cepeda-Carrion, 2013; Smith & Colgate, 2007; Wang, Lo, Chi, & Yang, 2004). Sawyer and Dickson (1984) define customer value as the ratio of attributes weighted by their evaluations divided by price weighted by its evaluation. Zeithaml (1988, p. 14) argues that customer value can be defined as "the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given". Hence, perceived value is a direct antecedent of a purchase decision and a direct consequence of perceived service quality. Kashyap and Bojanic (2000) and Buzzell and Gale (1987) see customer value also as a function of both, price and quality. Hence, the value of the product or service is based on the perceived tangible and intangible costs of an exchange (perceived price) as a ratio of its perceived tangible and intangible benefits (perceived quality). According to Matzler, Heischmidt and Velentes (2001), customer value in simple terms refers to the difference between perceived benefits and costs, i.e. customer value is created when the perceived benefits of a product/service exceed the perceived costs. Value increases when the perceived services are positive (Fiore & Kim, 2007). Following their line of thought, a customer value strategy incorporates four steps, namely 1) formulation of appropriate market objectives, 2) selection of specific market segments, 3) creation of value that leads to competitive advantage, and 4) development of capabilities to deliver value. According to Vargo and Lusch (2004) and Lusch and Vargo (2006), firms can only offer value propositions; the customer must determine value and participate in creating it through the process of coproduction.

According to Clark and Maher (2007, p. 62) "consumer value judgments are not only based on individual customer perceptions, but are also effected by episodic encounters with the service provider". This implies that consumers who perceive repetitive encounters of poor value provision develop very likely negative attitudes toward the value of the service offering, which will, in turn, affect the consumer's attitudinal loyalty. Similarly, if the customers experience high value, a service provider will likely realize a positive influence on consumers' attitudinal loyalty to the firm. Only when the value that customers perceive in a product is understood, it can be managed over time (Landroguez, Castro, & Cepeda-Carrion, 2013). Customer value management (CVM) comprises both, the measurement and evaluation of the perceived value placed on products by the customer and the value of specific customers or customer segments to the company (Evans, 2002).

Evolution and current state of research

Most research refers to the experience economy as introduced by Pine and Gilmore in the late 1990s (Pine & Gilmore, 1998, 1999). The change from a service-based economy to an experience-based economy was successfully advocated by them. Yet, earlier other researchers pointed also to consumption experiences (Cohen, 1979a; Csikszentmihalyi, 2008; Hirschman, 1984; Holbrook & Hirschman, 1982; Otto & Ritchie, 1996; Turner & Bruner, 1986). Generally, as Kim, Ritchie, and McCormick (2012) point out, a considerable body of research has emerged focusing on measuring experiences and the outcomes of experiences. Earlier, Ritchie and Hudson (2009) and Ritchie, Tung and Ritchie (2010) conducted extensive overviews about different research streams and the emergence of experience research in tourism. These meta-reviews usually indicate that a substantial and non-ignorable body of literature exists. The majority of literature in the area of experience and authenticity research is conceptual, only recently empirical papers seem to have emerged. A key focus for both types of papers is a discussion of the underlying concept or the development and test of a measurement scale. The empirical studies used either a quantitative (Brunner-Sperdin, Peters, & Strobl, 2012; Chhabra, Healy, & Sills, 2003; Hosany & Gilbert, 2010; Hosany & Witham, 2010; Kruger & Saayman, 2012; Milman, 2013; Wang, Chen, Fan, & Lu, 2012), qualitative (Kim & Jamal, 2007; Quinlan Cutler, Carmichael, & Doherty, 2014; Tung & Ritchie, 2011) or a mixed methods (Oh, Fiore, & Jeoung, 2007) research paradigm investigating authenticity or experiences. Other studies refer to experiences without mentioning any of the conceptual frameworks that have been developed so far (e.g., Hennessey, Macdonald, & Maceachern, 2008; Papadimitriou & Gibson, 2008) – though they have admittingly different foci of their research.

Pertaining to authenticity, several conceptual works founded their analysis on the work of philosophers. This is not surprising since the notion of authenticity was formed by Heidegger (1962) as already mentioned. For instance, Steiner and Reisinger (2006) analyse how a tourist can find his/her authentic self and how the tourism industry can help the individual to find the self, drawing on the philosophy of Heidegger. Olsen (2002) mentions Durkheim and Habermas discussing the role of the tourist. Pearce and Moscardo (1986) develop based on Cohen's early framework of tourist situations (Cohen, 1979b), nine authenticity classifications based on describing situations than providing concrete labels. Cohen (1979b) proposes a two by two framework for touristic situations displaying the nature of the scene as either real or staged and the tourist's impression of the scene as being real or staged. Basically, four outcomes arise (see Figure 1): 1) the scene is real and perceived as real resulting in an authentic experience, 2) the scene is staged and perceived as real resulting in what Cohen calls a "covert tourist space" (Cohen, 1979b, p. 27), 3) the scene is real and perceived as staged which leads to a denial of authenticity, and finally 4) the scene is staged and perceived as staged which is called an "overt tourist space" (Cohen, 1979b, p. 27).

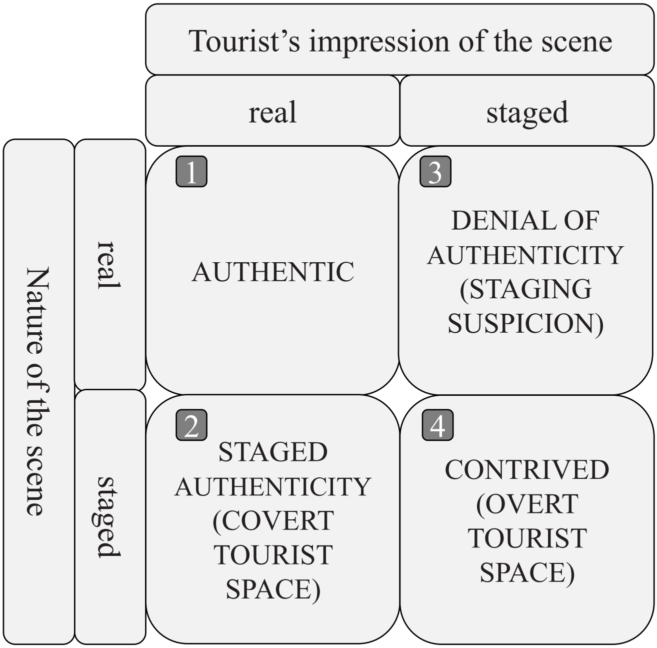

Figure 1: Cohen's (1979b, p. 26) types of touristic situations

Considering experiences, several models were developed. The most popular model is the often cited model by Pine and Gilmore (1998) pointing to the realms of entertainment, education, escapism and aesthetics within a framework of active versus passive participation on the one hand and absorption and immersion on the other hand. They never tested their model empirically. This was done by other researchers (Hosany & Witham, 2010; Oh, Fiore, & Jeoung, 2007) as will be shown below. Holbrook (2000) criticises Pine and Gilmore's underlying assumptions of four distinct economic offerings that are distinct from one another (commodities, products, services, and experiences). He notes that every consumption act entails some sort of experience (Holbrook, 2000). In contrast (and even earlier) Otto and Ritchie (1996) suggest six dimensions for a service tourism experience. These dimensions include hedonic, interactive, novelty, comfort, safety, and stimulation elements. Their empirical investigation did not confirm the proposed structure of experiences and reveals instead four factors: hedonic, peace of mind, involvement, and recognition (Otto & Ritchie, 1996). In a sporting activity context, namely hiking, Cheetri et al. (2004) detected desirable experiences, impelling experiences, apprehensive experiences, and social interaction experiences. Compared to the initially suggested dimensions of Otto and Ritchie (1996), similarities can be found for impelling experiences and stimulation, social interaction experiences and interactive, and to some degree between apprehensive experiences and comfort/safety. Aho (2001) takes a different perspective and determines that experiences consist of physical, mental and social elements. He also suggests that tourism experiences consist of seven stages which are orientation, attachment, visiting, evaluation, storing, reflection and enrichment (Aho, 2001). Tung and Ritchie (2011) find that memorable experiences can be categorised in four dimensions, namely affect, expectations, consequentiality and recollection. Kim and colleagues (Kim, Ritchie, & McCormick, 2012) identified 16 dimensions for memorable tourism experiences based on an extensive literature review. Following the theoretical analysis, qualitative and quantitative methods were employed to derive a measurement scale. The final scale is comprised of the dimensions hedonism, novelty, local culture, refreshment, meaningfulness, involvement, and knowledge. It becomes apparent that different dimensions exist, yet what the right dimensions are remains to be seem, since there seems to no consensus, although Kim et al. (2012) were the first to validate their dimensions and the dimensions of the four realms were also validated in different studies (Hosany & Witham, 2010; Oh, Fiore, & Jeoung, 2007). Yet, consensus cannot be contemplated.

Some studies go beyond the mere conceptualisation and try to measure the relationship of experiences or authenticity with different outcomes such as satisfaction (Brunner-Sperdin, Peters, & Strobl, 2012; Hosany & Witham, 2010), brand awareness (Fung So & King, 2010), intention to recommend (Hosany & Witham, 2010; Wang, Chen, Fan, & Lu, 2012), intention to revisit (Wang, Chen, Fan, & Lu, 2012) or test the levels of experiences or authenticity for differences between groups (Chhabra, Healy, & Sills, 2003). For instance, it was shown, that tourism experiences serve as mediator between service quality and revisit intention (Wang, Chen, Fan, & Lu, 2012). Hosany and Witham (2010) found a partial mediation of satisfaction between tourism experiences and intention to recommend. These studies already indicate that there is a need to establish and test further causal/structural relationships between experiences and different determinants and/or outcomes.

In an event context, fans and fan parks at the Football World Cup 2006 were analysed (Frew & McGillivray, 2008). Following the authors, fan parks are constructed places and fun experienced in such a place can be seen an orchestrated product (Frew & McGillivray, 2008). If successfully staged, this could be linked to Cohen's (1979) staged authenticity, the covert tourist space. Nevertheless, within these surroundings, the fan resisted against the orchestration through particular behaviour (e.g. fountain dances like Frew and McGillivray, 2008 point out) leading to an overt tourist space (Cohen, 1979b) and becoming one's own producer through the use of social media. This implies that the new consumer distinguishes between the different touristic situations and is even able to change them into their own staged event. Thereby it must be noted that the quality of experience is a function of the relationship between challenges and skills (Csikszentmihalyi, 1996). If both, skills and difficulty, are high, an ideal experience or flow can be achieved (Csikszentmihalyi, 1996). Individuals, who push their limits in for instance being physically active, may experience the transcendental feeling of flow on a regular basis (Hallmann, Feiler, & Müller, 2012). In addition is was shown that sport tourism experience can elevate self-identity (Quinlan Cutler, Carmichael, & Doherty, 2014).

Application to sport events

Interestingly – to the knowledge of the authors – the four cell framework of Cohen (1979b) displaying types of touristic situations seems not to have been applied to sports tourism and sport events. This is even more surprising considering the fact that sport is closely linked to experiences since emotions can be lived (Schubert, 2005). In other words, sport rouses and satisfies needs that require emotions (through spectating or taking part in sport). In sports, emotions are event part of the activity and are desired (Schubert, 2005). Thereby, it can be assumed that the sport consumer and sport tourists seeks the unique and memorable experience to supplement for traditional commodities as Milman (2008) suggested for the general tourist. Probably every event is to some extent staged, since it needs to be organised logistically that the competitions and performances can run smoothly. This is supported by Figure 2 suggesting that the higher the interest of the consumers (participants and/or spectators), the higher the perceived entertainment and information value (Riedmüller, 2003). In addition, Figure 2 clearly suggests that occurrences can be staged. This orchestration of events can be achieved at different levels and be of different nature (Cohen, 1979b). The arrows leading from *occurrence* on the one hand and from *participants, spectators* on the other hand to event stand for Cohen's four cell framework. In sports for instance, events can be distinguished into general events and corporate events (held by commercial organisations to convey brand messages), the latter usually imply that they are fully orchestrated and the competition is usually not at the core of the event. The simple question is, whether the consumer realises this or not.

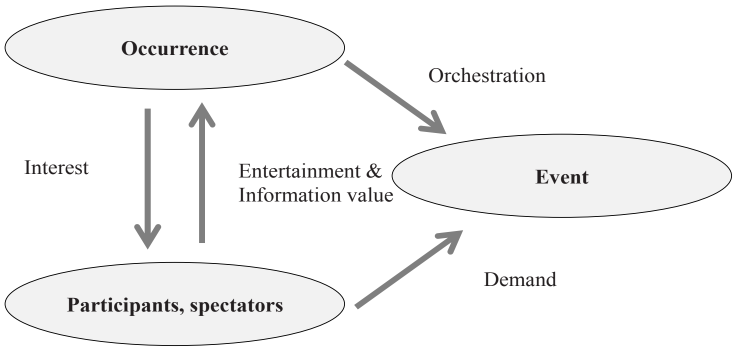

Figure 2: The interrelationships between occurrences, events and consumers

Source: Riedmüller 2003, p. 49

In nowadays marketing world, sport is also instrumentalised to stage corporate events which have the function to convey brand messages via the association with sport. This type of events stands in contrast to the original sport events, which focus on the competition for the sake of it. One might assume that the original sport event is authentic and that any corporate sport event is staged. Interestingly, not all events seem to be straightforward in their approaches and these boundaries seem to become more and more blurred as will be shown using some examples.

1) The annual competition at the local community tennis club would probably qualify as authentic event. It is held for the members of the particular club to socialise and compete against each other. It probably takes place on a weekend, and matches are scheduled throughout the day with the winner of each match progressing to the next round. Food and beverages will be served by those not competing or family. This is likely to be the only additional element to the competition. This is an example of the first cell in Cohen's framework (1979b), namely an authentic event. These events are probably in particular memorable and authentic due to socialising with the (tennis club) community and offering a small and cosy event. This implies that not much needs to be done to create an authentic event. Flow can be experienced by those competing, but probably not by the spectators, who might miss a 'wow effect'.

2) Yet, also bigger events open to the general public such as a national athletics competition are easily perceived as authentic (as original sport event), though the event might have some elements hinting to orchestration: For in-

stance, if the athlete's presentation is staged in some form (e.g., athletes are brought into the stadium in sponsored cars and drive one round around), elements of orchestration are prevalent. Thereby, the event owner is able to create additional attention for the athletes and offer additional entertainment and information value (see Figure 2) to the spectators. Thereby, a memorable experience can be created. Notwithstanding the event as such can be still perceived as authentic. This example shows that authentic events (can) gradually implement orchestrated elements, but still be categorised into the first cell of Cohen's model (1979b). The spectator still identifies the event as the original and not a copy, following Peterson's (2005) line of thought.

3) In contrast, there are also events that clearly instrumentalise sport (some events might even ridicule sports through inventing new types of 'sports'). These events are staged and also perceived as staged (representing Cohen's (1979b) fourth cell of overt touristic spaces) such as the events – there we use intentionally the term 'event' instead of 'sport event' – hosted by the German TV host Stefan Raab such as Wok World Championships (here they utilise instead of a luge to slide down the bobsleigh run a wok, the Asian kitchen device) or the car racing event. These events are mere entertainment shows which are used by sponsors to display their names and logos. They attract a rather large TV audience, but they are definitely not authentic – though they claim to be unique through the invention of performing a unique 'sport'.

4) However, events initially understood as fun events, then staged as corporate events can also develop into real sporting events. One example in this regard is High Diving. Initially started by some athletes simply to perform their extreme sport, Red Bull hosts since 2009 the (High) Cliff Diving series. Unofficially, World Championships were held. In 2013, the sport was incorporated into the World Championships of FINA (World Swimming Association) which were held in Barcelona and even the own sporting federation (World High Diving Federation, founded in 1996; ZDF Sport, 2014) was acknowledged by FINA. It includes now members of the corporation Red Bull and of FINA (Peter, 2012). The question arises how to classify this event in Cohen's framework (1979b). Theoretically, every single of the four cells in Cohen's framework (1979b) could serve as outcome, depending on the spectator. Those, who are less involved might perceive it as authentic, those you are familiar with the evolution of the sport might find it as contrived, and others might perceive the event as something in between.

Conclusion

As initially stated, authenticity, memorable experiences and customer value are all subjective constructs that emerge in the mind of each individual. Understanding the value that customers perceive in an offer, creating value for them and then managing it over time are still recognised as essential elements of a firm's business strategy and have been highlighted as an important source of competitive advantage. The value is placed on a product by the observer while authenticity can either be a concept immersed with an origin or produced and staged (MacCannell, 1976). By introducing and staging authentic concepts, event managers place emphasis and focus on specific aspects of experience other than what tourists normally would expect (Wang, 1999). By offering the authentic concepts, event management may have successfully created a more hedonic experience – an experience that was valuable and entertaining in itself (Chhabra, 2005; Hughes, 1995). The ideal experience creates a status of flow in the consumer (Csikszentmihalyi, 1996). The question of how authentic an event shall be cannot easily be answered as the four sport event examples show. In the end, it depends on the perception of the individual consumer.

The aim of this paper was to contribute and add to the discussion on experiences being staged or authentic and its impact on customer value. The critical literature review on the example of sports events reveals that there are basically four different forms of experiences when it comes to sport events (Riedmüller, 2003). The boundaries between these forms become more and more blurred and it is a strategic and/or entrepreneurial decision how the offerings are presented to the customers. The authors believe that further research is necessary to understand the concept of memorable experiences better from a theoretical point of view, which then enables to provide recommendations for management.

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Co-Creating Tourism Services – A Multiple Case Study of Methods of Customer Involvement in Tourism

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Abstract

The purpose of this paper is to assess the opportunities for co-creation by studying the applicability of different modes of customer involvement in tourism at different stages and/or for different purposes of service development. The data were collected in six participant companies. The case studies were analyzed within the typology of user-driven innovation by Hjalager and Nordin (2011) and typology of modes of customer involvement by Edvardsson et al. (2012). The findings show that The Tester mode method produced the richest input for service concept development, and The Correspondent and The Reflective Practitioner modes were best applied in the development of service process. Small firms in tourism need cooperation with universities in their co-creation activities as most of the methods of customer involvement are demanding and costly to apply.

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Introduction

The tourism industry is characterized by small sized enterprises and limited innovation resources, which means that cooperation and government support are needed in the promotion of innovative activities in tourism (Keller 2005). In tourism innovation is not a strategic activity of the small business management (Keller 2010) and hence there is a need for mechanisms which afford the tourism enterprises access to sector-specific or a scientific pool of knowledge from outside the company (Keller 2005). This notion might refer to a current concept in business research, namely co-creation.

Russo-Spena and Mele (2012) distinguish between three main research streams as starting points in the analysis of co-creation in innovation studies: the technology-driven perspective focusing on collaboration through an open innovation platform, the customer-driven perspective emphasizing the systematic use of individuals' and communities' competences and experiences, and the service-driven perspective introducing notions of value in use and the customer as value co-creator (Vargo and Lusch, 2006). Russo-Spena and Mele (2012) propose a joint perspective and conceptualize co-creation as a process in which social and technological resources are integrated. According to them companies could utilize a broad spectrum of collaborations, which would involve resource integration with several kinds of stakeholders (Payne et al., 2008;Frowet al., 2010) and improve the co-creation practices of innovation. This might call for new forms of collaborative relationships in tourism (Keller, 2010).

Following the perspective of Russo-Spena and Mele (2012) in this study co-creation refers to the interaction and collaboration of organizations, groups and individuals in order to jointly generate solutions and to create value. This case study is an example of cooperative efforts of universities, tourism businesses and government supported local authorities in order to increase knowledge and skills in service development. Small tourism businesses need support in service development and particularly know-how and funding (Keller, 2004, 2006). This need has also been noted by the Finnish Funding Agency for Innovation (TEKES), which funded more than 100 tourism and leisure services development projects in the special Tourism and Leisure Services program during 2006-20012. The program aimed at developing business models, processes and new services for the companies in the sector, the volume of the project totaling about 25 million euro. The study at hand was one of the projects funded by the program. It was conducted in a regional tourism development project, where the objective was to collect and disseminate best practices in enhancing the service development processes in small and medium sized tourism businesses.

This paper presents the findings of a study, the aim of which was to assess the opportunities for co-creation in tourism by studying the applicability of different methods of data collection and customer involvement at different stages and/or for different purposes of service development. The data were collected in six participant companies in Eastern Finland by staff and students from the University of Eastern Finland and the Savonia University of Applied Sciences. One of the case studies is a DMO in a holiday centre, one is a regional tourism marketing organization, two are hotels which are part of a larger chain, one case firm is a privately owned hotel and one is a rural holiday center.

Customer involvement in service development

As tourism products are typical experience-centric services designed to engage customers emotionally, physically, intellectually or even spiritually (Shaw, Bailey and Williams, 2011; Stickdorn, 2009; Zomerdijk and Voss, 2010), customer involvement in tourism service development is particularly crucial when defining and designing the experience (Prebensen, Vittersø and Dahl, 2013). Even though a few researchers have recently studied co-creation and customer involvement in service development in tourism (e.g. Prebensen and Foss, 2010; Prebensen et al., 2013; Shaw et al., 2011) there is only limited systematic and comparable empirical evidence of the level of innovative activities in tourism and hospitality industries (Hjalager, 2010). Hjalager and Nordin (2011) state that the future research on tourism innovation should focus on topics related to user-driven innovation practices and methods. Hoyer et al. (2010) also call for more research on methods where especially consumers are involved in new service development processes.

This study aims to fill this gap in research by testing different types of customer involvement in tourism service development. The case studies are analyzed within the framework with four key elements for describing types of customer involvement presented by Alam (2002). The first element is the purpose of customer involvement, which may be to gain new service ideas or to improve the existing service. Second, the stage of involvement refers to where in the service development process the customer information is obtained. The third element is the intensity of customer involvement, which may vary from passive listening to extremely intense participation, where the customer is taken as a member of a development team (Alam, 2002). Fourth, the mode of involvement refers to how the input and information is obtained from the customers (Alam, 2002).

The purpose and stage of customer involvement are presented in this study presented in the framework of the prerequisites of a customer-oriented tourist product presented by Komppula (2005, 2006) following the ideas of Edvardsson and Olsson (1999). The core of the tourist product, the service concept, expresses the idea of what kind of value the customer expects to experience, and is based on the needs and motives of the customer. The service process includes the steps and services of the customer process through which the customer may consume services which lead to consumer experiences during the trip. The service system includes all those resources available to the service process so that the service concept can be realized. This includes the involvement of the service company's staff, other customers, the physical and technical environment of the company, and the organization and control of these resources.

The tourist product created with these prerequisites may also be described as a service package consisting of several service modules, such as accommodation, transportation, and activities. Konu, Tuohino and Komppula (2010) have combined this model with the traditional process models of new service development and suggest that the development of the tourist product can be seen as a process in which the first stage, the development of the service concept, can be divided into four phases: idea generation, core product screening, concept testing and concept development. The second stage, service process development, consists of service module creation and development, service blueprinting, prototype testing (internal), business analysis and formal product blueprinting. The next stages are market testing (external testing, financial evaluation), commercialization, and post-introduction evaluation.

According to Hoyer et al. (2010) enterprises firmly including the consumers in the early stages of the product development process of new products, namely the generating of ideas and development of concepts, derive significant benefit and are successful. In involving customers in the early stages of product development use has traditionally been made of established methods of market research, such a group interviews and interviews with lead users (Hoyer et al., 2010; Prahalad & Santos, 2009). However, these methods are extremely costly and enable the participation of only a limited number of customers, while nowadays it is possible in the Internet to collect extensive data to enhance customer comprehension at considerably less cost at all stages of the product development process (Hoyer et al., 2010). Prahalad and Santos (2009) and also Alam (2006) note that in the early stage of product development, especially that of collecting ideas, methods involving customer participation are seldom used. On the other hand customers are used more commonly for testing prototypes (Prahalad & Santos, 2009).

The intensity and mode of customer involvement are discussed in this study on the basis of two different typologies. First, Hjalager and Nordin (2011) have presented a typology of forms of user driven innovation in tourism by reviewing methodologies and practices of listening to or learning from the customer. Their typology is based on distinguishing between active and passive customer involvement, and the involvement of many or few customers. "Tapping data" refers to methods where many users are passive suppliers of information (e.g.

customer surveys, complaint collections, guest book analysis, blog mining, product ratings). "Interpreting information" refers to the passive involvement of limited number of users, comprising methods as customer interviews, focus groups and observations. In these methods the emphasis is on a better understanding of consumer motivation and behavior. "Nurturing creativity" refers to methods involving many customers as active co-developers, for example by building communities of users or holding open calls for product development. "Experimenting and testing" refers to e.g. lead user communities and innovation camps, where a limited number of customers are invited as active co-developers.

While Hjalager and Nordin (2011) base their typology on the number of customers and the extent of their activity, Edvardsson et al. (2012) pay attention to the situation of the customer when participating in the service development. They present a framework with four modes of customer integration in which data is classified either as *in situ* (data captured in a customer's use situation) or *ex situ* (data captured outside the use situation) and as either in-context or ex-context. They define context as a resource constellation that is available for customers to enable value co-creation. Accordingly, in-context refers to methods in which the customer is in the actual context of use with access to various resources, while ex-context refers to a situation in which the customer is outside the context of use and therefore has no direct access to the resources (Edvardsson et al., 2012).

Hence, Edvardsson et al. (2012) present four modes as stereotypes representing ideal types of customer information. "The correspondent" is a customer who is in or has experience in a real service context and is in a real-life situation. According to Edvardsson et al. (2012) methods within the correspondent mode are primarily beneficial in the early stages of service development. "The reflective practitioner" mode is characterized by users who have experience, but are not in a real-life service situation. This mode refers, for example, to Internet based surveys, and other methods that gather information after the actual situation has occurred. "The tester" has a real need for the service solution but has no real life experience of the context. This mode refers to methods in which the context can be simulated or imagined, referring, for example to Avatar based innovation or empathy based stories. According to Edvardsson et al. (2012) such methods will gain increased interest in the future. The fourth mode is "The dreamer", which refers to methods where the information is gained from users with no real-life experience and who are not in an actual service situation, and have limited knowledge about the service. Hence, the informants are rather prospective users of the service than real users. Surveys are the most common method of data collection for this mode.

The findings of Ordanini and Parasuranam (2011) on the development of services in the hotel context show that although a numerically large amount of ideas can be got from customers for the development of new concepts, such ideas seldom lead to any radical innovations unless the product development process includes other interest groups (see also Russo-Spena & Mele, 2012), which may, for example, be producers of contributory services or their own workers at the customer interface. The findings of Melton and Hartlin (2010) likewise show that in addition to involving customers in many different ways at all stages of product development, enterprises should also train their personnel to collect and take better note of feedback and ideas evinced by customers.

Although this review has already discussed methods of involving customers, especially in the context of developing a new service or product, and reference has been made to involving the customer at different stages of product development, it must be stressed that creating customer value and developing together with the customer and service producer is an ongoing activity (see for example Tajeddini, 2011). Developing services and involving customers in service development thus refers to the constant development of both new and existing services (Andersson, Gustafsson, Kristensson, Mangnusson & Matthing, 2006) as researchers using especially the terms co-creation and value co-creation apparently mean.

Empirical study

The research was conducted in the form of case studies in six different tourism enterprises. Initially unstructured interviews were conducted with the respective managements to ascertain the current level of customer comprehension and acquisition of customer information. Then the case-specific objectives and the customer segment to be investigated were determined according to the nature of the main development needs of the respective enterprises. A target customer group was selected for each enterprise and the best method of involving customers mindful of the fact that the overall objective was to test as many different method of customer involvement as possible. The aim of the research was to obtain both company-specific managerial customer information and to assess and compare different methods of customer involvement and their applicability in small tourism enterprises. Table 1 presents a summary of the objectives selected for the various enterprises, customer segments, methods used, and datasets.

Table 1. Objectives of the study by case

Case	Research methods	Customer segments	Data	Main research aim
1 Spa hotel	Group interview	Families with children	16 group interviews	To identify factors affecting customers' decisions to buy and their expectations of a spa holiday
2 Spa hotel	Theme interview	Senior citizens	43 theme interviews	To ascertain the consumer behavior of spa travelers and how the service offering corresponded to customers' expectations
3 Rural holiday center	Drama method and empathy-based method	Young people	Drama method with 11 young people aged 14-15 Empathy-based method 90 empathy-based stories	To learn about the values among young people with no consumer experiences of the center
4 DMO at a holiday centre	Contact point evaluation done on mobile devices	Young adults on holiday at a skiing center	33 customer journies. 444 contact points	To describe the customer journies and elicit experiences of services
5 Regional organization	Questionnaire	Families with children	317 questionnaires	To form a customer profile of potential customers and an image of the destination
6 Private hotel	Participatory observation, interview. questionnaire	Holidaymakers on social support	2 customer groups,(respectively 77 and 93 customers)	To learn more about building a social holiday and customers' experiences

The data for each case were analyzed separately using the methods of analysis necessitated by the method. For the purposes of the present article an extremely compact description was written of each case study on the basis of which the findings from the respective case studies were examined 1) by identifying the aim of product development and on that basis the stage at which the method of customer involvement was tested, 2) by scrutinizing the intensity of customer involvement and setting the means of participation into the frame of reference of Edvardsson et al. (2012) and the typology of Hjalager and Nordin (2011), and 3) by scrutinizing and assessing the practicability of the methods used in each case, especially in small tourist enterprises. The comparison of the cases is based on the researchers' subjective observations in the course of the research process and on subjective interpretation of the written case descriptions.

Case 1 is a spa hotel managed by a chain. The focus of its service offering is on sporting activities and spa services. Families with children are the hotel's main customer segment and the object of the present study. The company is interested in improving its service concept and its service process and the aim was to elicit particularly the wishes of children with regard to a spa holiday. Hence, a total of 16 group interviews were conducted. Children of different ages and their families were selected to be interviewed. The duration of the interview varied from half an hour to one hour. There were two interviewers in each group, one of whom took notes while the other facilitated the discussions. The interviews were recorded and transcribed and analyzed using content analysis.

The group interviews served well to improve and enhance the company's understanding of its customers. The children provided very concrete hints on improving the service process by suggesting additional activities and by facilitating the improvement of the entire customer journey from the child's point of view. The findings of the study are to be used for improving services and developing new ones. As a method the group interview was not intrinsically demanding, but the analysis of the data and arranging opportunities for group interviews proved challenging. The method gave rich data but was laborious to use. Without the help of students and the funding of the project the company would not have been able to accomplish such an effort.

Case 2 is a spa hotel situated in a rural setting. The service offering consists of a wide range of health services, and the company's main segment is elderly travelers seeking health care and recreation while on holiday. The company gathers information on customer satisfaction mostly by electronic methods. Nevertheless, people of this mature age do not like using information technology to provide feedback. Hence, face-to-face interviews were chosen as a method in order to obtain more detailed customer information from this specific customer group. The aim was to learn about the spa customers' needs and wishes, and how the services offered corresponded to customers' expectations.

The theme interview was eminently suitable for an older target group: recruiting interviewees was easy and they were keen to recount. Data was analyzed by content analysis, which is easy to implement, but takes a great deal of time. The theme interview made it possible to access profound details about the target group's expectations regarding a spa holiday. Concrete ideas were obtained especially for planning the environment and facilities of the new premises. Using students as interviewers gave the informants an opportunity to give feedback anonymously, which obviously increased the reliability of the data. It was also cost effective for the company. Still, the method would not be easily applicable by the companies without external help.

Case 3 operates in a rural setting as a camp center for children and young people and offers various activities, accommodation and catering services. The aim was to develop new service concepts for the young people the research focused on. Two groups comprising young people of different ages (about 15 and 20 years old) were selected as target groups for the research. They had no experience or prior knowledge of the company. The methods selected as a tool for shaping expectations towards a nature holiday were the drama method (15-year-olds) and the empathy based stories method (20-year-olds). The subject of the drama was given as a holiday on an island: the young people envisioned the tourist destination of their dreams in a rural setting and described its content and structure. The young people's doings were videoed throughout the day and analyzed using various methods. The outcome was a possible story of what the young people expected of their holiday in the country. Using this method requires expertise, and the analysis and interpretation of the data obtained are challenging and laborious. In the empathy based stories method the group of 20-year-olds wrote stories about a holiday in the country. The group was divided in subgroups, the first of which was asked to write about a successful holiday and the other about an unsuccessful holiday. The data were analyzed using content analysis. The method generated excellent information on the expectations of the target group.

The main observation was that these two groups of different ages expect very different things from a holiday in a rural setting. Both methods yielded rich data and lots of new ideas for new service concepts and processes. With both methods it was challenging to get participants to serve as informants. Both methods were laborious, required special expertise, and would not have been able to be implemented by the company without external help.

Case 4 is a skiing center with a wide range of restaurants, accommodation, and entertainment. Young adults form the main user group and they were chosen to be the target group of the research. The aim was both to learn about people's experiences of the services, to observe the customer journey in the center and to study the development needs of the various components of the holiday entity.

Hence, the method of touchpoints evaluation using mobile devices was chosen. Data were gathered using an application operating on a smart phone, which enabled customers to provide feedback throughout their sojourn in the entire area in real time on the various service events. Informants sent text and/ or images in various service situations of the places they wanted at the times they wanted on both good and bad experiences. The method requires some technical expertise, which limits the target group. In this selected target group the method worked well, although the cold weather made it difficult to use the smart phone. The method yielded the desired information and helped the tourist center to improve its services: the real-time feedback on service experiences made it possible to picture the customer journey within the ski center. The target group was keen and enthusiastic about using technology to provide feedback.

In Case 5 the aim was to ascertain the image among potential tourists of a town, the tourists' service needs on a possible urban holiday, and also to describe the customer profile. The data for the research were gathered in three different towns located within one or two hours of the target town. The research objective necessitated gathering sufficient material so it was decided to use a survey, for which the interviews were conducted in shopping centers and a pedestrian mall. A questionnaire type of interview was well-suited to this research objective and the goals set were achieved. Analyzing quantitative data is easy and fast, but requires expertise in the use of the method.

Case 6 is a privately owned hotel whose offering consists of weekly themes promoting health and well-being. The firm is a typical Finnish social tourism holiday center and is located in a rural setting. The case hotel is in a new market situation, in which a need has arisen for a better understanding of the essence of the social holiday experience and its composition. An ethnographic approach was chosen: data were gathered from two disparate customer groups by observation, interview, and questionnaire. The researcher lived with the customers and participated together with them in the activities. The study included both non-participatory and participatory observation. The research data consisted of the research notes, the responses to the questionnaire, and the interviews.

The case study showed that with the help of ethnography it is possible to develop especially the service system and service process of a tourism business, and to gain valuable information on customers' motivations, preferences and wishes and it was possible to provide the enterprise with concrete information for the further development of the package as a whole. The downside of the ethnographic method is that collecting large amounts of data is burdensome, time consuming, and costly, but, on the other hand, the result is rich material.

Findings and discussion

It the examination of the enterprises represented in the case studies with respect to needs to enhance customer understanding pertaining to product development (Taulukko 1) it can be seen that one enterprise (Case 1) was in pursuit of a better customer understanding in order to instigate the development process aimed at a certain target group (the stage prior to product development). One enterprise (Case 3) was interested in gathering ideas for a product concept aimed at an entirely new target group and the other four enterprises wanted to check the service processes in their existing offerings (Cases 1, 2, and 4) and in their product system (Case 6) in order to improve their service. The result support earlier research insofar as other studies have also observed that especially in the development of a new product the customer is included preferably towards the end of the product development process (Alam, 2006; Hoyer et al., 2010; Prahalad & Santos, 2009). It is an interesting finding that only two of the six case companies were aware of a need for knowledge paramount to product development as pertains to matters of new products. However this should not give rise to conclusions which go too far. New products can be developed for present customers or for already existing target groups, so does the finding suggest that the enterprises have no need to acquire new target groups or that they lack the ability to conceive of new potential customer groups which could have been involved in the ideation of new products? New products can also be developed for present target customer groups, but not a single enterprise experienced any such need. This can be interpreted in such a way that it is easiest for the enterprises to consider product development from the perspective of their present products, which would suggest that the innovative capacity of tourist enterprises warrants further research. We suggest that the ability and willingness of regional tourism organizations in particular to form an impression of precisely delineated customer groups and their readiness to utilize, for example, methods of involving customers using social media assume an interesting position in light of the present findings.

As Hoyer et al. (2010) have also noted, our study, too, shows that the opportunities of enterprises to implement product development together with customers are dependent either on internal barriers within the enterprise or the motivation of customers to participate. They circumscribe the enterprises' overall level and the possibilities for its realization. Indeed, Hoyer et al. (2010) stress targeting research on this subject specifically at barriers impeding and factors encouraging customers to participate as there is no evidence-based knowledge on the issue.

The findings of the assessment of the methods are summarized in Table 2, in which the frameworks of Hjalager and Nordin (2011) and Edvardsson et al. (2012) are combined. By comparing the methods in Table 1 against the objectives presented in Table 2, to which further understanding with the methods used was achieved, it can be seen that that the methods used served to reach at least the objectives set from the enterprises' perspectives, and in some cases even more knowledge was obtained than had been expected.

Table 2: Summary of the findings

	Involvement of many users	Involvement of limited number of users
Users as passive suppliers of information	**Tapping data** Case 5,Survey on a place image *The Dreamer* Information for service concept idea generation and core product screening	**Interpreting information** Case 2, Theme interview, Elderly people's expectations *Reflective practitioner* Information for service module creation and development, and service blueprinting Case 1, Group interview, Children's Expectations Case 6, Ethnography, Understanding of the essence of a social holiday *Correspondent* Information for service module creation and development, and service blueprinting
Users as active co-developers	**Nurturing creativity** Case 3, Drama and Empathy based stories, Development of new service concepts *The Tester* Information for service concept idea generation, service module creation.	**Experimenting and testing** Case 4, Touchpoints evaluation using mobile devices *The correspondent* Information for service module creation and development, service blueprinting and overall customer journey development.

In Table 3 we present the disparities in the research methods used for involving customers on the basis of practical experience.

Table 3: Comparison of research methods

	Group interview-	**Theme interview**	**Drama method**	**Empathy-based method**	**Touchpoint evaluation**	**Questionnaire interview**	**Ethnography**
Challenges of data collection	Easy to implement, requires no special expertise	Easy to implement, requires no special expertise	Difficult, requires supervision by an expert	Easy to implement, requires expertise	Participants need to have knowhow in mobile technology and also equipment	Easy to implement, expertise needed for preparing the questionnaire	Requires long-term commitment of researcher(s). Storing observations is laborious
Challeneges of data analysis	Requires expertise, ample data	Requires expertise, ample data	Difficult, extremely ample data	Requires expertise, ample data	Analysis methods easy to learn and manage	Analysis methods technically easy to learn and manage	Massive amount of data. Analysis is subjective
Number and expertise of personnel	Necessitates trained personnel	Necessitates trained personnel	Necessitates trained personnel	Necessitates trained personnel	Necessitates trained personnel	Necessitates trained personnel	Necessitates trained personnel
Costs	Reasonable costs	Reasonable costs	High costs	Reasonable costs	Reasonable costs	Reasonable costs	High costs
Other remarks	Challenging to arrange a group interview situation	Choice of themes crucial to eliciting the right information	Suitable as an activity for travelers	Suitable as an activity for travelers.Challenging to recruit writers	Businesses must procure application and know how to use it	The content of the questionnaire form is crucial. Difficult to recruit respondents.	Each target group must be researched separately ➔consumes a lot of time and resources
Applicability to small businesses	Readily applicable	Readily applicable	Applicable, requires a co-operation partner	Readily applicable	Not applicable, needs special technique	Readily applicable	Readily applicable, requires a co-operation partner

The findings clearly demonstrate the importance of close cooperation between tourism businesses and research organizations.

Conclusions

In this study, the methods used in all cases managed to fulfill the objectives of each case, but several notions can be put forward on the basis of these findings. First, it is easy to agree with Edvardsson et al. (2012) and state that any method of involving customers in service development is better than no method at all. However, as Edvardsson et al. (2012) state, methods that permit users to identify their own needs and ideas, and which were elicited in the natural use context, provided most concrete and immediately applicable information regarding prerequisites for better value creation in service. On the other hand, the in-situation but outside the context methods such as drama and empathy based stories seemed to give the richest inputs in service concept idea generation. This is in accordance with the findings of Magnusson, Matthing and Kristensson (2003), who state that if customers are given the opportunity to deliberate at a location where user needs and information are sensible, new ideas and solutions that were unthinkable beforehand may evolve.

The third notion of this study is connected to the fact that, except the methods used in Case 5 (survey) and Case 2 (theme interview), the methods used were far too demanding, expensive and laborious to be applied without the help and cooperation of the universities and the project. Hence, co-creation of value might in this sense mean not only involving the customers but also other stakeholders in the development of (new) services, which is in line with Ordanini and Parasuraman (2011) and Russo-Spena and Mele (2012).

As Keller (2006) states, a multitude of small steps in innovation in a field of products, processes, and marketing is of the utmost importance in tourism. Our project was a small attempt to enhance the collaboration between tourism businesses and the universities in order to improve the "innovation creation mechanism" (Keller 2006) in our region. Encouraged by the notion of Keller (2005) it was acknowledged that a modern innovation does not need to be anything incremental but that a modest improvement of an existing product is as important as totally new ideas. Hence, the product produced lots of immediately applicable ideas and improvements for the businesses. For the academics the project gave useful information and experience of methods of involving customers in service development, highlighting the necessity of continuous cooperation with tourism businesses.

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Part 5

Selected Topics in Tourism Research

Corporate Social Responsibility in the Tourism Industry: How to Improve CSR through Reporting Systems

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Abstract
Corporate social responsibility (CSR) is becoming increasingly important in tourism, since there is the need that companies take their responsibility for the impacts produced by their actions and contribute to sustainable development.

Given tourism specificity, there is however the need to clarify what CSR means in tourism and to define the main actions that tourism businesses should implement for being responsible.

Therefore, the manuscript focuses on reporting systems addressed to asses tourism businesses' CSR, believing that these tools have a significant role in supporting tourism companies to become aware of their impacts and to adopt more responsible practices.

Starting from the analysis of the main European assessment programs for CSR that are available in the tourism industry, the manuscript aims at explaining the main policies and behaviour that tourism companies should adopt in order to reorganize their internal processes and correctly implement CSR in their business. Particularly attention is paid to the needs of small and medium enterprises (SMEs), since they represent the majority of the tourism industry and those companies who face more difficulties in implementing CSR.

The manuscript will also apply a mathematic model (the Analytic Hierarchy Process – AHP), in order to identify the most suitable reporting systems for appropriately evaluating CSR from a social, economic and environmental perspective.

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Introduction

In the mid-90s, the international community started to develop the awareness that, in order to promote sustainable development, companies from all economic sectors should take responsibility for the environmental, social and economic impacts produced by their actions. At the same time several industry sectors started to seek appropriate tools for responding to those consumers who doubted about business standards and ethical behaviour (Kalish, 2002).

Therefore, since the mid-90s, Corporate Social Responsibility (CSR) has been promoted and encouraged among companies as a support both to sustainable development and to consumer confidence (Kalish, 2002).

CSR has been introduced in tourism too, although the specificity of the tourism industry has limited its diffusion. Indeed in tourism, CSR is still unexplored in comparison with other industries and applied by large tour operators and hotel chains or by companies specialised in specific niche markets only (Ermlich 2009; Frey and George 2010; Coles et al 2013; Tamajon and Font 2013). Most tourism firms, in particular small and medium enterprises (SMEs), do not have appropriate knowledge and skills about CSR and the budget to invest in long-term planning, as a CSR strategy requires (Miller 2001; Dodds and Kuehnel, 2010; Tamajon and Font 2013). This issue is particularly serious, since SMEs represent the majority of the tourism industry: in Europe, for example, they account for about 90% of total businesses.

Together with the high investments and costs that CSR brings to companies (Dodds and Joppe 2005; Rome 2007; Bohdanowicz-Godfrey 2007; Russilo et al. 2007; Jarvis et al. 2010), a significant issue is the need to clarify what CSR means for tourism companies and what policies and behaviour they should adopt for correctly implementing CSR. Indeed, since tourism considerably differs from other industry sectors, CSR needs to be adapted and declined according to the specificity of the tourism industry. This is a high fragmented and cross-sectional industry made up of small enterprises; in addition it is based on a complex, intangible, experience-based and people-centred product, for which the environmental and socio-cultural resources – most of them are unique and not reproducible - are key factors (Kalish, 2002; Ritchie and Croutch, 2003; Fyall and Garrod, 2005; Kasim and Scarlat, 2007; Ecorys, 2009).

On paper the several definitions given to CSR by international organisations can be appropriate to tourism too. For example according to WBCSD (1999), CSR is "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". An analogous definition is proposed by the World Bank (2003), who states that "a socially responsible firm considers the impacts it produces on the environment and the local community when it takes decisions, balancing the interests of all stakeholders while making profits". The European Commission, who gave its first definition of CSR in 2001, then reviewing it in 2011, promotes a more concise definition, summarising all these aspects: " CSR is the responsibility of enterprises for their impacts on society (EC, 2011).

Therefore CSR can be considered a change in management practice in general (Kalish, 2002) and a shift from the financial bottom-line only to the triple bottom line. In other words, paying attention to the relationships with all their stakeholders (multistakeholders approach), companies are required to responsibly manage the environmental, social and economic impacts produced by their activity (Gordon, 2001; White, 2006).

In practice, in tourism, CSR implementation should be guided by the importance to recognise that negative impacts on environment and society produced by the tourism activity can be even more dangerous than those brought by other industries; that the resources that attract tourists need to be protected for long term business sustainability; that local people and their culture significantly contribute to the tourism experience and that the host community must have an equitable share in the economic benefits of tourism (Kalish, 2002; Dodds and Joppe 2005).

For tourism companies CSR means adopting a long-term vision; protecting and conserving sustainable resources; being environmentally responsible; being equitable, by maintaining the well-being and involvement of local population and providing meaningful and fairly remunerated employment for the host population; obtaining optimum guest satisfaction and educating tourists about environmental and social concerns (Dodds and Joppe 2005).

However several and different policies and behaviour should be integrated by the tourism company according to every dimension of the triple bottom line, making more difficult the implementation of CSR. In such a situation, reporting systems can represent a support for tourism companies, since not only they allow to monitor and measure the impacts produced by the firm but also they guide the business towards a more responsible management and activity. They give a support in reorganising all the internal processes in a responsible way, by showing the most consistent policies and behaviour for each dimension of the triple bottom line and by identifying those areas that need improvements (Bien, 2008).

Therefore, through the analysis of the main European reporting systems for CSR in tourism, the chapter aims at describing what CSR requires to tourism companies and so the indicators that qualify the business responsibility and that allow tourism firms to accomplish the standards. The analysis is carried out by differentiating all three dimensions of the triple bottom line and the relationships that the tourism company has with its stakeholders.

Since many reporting systems are available, everyone with its one characteristics and priorities, the chapter finally applies a mathematic model (Analytic Hierarchy Process – AHP), in order to identify the main attributes of each scheme and the best alternatives.

Reporting systems as a support for CSR implementation

The state of the art

A reporting system is a tool for measuring, ensuring and communicating to users (tourists and tourism intermediaries) that a product, an activity or a process meets specific standards (Kalish 2002; Goodwin 2005; Bien 2008; Russillo et al. 2008; Bobbin 2012; Goodwin, 2012).

Many schemes relating to sustainability have been promoted in tourism (e.g. Green Globe, Blue Flag) and a number of other projects are in a development phase in different parts of the world. The attention to sustainability and in particular to the triple bottom line is however relatively new: while environmental programs have been promoted starting from the end of the '80s, socio-cultural and economic aspects have been added since '90s in the Americas and the 2000s in Europe (Bien 2008), when the international community recognised the need to integrate all dimensions. Indeed most environmental programs did not seriously consider socio-cultural issue, while social and labour systems did not pay attention to environmental elements (Bien 2008).

Although reporting systems require companies to face some significant efforts in terms of cost, time and human resources for implementing the overall procedure and respecting the minimum standards, they are considered to play an important role in terms of support in the CSR implementation process. Indeed they are not an end in itself, but a tool for motivating businesses to improve their environmental, social and economic performance. According to Bien (2008), reporting systems contribute to educate tourism companies, to stimulate voluntary improvements, to support positive dynamics in the business processes, linking the business performance to the ability in answering stakeholders'need.

In addition, Bien (2008) argues that reporting systems for CSR are useful not only for companies but also for consumers (tourists), governments and local communities. Reporting schemes for example support consumers in making environmentally and socially responsible choices, by helping them to distinguish businesses that are truly responsible and increasing their awareness about specific issues related to the tourism activity. Reporting systems help governments to know to what extent the tourism development in their destination is sustainable and in that way every stakeholder contribute to it. Finally reporting systems indirectly protect both the environment and the social and economic structure of local communities, since they require businesses to respect the local culture and to fairly provide social and economic benefits for it.

In front of a great heterogeneity (Goodwin, 2005), the chapter focuses on the main reporting systems that are developed in Europe; that are aimed at monitoring CSR in the tourism sector and that are specifically addressed to tour operators. The focus on systems referred to tour operators depends on the role that tour operators play in the tourism industry; they are a central node in the supply-chain, since, thanks to their relationships with all providers of tourism products and services, they can influence the other companies of the production and distribution chain.

Focusing on the European tourism industry and on those systems that have already been completed and that can already be applied by companies, five schemes have been selected for the analysis (Table 1).

They have been developed by European or international business organisations specialized in CSR or in promoting sustainable development in tourism and everyone, with its characteristics and standards, reflects the great variety of behaviour that CSR requires to tourism firms. The ATES system, the ATR program and, in some measure, the Responsibletravel.com scheme are particularly conceived for tour operators specialized in the niche-market of responsible tourism, where it is a priority ensuring that the company and its products are responsible. The other two schemes are addressed to all tour operators who implement CSR in their business, regardless their specialization.

Therefore, although they do not cover all the existing reporting systems, they can be representative of the context.

Table 1: The reporting systems considered in the analysis

Name of the reporting system	**Organisation/Association**	**Country**
ATES system	ATES (Association pour le tourisme equitable et solidaire - French Association for Fair and Solidarity Tourism)	France
CSR Tourism certified	KATE (Kontaktstelle für Umwelt and Entwicklung Centre for Environment and Development) Tourcert	Germany
ATR program	ATT (Association des Opérateurs Thématiques - Association of Thematic Tour Operators)	France
Responsibletravel.com	Responsibletravel.com (online travel agency)	UK
Travelife Sustainability System	Travelife	European Level

The responsibility towards stakeholders and the triple bottom line

Since the business responsibility is conceived in relation to all main groups of stakeholders, whose needs should be taken into account by the company, CSR requires to build and positively manage the relationships with employees, providers, distributors, consumers, local community and the society at large. Therefore, this means to reorganise processes and behaviour in a responsible way from a socio-cultural, environmental and economic point of view, by developing the triple bottom line. Indeed every measure and behaviour associated to these three dimensions influence the relationships between the company and its stakeholders.

Regarding the socio-cultural dimension, reporting systems recommend in particular to adopt policies and measures for:

- guaranteeing healthy and safe working conditions to employees as well as offering opportunities for professional growth, training and education programs;
- not discriminating women and minorities and not exploiting child labour;
- monitoring among suppliers their relationships with their employees;
- building long-term relationships with providers and ensuring them a fair treatment, in particular in destinations of underdeveloped countries, in which workers' rights are not always guaranteed;
- acting in the interest of the local community by considering existing social problems in the destinations and encouraging the host community to be proactively involved in the planning of the tourism activity;
- ensuring clients' safety and satisfaction (for example by monitoring the quality of the product and giving comprehensive and transparent information about the destination and the holiday price);
- increasing tourists' awareness, by informing clients about the socio-cultural aspects and issues in the destination, eventually by encouraging cultural exchange through meetings between tourists and the host community during the holiday;
- financing cultural projects.

From the environmental point of view, according to the reporting systems, it is a priority that the tour operator adopts an environmental policy with concrete measures for:

- efficiently managing and reducing energy, water and paper consumption;
- recycling water, paper and other materials;
- controlling and compensating CO_2 emissions produced by the activity, by eventually financing projects to safeguard the environment;

- increasing awareness about environmental issues and measures among employees (for example by encouraging them to move by bicycle or public transports for going to work or using eco-friendly products in the office), suppliers (for example by providing training course), local community, clients, etc.
- monitoring providers with regards to their environmental behaviour;
- preventing or reducing negative impacts on the environment produced by tourists in destinations during their holiday.

Regarding the economic dimension, reporting systems require to share the profits coming from the tourism activity in a fair way among stakeholders and in particular the host community. It is a priority to support the local economy in the destination, in particular in underdeveloped countries, by

- buying goods and services in the destination from local providers and encouraging tourists to do it;
- preferring local employees;
- fairly paying local providers and employees;
- eventually financing projects related to the economic development and people well-being in destinations.

A crucial element that is underlined by the list of indicators described above is the great attention to the impacts on the local community in the destination. This element is not casual and it depends on the specificity of the activity carried out by tour operators and other tourism companies. Indeed, since many tourism products, such as travel packages, involve destinations in different parts of the world, tour operators often relate with communities that have a different culture and are located in underdeveloped countries. Therefore there is the need to recognise the right of the host people to be the protagonist of the tourism development of their destination, to safeguarde their traditions and socio-cultural identity and to develop tourism in a way that it can support people well-being and the local economy, by generating labour and revenues.

Although these are the main measures and behaviour recommended to tour operators who integrate CSR, what is interesting to underline is that not the same importance is attributed to the triple bottom line dimensions by the reporting systems.

The schemes developed by ATES, ATT and Responsibletravel.com are for example the standards that, more than their colleagues, give crucial importance to the socio-cultural aspect above all in terms of impacts on the host community. These schemes assess, through specific indicators, the relationships between the company and the local community, which should be based on values of fairness, respect and equity, and the cultural exchange between tourists and local people that the tour operator should include in the travel. The systems of ATES and ATT require tour operators to give evidence of the cooperation with the local community and to demonstrate for each travel package the percentage of the price referred to the revenue for the destination (for example using local providers and workers).

Paying attention also to employees and clients and not only to local people, ATT develops the socio-cultural dimension also through a set of indicators proving that the tour operator respects labour rights, monitors customer satisfaction and gives tourists detailed information about the socio-cultural background in the destination and the Ethic Chart of the association.

The reporting systems developed by KATE-Tourcert and Travelife seem instead to be more focused on the environmental dimension, by asking the tour operator to adopt several measures to respect and preserve the environment along the supply-chain, at the destination and within the company (internal processes). The social dimension is instead developed above all in terms of respect for employees' and consumers' rights and less in term of impacts on the local community.

Table 2: Comparisons of reporting systems in relation to the multistakeholders approach

	Employee	Clients	Providers	Host community
ATES	0	5	0	5
KATE-Tourcert	5	4	5	2
ATT	2	5	3	2
Responsibletravel.com	0	4	0	2
Travelife	4	5	5	3

The measurement scale ranges from 0 to 5

Table 3: Comparisons of reporting systems in relation to the triple bottom line

	Socio-cultural	Environmental	Economic
ATES	5	2	2
KATE-Tourcert	2	5	3
ATT	4	3	2
Responsibletravel.com	3	2	1
Travelife	3	5	2

The measurement scale ranges from 0 to 5

It can be stated that the diversity in the approach and in the importance given to the three dimensions is strongly related to the typology of tour operator, to which the system is addressed. In particular those standards dealing with tour operators specialised in responsible tourism, whose travels are organised especially in developing or underdeveloped countries, as the standards of ATES, Responsibletravel.com and ATT, tend to give extreme importance to the impact on the community. Indeed a prerequisite of responsible tourism is that the tourism activity fosters economic growth, poverty reduction and social wellbeing; therefore the relationships between the tour operator and the community are strategic.

On the contrary reporting systems addressed to generic tour operators, not particularly interesting in responsible tourism but however committed in implementing CSR, focus, on one hand, on internal processes in terms of environmental measures and relationships with employees and, on the other hand, on supply-chain and customer relationships management.

However, since CSR refers to the responsibility of the company in relation to all its stakeholders and to the social, economic and environmental dimension, all aspects should be considered, by rethinking the business processes and developing consistent behaviour.

Transparency and accountability

Not only CSR is based on the triple-bottom line and on the multistakeholders approach but also it is based on transparency and accountability, which can be considered key factors of the CSR implementation process (ILO, 2010). In this sense reporting systems allow companies to monitor and assess their performance in terms of social, economic and environmental responsibility. Transparency and accountability however depend on the type of auditing adopted by reporting systems. Indeed it is possible to distinguish the third-party audit, in charge of external and independent agency, the second-party audit, carried out through a ratification of the association of the business or through the reviews of consumers, and the self-evaluation, made by the company itself. It is evident that the third party-audit ensures a greater objectivity, transparency and credibility also in the eyes of consumers and public opinion in general (Bien, 2008).

Among the schemes that are considered in the analysis, those developed by KATE-Tourcert, ATT and Travelife are the only organisations that, after a self-evaluation procedure, requires an audit by an external third-party that are in charge of granting the certification (for example, TourCert for the CSR Reporting Standards of KATE, AFNOR for the ATR System of ATT and another independent agency for Travelife). The other programs only require a self-evaluation by the company, followed by a ratification by the association and eventually by reviews of consumers.

A comparison of reporting systems though the AHP model

While on one hand reporting systems are important to be applied by companies for addressing the CSR implementation process, on the other hand it can be difficult identifying the most valid schemes for supporting the business both in reorganising its policies and activities and in assessing and granting its responsibility. Every scheme has its own merits and limits and brings different costs in terms of adhesion fees and auditing procedure.

The chapter therefore proposes an assessment of the reporting systems analysed in the previous paragraph, by considering all these issues and applying a mathematic model, in order to summarise their qualitative attributes in a quantitative, more synthetic and meaningful value. In particular the AHP model - Analytic Hierarchy Process - has been applied in the analysis and comparison of the reporting systems. Developed in the '70s, AHP is part of the family of multi-criteria models and it allows to successfully compare and rank different alternatives according to several decision criteria.

It is based on a 6-step procedure which requires first of all to identify the goal to be achieved; secondly, to define the criteria considered to be important for the choice; thirdly, to identify possible alternative decisions; fourthly, to determine how much value (a priority) to give to the alternatives in relation to the established criteria; fifthly, to determine the weight, i.e. the importance, of the decision criteria in relation to the goal and, finally, to calculate the final ranking of the possible alternatives (Saaty, 1990). Therefore AHP allows to obtain both a partial ranking of the alternatives according to the decision criteria and a final ranking with a score that summarises the overall value of every alternative.

In particular, in this analysis the attention is paid on the partial rankings, in order to verify the specific attributes of reporting programs and how every system performs in relation to the decision criteria (for the overall analysis readers can refer to Manente and Minghetti, 2010 and Manente et al, 2012).

Then, according to the AHP model, the weights of alternatives with respect to each of the criteria are calculated starting from the technique of paired comparison. All the options are compared in pairs with respect to each single criterion, assessing whether one option is preferable to another (or if there is no difference between them) and expressing a personal judgment using a scale of values developed by Saaty. Then, with the appropriate calculations, it is possible to obtain the priorities of every option in relation to each of the criteria (Saaty, 1990). The technique of paired comparison can be seen as a merit of the AHP model, that encourages to compare each alternative not only according to its specific features, but also to the context in which it is included and then to other similar and competitive options.

Given the main elements of CSR (triple bottom line, auditing and transparency) and given the difficulties faced by tourism SMEs in implementing CSR, due to high costs and the need for appropriate skills, three decision criteria have been selected for comparing and assessing reporting systems for CSR in tourism.

As regards the first criterion, a reporting system should be evaluated according to its ability to observe and monitor CSR along the overall triple bottom line through appropriate indicators for each of the three dimensions and for each typology of stakeholders. As a consequence it is important to verify that the reporting system includes indicators for the socio-cultural, environmental and economic aspect: for example indicators referred to the environmental policy and efforts of the company, its respect, transparency and fairness in the relationships with suppliers, employees and local community, its support to the economic growth and well-being of host population, etc.

The second criterion, focused on the need for objectivity and transparency, assesses reporting systems according to the type of auditing that they require to the company and it considers as the best reporting systems those that imply an appraisal by an independent and neutral third party.

Finally the third criterion refers to the opportunity for SMEs to implement the reporting system and it encourages to pay attention to how much expensive the program is and how easy to be implemented - but at the same time effective - it is.

The set of three criteria is summarized in Table 4.

Table 4: The set of criteria

Criterion 1	Degree of coverage given to the overall triple bottom line: economic, environmental and social dimension
Criterion 2	Type of auditing: self-evaluation, second party-audit, third-party audit
Criterion 3	Degree of implementation of reporting systems by SMEs

Comparing and assessing the five reporting systems analysed in the previous paragraph, by applying the technique of pair comparison and then calculating the partial weights of alternatives, the partial rankings have been obtained. It is useful to clarify that the sum of weights in every partial ranking must be equal to 1.

It is then possible to verify that the best systems that integrate and develop the triple bottom line and the multistakeholders approach, better than the other standards, are those of KATE-Tourcert and Travelife (see Table 5, column 1). They are not perfect in every single aspect (for example the attention towards the host community), but they can be considered as those systems that give tour operators a more comprehensive support during the CSR implementation process, indicating how they should develop responsibility in the relationships with almost all stakeholders and with respect to the three dimensions.

The systems of KATE-Tourcert and Travelife, together with the ATT scheme, are the best alternatives also with respect to second criterion, since they are those that require the third-party audit. On the contrary they lack in the third parameter, since they imply an implementation procedure and costs that are not easy to be faced by SMEs. Responsibletravel.com and ATES are then the most suitable schemes according to this last parameter, since they have developed a procedure that, without compromising the system effectiveness and reliability, is not too demanding for small tour operators.

Table 5: Priorities of the assessment systems with respect to every criterion

ATES	0.190	0.034	0.293
KATE-TOURCERT	0.320	0.310	0.067
ATT	0.159	0.310	0.149
Responsibletravel.com	0.068	0.034	0.436
Travelife	0.263	0.310	0.056

Conclusion

Although CSR is one of the key themes of the international debate about sustainable development and business models and it has been interested by a significant growth, there are several and serious concerns to be addressed, in particular in some economic sectors, such as the tourism industry. Different issues limit CSR adoption in tourism, such as the low awareness about what CSR is and implies for tourism businesses, the lack of skills and competences about CSR, the prevalence of SMEs, who rarely can afford investments for implementing it.

It is crucial, that governments, business organisations and academicians find effective tools and solutions for developing CSR in tourism, not only for promoting sustainable development but also for increasing business competitiveness, since the benefits that CSR can bring to tourism firms in terms of efficiency, image and brand reputation, consumer confidence, etc (Levy and Duverger

2010; Martinez and Rodriguez del Bosque 2013; Prud'homme and Raymond, 2013).

A crucial question is the clear identification and explanation of what CSR requires to companies and how it can be declined in the tourism industry, according to the specificity of the relationships that tourism firms have with stakeholders and the impacts that tourism activities have at the social, economic and environmental level.

In this sense, those reporting systems specifically conceived for monitoring CSR in tourism companies can represent a support for firms, because, through their minimum standards and procedures, they guide firms in reorganising their core business in a responsibly way. They identify a path to be followed, by showing the most consistent policies and behaviour that the company should adopt to successfully integrate and improve CSR.

Therefore, focusing the analysis on reporting systems - in particular on those developed in the European tourism industry and addressed to tour operators - this chapter tries to identify and describe the most strategic measures to be applied by tourism companies. It is then evident that, as recommended by reporting systems, CSR needs to be implemented along the overall triple-bottom line, paying attention to the relationships that the company has above all with employees, providers, local community and tourists. In tourism, since the impacts on environment and culture can be even more serious than those brought by other industries, the interaction with the host community, local providers and workers, especially in underdeveloped countries, and the preservation of cultural identity and environment –which are key attractions of the tourism product – represent strategic elements in the implementation of CSR. In this sense, CSR requires tourism companies to fairly and equitably share the revenue produced by the tourism activity with their stakeholders, avoiding in this way that tourism is an activity that bring benefits also to a minority of firms.

In addition the chapter should be appreciated for its attempt to compare reporting systems with respect to some key variables, through the application of a mathematic model. This analysis is particularly important, since the need for companies to identify the systems that are most reliable and useful in giving them a concrete support. Applying AHP, the chapter has shown how each reporting system performs according to three criteria (set of appropriate indicators for each dimension of the triple bottom line, transparency given by the type of auditing and opportunity for SMEs to adopt them). Therefore this analysis have highlighted that, although all reporting systems respect the key elements on which CSR is based, each standard has its own specificity, depending in particular on the type of companies they are addressed to – generalist tour operators or tour operators specialised in responsible tourism – and the size of the company – SMEs or all firms -. It is up the company to select the scheme, according to its own needs. It is however important that the reporting system is not an end itself but a concrete support for the business.

In terms of future research directions, this study could be however improved for example by studying standards addressed to other tourism companies (for example accomodation) or developed in other countries, in order to verify whether CSR is declined in tourism in the same way proposed by European systems or whether there are differences depending on cultures. In addition it would be useful to test the effectiveness of reporting systems in supporting CSR implementation, by analysing some tour operators who have implemented them, by monitoring their processes and improvements.

The chapter should then be seen as a first contribution for improving CSR in the tourism industry, in particular by providing further knowledge about what CSR requires to tourism companies and how to implement it through reporting systems.

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Low-Cost Flights and Changes in Tourism Flows: Evidence from Bergamo-Orio Al Serio International

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Introduction and methodology

Bergamo-Orio al Serio International Airport is a very particular terminal for tourist arrivals not only in Italy but also in Europe. The airport is one of the busiest in the domestic and international market mainly due to low-cost carrier (LCC) traffic; today LCCs are more popular than in the early 2000s, when the airport started to grow, but their large presence is a peculiarity of Bergamo-Orio al Serio. The context stimulates us to analyse the characteristics of these passengers, which have had a deep impact also on local tourism, and at the same time to acquire information on the behaviour of tourists using low-fare flights.

In this paper we study only foreign tourists arriving at Bergamo-Orio al Serio International Airport using data from the sample survey on Italy's international tourism conducted by the Bank of Italy at national borders since 1996[1]. The analysis uses data regarding specifically travellers at the local airport spending at least one night in accommodation facilities (that is "tourists"); the sample size is 1.500-2.000, decreasing to 300-400 when we consider only tourists staying in the province of Bergamo.

The survey conducted by the Bank of Italy aims at studying the economic behaviour of tourists and, secondly, at estimating the value of the travel balance of payments; but it also collects precious information about the profile of foreign

1 The sample size of the survey is about 150.000 units.

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people arriving at the local airport usually not available in tourism statistics database. In fact, the majority of statistics gives information about the number of tourists (arrivals and overnights) only in rented accommodations and not in other types (called "non-rented"), such as second homes; consequently, values can be underestimated. Analysing these data – despite considering only foreigners – allow us to acquire a deeper understanding about the characteristics and the behaviours of tourists.

This paper aims at highlighting the most significant facts – positive and negative – that have characterized the development of tourism occurred in the province of Bergamo thanks to the airport, specifically:

1) how the LCCs flying from/to Bergamo-Orio al Serio International Airport have influenced local tourism demand (number, profile, behaviour and expenditure);
2) which effects international economic trends and changes in economic determinants have determined locally on propensity to travel and LCCs strategies, focusing on tourists coming from countries where the economic crisis and negative exchange rates have had the deepest impacts.

The development of Bergamo-Orio al Serio International Airport

In the last two decades the great development of low-cost flights have positively stimulated air travels within Europe and have allowed many people to fly for the first time or more often. Today LCCs market share is about 25% in Europe and 40% in Italy, where two main companies (Ryanair and easyJet) occupy three-fourth of this market (Gruppo Clas elaboration from OAG data).

Bergamo-Orio al Serio International Airport is located nearby the city of Bergamo (3.7 km) and 50 km far from Milan. In 1973 the airport officially opened to commercial traffic, but only many years later it became an important terminal in Italy. At the beginning charter flights and cargo were the mainstay of Bergamo-Orio al Serio[2]; since the early 2000s low-cost carriers have become more popular, occupying growing market shares. The presence of these companies and the proximity to the city of Milan have allowed Bergamo-Orio al Serio to be internationally known as its third airport – together with Malpensa and Linate – and to become the fourth busiest in Italy in 2012, with 9 million passengers (Sacbo, 2013). When the airport operator decided to work mainly with low-cost

2 Today charter flights represent only a little part of the air traffic at the airport (5%, data from Sacbo).

carriers, it organised the ground handling services in order to minimize the turn-around time and to have higher flight frequency and lower cost units (Malighetti *et al*., 2009; Orsini, 2008; Warnock-Smith e Potter, 2005; Francis *et al*., 2004). Moreover, local decision makers encouraged these companies to remain at the airport using different types of incentives.

Year 2003 can be considered a turning point in its development: Ryanair launched a new base of operation at Bergamo-Orio al Serio and announced 15 routes to EU destinations with daily flights. This led other LCCs to launch new routes and number of passengers rapidly increased in only one year (+127%, for a total amount of 2.8 mln passengers in 2003) (Sacbo, 2004). Passengers have kept on growing in the following years, arriving at 8,8 million in 2012; during this period (2004-12) the annual growth rate registered at the airport (+13.5%) has been higher compared with that at national (+4.3%) and regional level (+0.5%, considering only Malpensa and Linate airports) (our elaborations from ENAC data). The reason is the increasing number of scheduled flights – mainly towards international destinations – operated by low-cost carriers, especially Ryanair; but in the last few years also national passengers are growing rapidly because LCCs are occupying larger shares in domestic market. Today Bergamo-Orio al Serio is the fourth busiest airport in Italy – in 2003 it was the ninth – and Ryanair has a large presence (84%[3], Gruppo Clas elaboration from OAG data).

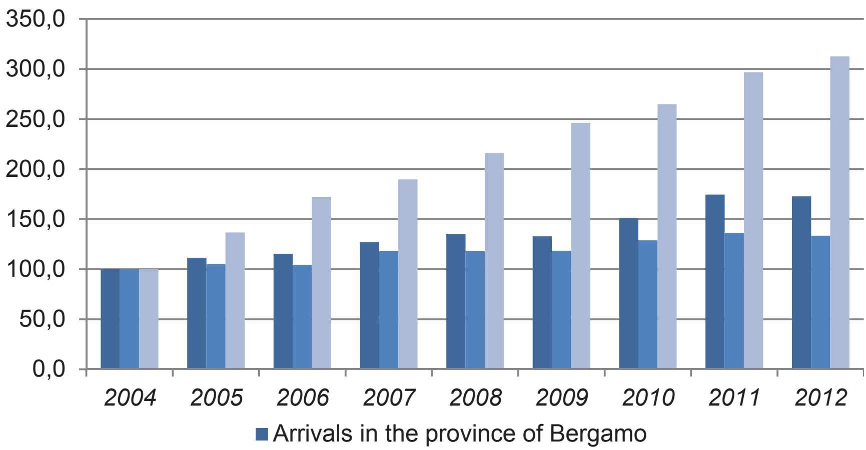
Airport and tourism

Until the 1980s the province of Bergamo was very popular among tourists for its mountain destinations (Valli Bergamasche) and, secondly, for the Lake of Iseo. On the contrary, Bergamo wasn't very attractive for cultural tourists, although it had a rich cultural heritage and the number of monuments and paintings was greater compared with other cities in Lombardy.

There hasn't been a lack of tourists in the city and surroundings area, but the purpose of visit has been different: business tourism – which is related to industries – has been prevalent in the last decades. Since the 1950s Bergamo and its plain have been interested by a strong industrial development that has favoured relationships with other countries and, therefore, have led increasing international tourism flows to the city. However, from the mid 80s to the late 90s the number of overnight stays remained almost the same, about 200.000 per year (Macchiavelli, 2010).

3 In winter 2013.

In the early 2000s the situation has begun to change and the main reason is cer-certainly the rapid development of the local airport. Graph. 1 shows the evolution of tourism flows in the province of Bergamo and it correlates with the number of passengers at the airport. As we can see, tourists grow with the increasing passengers: from 2004 to 2012 arrivals and overnights increased respectively by 100% and 75%[4] while the number of passengers by more than 300%.



Graph. 1. Growth in passenger traffic at Bergamo-Orio al Serio International Airport and in tourist arrivals and overnights in the province of Bergamo (index: 2004=100). Source: Sacbo (passenger traffic); Tourism Office of Bergamo Department and ISTAT (arrivals and overnight stays).

Moreover, data on tourism flows regarding the entire province do not show exactly the real impact of the airport development on the city. Tourists tend to prefer Bergamo and its surroundings; few of them go to the lake destinations and even less to the mountain ones. Data regarding the city and its surroundings – called "Grande Bergamo" – show a large increase in tourist arrivals in the last ten years (+130%), with a small difference between the first and the second half (see Tab. 1). Overnight stays have increased less than arrivals because the length of stay has decreased; in fact, the type of tourism favoured by the airport is characterised by a very short length of stay.

[4] The higher increase registered in tourist arrivals has been determined by the decrease of the length of stay (from 2.5 to 1.9 nights).

Table 1: Evolution of tourism flows in the area called "Grande Bergamo", change in %. Source: Tourism Office of Bergamo Department.

	2007-2002	*2012-2007*	*2012-2002*
Arrivals	61.5%	42.8%	130.6%
Overnight stays	35.0%	25.8%	69.9%

Today Bergamo and its surroundings represent an important tourist destination with half of the overnights registered in the entire province. Tourists are mainly international and arrive in the city for business and leisure; these two reasons are prevalent (about 50% for each one) considering only tourists in hotels. The airport development has changed the type of tourism: in fact, in the last decades the main purpose of visit has been business while today is increasingly leisure. Consequently, tourism-related services have changed: for example, bed places in hotels have increased by 25% and the number of B&B has doubled only in the last five years. The growth of these establishments can be viewed as an answer of local economic actors to the need of cheaper accommodations generated by international tourists arriving with low-cost flights; when there were mainly business tourists in the city, the number of B&B was very small (Macchiavelli e Licandri, 2013).

As concern other tourist attractions in the province, in the last ten years arrivals has greatly increased also in the lake destinations (+73%), mainly during the period 2007-12; a lower rate has been registered in mountain destinations (+41%), which have been also characterised by a decrease in overnights (-6%) in the same period.

The facts highlighted above haven’t occurred only in the province of Bergamo but are very common in cities and areas having airports with low-cost flights, in Italy (Alivernini et al., 2012; Pulina e Cortes-Jimenez, 2010) and abroad (Rey et al., 2011; Ribeiro de Almeida, 2011; Whyte et al., 2007).

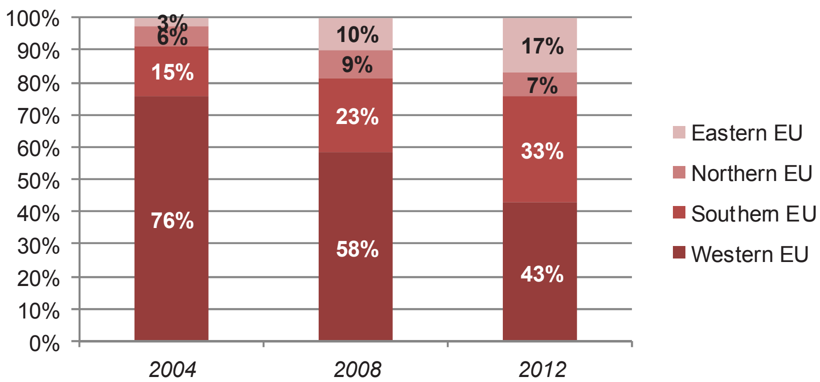
Who are the tourists arriving at Bergamo-Orio al Serio airport? Profile changes

Air transport market is able to affect and influence tourism supply chain because it determines travel costs and time and influences people’s choice of holiday destination, usually orienting it toward areas with the lowest cost of accessibility. The development of low-cost carriers has positively influenced tourism market for three main reasons: low-fare tickets, which contribute to create new tourism demand (Wei e Hansen, 2006); flights from/to secondary airports, which expand the existing route network (Bieger e Wittmer, 2006); "do-it-yourself" travels (Baccelli, 2008). At the same time short-haul flight has increasingly become a commodity business, namely it has started to compete not only on the basis of security, regularity and punctuality but also and mainly on price (Baccelli, 2006). LCCs have given more opportunities to travel and have allowed people to fly for the first time, especially those who couldn't or wouldn't do it.

Similarly to other European countries, also in Italy these new tourism flows have generated economic benefits for local airports and surrounding areas (Alivernini *et al.*, 2012); however, they have changed significantly the characteristics of tourists. For example, in Versilia and in the province of Livorno the number of British tourists increased by 836% between 1996 and 2000 only thanks to the presence of Ryanair at Pisa International Airport (Mantarro, 2012).

As concern Bergamo-Orio al Serio, changes in tourist profile are significant and can be considered the effect of two main circumstances: a) negative economics conditions, which have determined a decrease in tourists from any of the most important countries of origin; b) new strategies of low-cost carriers, which have cancelled some routes from/to less attractive countries – also due to economic crisis – and have launched more profitable ones in new areas.

Graph. 2 shows international passengers at the airport by area of origin in Europe; as we can see, changes occurred between 2004 and 2012 are significant.



Graph. 2. Passengers at Bergamo-Orio al Serio International Airport by area of origin in Europe (1), %, 2004-2008-2012. Source: Sacbo.

(1) Eastern Europe: Estonia, Latvia, Lithuania, Poland, Czech Republic, Russia, Slovakia and Ukraine. Northern Europe: Denmark, Finland, Norway and Sweden. Southern Europe: Spain. Western Europe: Belgium, France, Germany, Ireland, Netherlands and Great Britain.

In 2004 the number of passenger was beginning to grow and about 75% of them came from Western Europe, especially Great Britain; in the following years this value has greatly decreased, reaching the lowest point in 2012 (42%). On the other hand, Spain occupied growing market share, passing from 15% to 33% between 2004 and 2012. A similar trend was registered for Eastern Europe (especially Poland), which had a very little share in 2004 while occupied 17% in 2012.

Changes occurred in the area of origin have had significant effects on tourist profile, especially on expenditure – for example, British spend more than Spanish and tourists from Eastern Europe. Secondly, also the purpose of visit has changed and consequently the length of stay and the type of accommodation. Another effect is a change in the number of tourists that have decided to stay in the province of Bergamo (see Tab 2).

Table 2.: International tourists arriving at Bergamo-Orio al Serio International Airport with destination Bergamo, % on tourists at the airport. Source: our elaboration on data from the Bank of Italy.

	2004	2006	2008	2010	2012
Tourists with destination Bergamo	8.8%	12.3%	14.3%	17.5%	12.2%

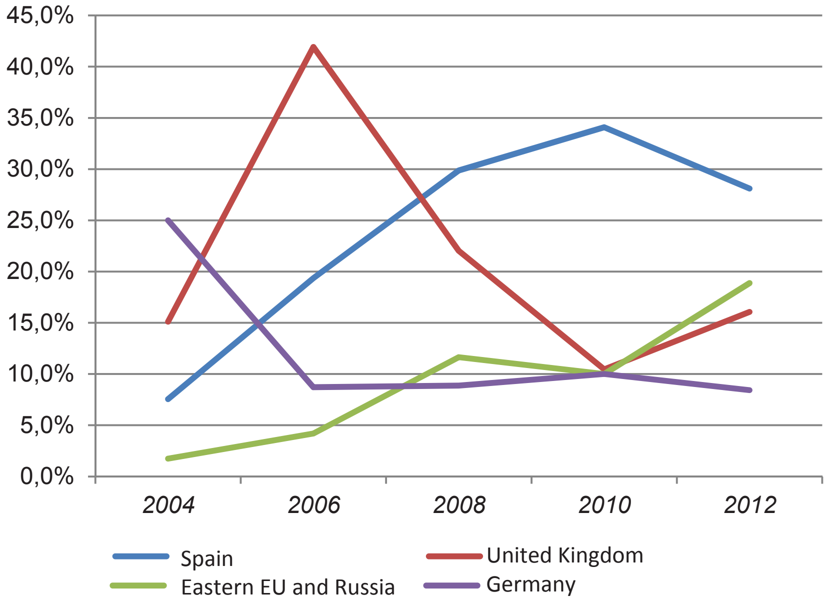
As we can see, in 2004 most of international tourists arrived at the airport and went to the city of Milan. The capital of Lombardy was the final destination of many travellers due to its proximity (50 km); however, some of them did not know Bergamo as a tourist attraction or thought they were in Milan suburbs[5]. In the following years the share of tourists with destination Bergamo has increased through word of mouth and, secondly, thanks to the efforts of the local tourism organization; the highest value was reached in 2010 (17.5%).

In 2012 the number of tourists decreased to values registered in 2006; this fact reveals a change in tourist profile and it could mean that an increasing number of travellers uses the local airport not only to visit the nearby destinations (e.g. Bergamo) but especially because there are many connections with low-cost flights. In fact, new international routes launched by LCCs have deeply changed the countries of origin of tourism flows and these new tourists have different

5 Many surveys conducted in that period have confirmed this opinion.

destinations: for example, in 2010 65% remained in Lombardy[6] while in 2012 about 60% – the same value registered in 2006

A more detailed analysis allows us to check the evolution of tourists from the most important countries of origin. Graph 3 focuses on top 4 and shows clearly ongoing changes.



Graph. 3. Evolution of tourism flows with destination Bergamo by country of origin, %, top 4 countries. Source: our elaboration on data from the Bank of Italy.

At the beginning of the airport development British and German represented the largest groups of tourists and had a similar market share (about 20%); Spanish were few and tourists from Eastern EU even less.

In the following years the presence of British has increased, reaching the highest value in 2006 (more than 40%); from then on it has rapidly declined to 10%. They were leisure, middle-aged and high spending tourists and tended to prefer hotel accommodations; moreover, they spent more than the average registered at national level (€ 110.000). Using cheap flights seemed to be a way for saving

6 Lombardy has about ten million inhabitants.

money, which could be used once they arrived at Bergamo. The decrease of these tourists is strictly related with exchange rates: when pound (GBP) appreciated against Euro (before 2006) there were many British in Bergamo, also to go shopping in the city and at the nearby shopping centres[7]. In October 2006 the exchange rate with Euro was 1.49 but in the following years pound has greatly depreciated, reaching one of the lowest value at the end of 2008 (1.11, -25%); at the same time British in Bergamo has greatly decreased. Therefore we may suppose that these two facts are strictly related.

Graph 3 also shows an increasing share of Spanish: 20% in 2006, 30% in 2008 and 35% in 2010. These tourists replaced with time British but they were quite different because they spent less; in fact, in Spain the number of outbound holiday trips has increased only in recent years and tourist expenditure has been usually lower than that of British (almost half). However, they represented an interesting target for local tourist operators. Since 2008 the crisis have been having a deep impact on Spanish economy (especially after 2010) and household consumption expenditure decreased by 7% between 2008 and 2010 (our elaboration on Eurostat data). The share of low-cost flights from/to Spain at Bergamo-Orio al Serio International Airport has reduced with time, also because Ryanair has cancelled some routes and has reduced the number of daily flights. Spanish tourists arriving at the airport consequently decreased: those who remained in the province passed from 34.1% to 28.1 in only two years (2010-12).

We also notice that the number of tourists from Eastern EU has seen a continuous growth since 2004: today many countries[8] – especially Poland, which is one of the most interesting for leisure tourism – have cheap flight connections with the airport and the number of passengers transported is high; however, there are few leisure tourists among them. The presence of tourists from Eastern EU in the province of Bergamo is relevant: in 2012 they represented 17%.

Finally, the amount of German tourists has remained low and stable after the boom registered in 2004. The majority of German leisure tourists arrive in Italy by car; those who use cheap flights are different because they do not stay in the province of Bergamo but go to Milan and they're in Lombardy for business and not for leisure purposes[9].

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7 In Orio al Serio, facing the airport, there's one of the largest shopping centres in Italy, "Orio Center".

8 In the past there have been any connections to Russia (Saint Petersburg) with cheap flights but they have been cancelled because the air operator has had economic and management difficulties and not for a lack of passengers.

9 The percentage of business tourists is higher among German arrivals than other foreigners.

Territorial impacts

As we have shown above, passengers of scheduled flights arriving at the airport has greatly increased with time reaching the amount of about 9 million in 2012. But changes in tourist profile described in the previous paragraph have negatively influenced the tourism sector for two main reasons:

1) an increasing number of tourists have gone to destinations far from the airport and those who have remained in the province have decreased;
2) among them, leisure tourists have become fewer during the last few years and also the expenditure has declined; therefore, economic benefits to the territory have been smaller.

Tab. 3 gives an overview of tourists' characteristics focusing on those with destination Bergamo.

Table 3: Characteristics of tourists with destination Bergamo. Source: our elaboration on data from the Bank of Italy.

	2004	**2006**	**2008**	**2010**	**2012**
Arrivals (estimated value)	103,300	190,305	268,244	316,870	198,417
Overnight stays estimated (estimated value)	571,069	508,933	901,385	1,472,661	939,066
Length of stay (nights)	5.5	2.7	3.4	4.6	4.7
Average expenditure per capita	€ 414	€ 259.7	€ 274.4	€ 264.9	€ 302.2
Average daily expenditure per capita	€ 74.9	€ 97.1	€ 81.7	€ 57	€ 63.9
for accommodation	*€ 45.9*	*€ 40.1*	*€ 31.7*	*€ 25.3*	*€ 28.7*
Total tourist expenditure	€ 42,768,607	€ 49,425,404	€ 73,617,370	€ 83,943,010	€ 59,955,685

We firstly notice that arrivals increased until 2010 and then reduced by 37% (about 120,000). A similar trend occurred in overnights: therefore, the length of stay remained stable. This value had greatly grown between 2008 and 2010 because tourists were beginning to change: there were more tourists for non-leisure purposes such as VFR (visiting friends and relatives), business and study; leisure ones decreased from 58% to 45% in 4 years (2008-12).

Secondly, total tourist expenditure saw a small reduction – mainly thanks to the increase in length of stay – while the average daily expenditure per capita greatly decreased after 2008, when Spanish became the largest group of tourists in the city replacing British. These were leisure tourists anyway but spent less.

Differences between British and Spanish can clearly explain the changes described above, but the influence of these two groups of tourists has been only partial.

Table 4: Characteristics of British tourists with destination Bergamo. Source: our elaboration on data from the Bank of Italy.

	% share of tourists with destination Bergamo	**Tourist arrivals (estimated value)**	**Leisure tourists (% share)**	**Length of stay (nights)**	**Average expenditure per capita (€)**	**Average daily expenditure per capita (€)**
2004	15.1%	23,969	61.5%	2.4	€ 265	€ 111.5
2006	41.9%	51,102	74.6%	3.0	€ 318	€ 107.5
2008	22.0%	69,253	62.1%	3.1	€ 268	€ 86.4
2010	10.5%	25,194	56.5%	4.1	€ 321	€ 78.5
2012	16.1%	14,632	35.0%	4.1	€ 338	€ 83.2

Tab. 4 shows that British tourists have changed over time, mainly in the number – they reached the lowest value in 2012, which is one-fifth of the highest registered in 2008 – and purpose of visit – leisure tourists passed from 75% to 35% between 2006 and 2012. The length of stay has consequently increased and in the last years it has exceeded 4 nights. As concern tourist expenditure, the total amount did not varied greatly because British stayed longer, but the daily value per capita decreased to about 80 Euros.

Table 5: Characteristics of Spanish tourists with destination Bergamo. Source: our elaboration on data from the Bank of Italy.

	% share of tourists with destination Bergamo	**Tourist arrivals (estimated value)**	**Leisure tourists (% share)**	**Length of stay (nights)**	**Average expenditure per capita (€)**	**Average daily expenditure per capita (€)**
2004	7.6%	6,703	46.2%	4.5	€ 306	€ 67.3
2006	19.4%	36,009	68.3%	2.7	€ 205	€ 76.0
2008	29.9%	59,457	61.9%	2.7	€ 213	€ 79.5
2010	34.1%	92,075	61.3%	3.6	€ 251	€ 69.3
2012	28.1%	55,474	51.4%	3.5	€ 236	€ 68.3

The largest number of Spanish in Bergamo was reached in 2010 with more than 90.000 arrivals but it rapidly decreased to about 55.000 after two years. The share of leisure tourists has remained high over time although the decrease registered between 2010 and 2012 (see Tab. 5); therefore, length of stay has been shorter than that of other countries, such as Great Britain. The average daily expenditure per capita has always been lower among Spanish than British; however, there hasn't been great differences over time although the crisis have been affecting economy in Spain.

The growth of tourists from Eastern Europe occurred in the last few years hasn't been enough to balance the economic loss deriving from the decrease of the two most important groups (Spanish and British). These tourists can be considered a less interesting target by local actors because they stay longer – the average length was about 7 nights in 2012 – and for non-leisure purposes; in fact, many of them are immigrants and only 40% choose hotel accommodations.

Considering finally the economic impacts of tourist flows arriving at the airport between 2010 and 2012, the loss can be estimated in 23 million Euros, which is about -30%. The reduction was higher for hotel and shopping expenditure.

Conclusions

Bergamo-Orio al Serio International Airport can be considered the engine of tourism development occurred in the last ten years because new and great international flows have arrived in the province of Bergamo and, then, they have decided to stay, especially in the city. However, airline companies – mainly low-cost carriers – aim at achieving the highest load factor and not at carrying tourists, especially leisure ones. Moreover, airports chosen by LCCs as their bases stimulate territorial development – also touristic – only indirectly and by maintaining a strong relationship with these companies.

Our analysis shows that LCCs have rapidly changed their strategies and moved toward more profitable markets (e.g. Eastern EU) whenever negative economic circumstances have occurred, such as negative exchange rates or decreasing household consumption expenditure. Passenger number has remained stable over time but tourists arriving at the airport have changed in the number and profile; in fact, there were fewer tourists in the province of Bergamo and smaller economic benefits after 2010.

Changing current trends is very difficult because they do not deal with the attractiveness of the destination; therefore, policy makers and local stakeholders have and will have a small influence on these. Whenever negative circumstances for LCCs occur, local tourism will probably change. But two main tourism policies may reduce negative effects: the first one is a closer synergy between local tourism institutions and the airport operator aiming at a deeper interaction with the main airlines based at the airport and a more cautious use of subsidies. This policy may incentivize LCCs to choose routes more interesting for local tourism. The second one concerns territorial marketing and involves local tourism organizations and operators; the aim is to set up focused activities with a double approach, providing incentives for markets suffering a bad economic situation and creating promotional activities for new destinations connected to the airport. It is very important to evaluate which is the best strategy for each situation; probably a mix should be the most effective solution.

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The Czech Marketing Strategy for Domestic Tourism – The Application of the Strategy Map and BSC Model

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Abstract

The domestic tourism is considered to be one of the tools of regional development. The problem of the domestic tourism is its stagnation and even decline in the period after the reversal in 1989. The paper deals with the factors of domestic tourism development in the Czech Republic and with the basic points of the marketing strategy for the domestic tourism 2013 – 2020 prepared for the Czech national tourist organisation (CzechTourism). The purpose of the paper is to implement the method of a strategy map and the balanced scorecard (BSC) as the framework of the launched strategy. The method of description analysis and the correlation (Pearson correlation coefficient) were used for the analytical part of the paper. The strategy map and the BSC were applied in the marketing strategy for the domestic tourism. The author managed the team responsible for the mentioned marketing strategy 2013 – 2020 for domestic market.

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1 Introduction

The Czech domestic tourism market has been changing after 1989 significantly. Thanks to removing of the political and administrative barriers the domestic demand diverted to the foreign destinations. The domestic consumption standing for the pillar of the former tourism market during the socialist era split and began to change in quantitative as well as quantitative way. During the 90ies the private entrepreneurs and the public sector thought about the domestic demand as the low-grade compared to the incoming demand esp. from Western Europe. In the beginning of last decade the perception of domestic clients started to change, because the buying power of domestic clients increased considerably.

In 2012 the CzechTourism placed a project for the marketing strategy for the incoming and afterwards for domestic tourism, both strongly based on the branding and communication strategy. In this scope the domestic strategy is the first in the Czech Republic ever. The purpose of the paper is to show and visualize the whole strategy concept using the two important managerial tools, the strategy map and the BSC model.

2 Literature review

Tracking the term strategy bring us to the originally the ancient Greek word meaning *"the act of a general, especially a stratagem, [or] piece of generalship"* (Shaw, 2012, p. 31). Shaw emphasizes the semantic jungle of strategy terms (Shaw, 2012., p. 32). El-Ansary observes that there is **no clearly defined genealogy of marketing strategy,** its heritage and relationships to the related strategies like the corporate strategy, competitive strategy, other functional strategies and other (El-Ansary, 2006). Hill et al. (2007) emphasise mid-life crises of **marketing** and lack of clarity in the marketing theory: *"...to shift the focus from marketing-as-content (doing) to marketing-as-questioning (thinking)."* (Hill et all., 2007, p. 652). Paswan et. al (2011) distinguish between **two dominant typologies of the marketing strategy,** firstly, the Miles and Show´s (1978) focusing on the business strategy field and the Porter´s typology (1980) used extensively thanks to the focus on the value creation.

The concept of marketing mix (Borden, 1957), the concept of product life cycle (Forrester, 1959) or the marketing strategy are based on the "product differentiation" and "market segmentation" (Smith, 1956). After that the concepts were connected with the corporate strategy concepts, e. g. SWOT analysis (Learned et al., 1965), Ansoff’s "growth strategies" (Ansoff, 1957) of Porter’s "generic strategies" (Porter, 1980, 1985, 1990) of the Boston Consulting Group’s "growth-share portfolio matrix" (Henderson, 1970) and tens of other methods and models incl. **the strategy map and the balanced scorecard model (BSC)** developed by Kaplan and Norton (Kaplan and Norton, 1996, 2000, 2004, 2008).

The proposal concerning the taxonomy of marketing strategy consists in **the marketing strategy formulation and implementation** related to other strategies of the company (destination). **Strategic marketing planning** model depends on the role of firm orientation and related marketing strategy. The strategy is a starting point for the structure and needs **a marketing strategy metrics.** (El-Ansary, 2006)

The central point of the presented domestic marketing strategy is the communication strategy focused on the concept of **integrated marketing communication (IMC).** The definition of the IMC by Smith et al. (1999) consists of three parts, namely management and control of all market communication, synergy in the brand positioning, personality and message and thirdly, efficient (best use of resources), economical (minimum costs) an effective (maximum results) processes between the organisation (or destination) and its stakeholders.

For the purpose of this paper **the marketing strategy of a destination** is the principal strategy of a tourist destination creating the value for visitors as well as residents and other interest groups as depicted in the strategy map. **The strategy map** fit to the requirements since the perspectives cover the direction as a roadmap for where to go, the structure and system (the institution, their role and competencies) and last, but not least the people as the basic and most important source of strategy implementation. Thousands of for-profit, non-profit and public sector enterprises implemented the strategy map and the BSC that has been regularly listed as among the top ten management tools used worldwide. (Rigby and Bilodeau, 2011)

Kaplan and Norton (2004) emphasise **the role of the strategy map as the intermediaries between the tangible and intangible assets** for creating value for shareholders, customers and citizens. **The basic principles the strategy map is based on** include the balance of the contradictory forces; the importance of the differentiated customer value proposition for the strategy formulation; value creation through internal business processes; the composition of the strategy of the simultaneous and complementary themes and finally the determination of the value of intangible assets by the strategic alignment (Kaplan and Norton, 2004, p. 11).

Surprisingly, the usage of the strategy map and **the BSC method** are quite rare in the tourism branch, esp. in the marketing management of tourist destinations (e. g. DeCarlo et. al, 2008; Palatková, 2012a, 2012b, 2012c; Palatková and Tittelbachová, 2012, 2013). The application of the BSC is more frequent in the hospitality and hotel industry, but the role of BSC remains as the simple performance measurement tool or (e. g. Evans, 2005; Sainaghi, 2010; Min et. al, 2008). The broad opportunities of the BSC in terms of strategy management and implementation remain underused. In terms of strategy implementation the BSC model can be combined with the 7-S McKinsey model very effectively (Kaplan, 2005). The BSC and the 7-S McKinsey model were applied by the author in the marketing strategy for the domestic tourism in the Czech Republic (Palatková and Tittelbachová, 2013).

3 Data and methods

The domestic tourism in the Czech Republic in terms of basic information on consumer behaviour began to be monitored in 1997. The research studies and time series dealing with domestic tourism are summarized in table 1. The methodology applied in the paper include following methods:

1) descriptive analysis of quantitative and qualitative data (table 1),

2) correlation (the Pearson index),

3) strategy map,

4) BSC (balanced scorecard).

Table 1: The quantitative and qualitative data used in the descriptive analysis

Time series (Czech Statistical Office)	**Sample size**	**Periodicity**
Domestic and outbound tourism	aver. 3,5 thousands respondents per month (2011, 2012)	from 1997 quarterly
Tourism satellite account	x	from 2003 yearly
Research studies (CzechTourism)	**Sample size**	**Periodicity**
Motivation for spending holidays in the Czech Republic	10 focus groups and 1201 interviews	2003 / one-time
Issues for spending holidays in the Czech Republic	730 interviews (qualitative)	2003 / one-time
Monitoring of the visitors throughout the tourist regions	25 – 30 000 in each season (of which 80 % were domestic visitors)	2005 – 2007 (summer + winter season)

Research studies (CzechTourism)	**Sample size**	**Periodicity**
The communication support of the domestic tourism	117 experts	2007 / one-time
Decision process in leisure time spending with respect to domestic tourism	8 focus groups per 8 resp. (64 pax)	2007 / one-time
Domestic market segmentation	3,049 thousands interviews	2012 / one-time

Source: own table

For **the correlation** of the domestic and outgoing demand and the economic indicators **the Pearson correlation coefficient (r)** is used. The X variables are the selected macroeconomic indicators (GDP per capita, exchange rate CZK/EUR, unemployment rate, inflation rate). The Y variables represent the available indicators of the domestic and outbound demand.

$$r = \frac{\sum_{i=1}^{n}(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^{n}(X_i - \bar{X})^2}\sqrt{\sum_{i=1}^{n}(Y_i - \bar{Y})^2}}$$

The strategy map means the central point of the formulation and management system of a strategy. Additionally **the BSC model** is the complement to the strategy map. The system of the formation of a strategy encourages the destination performance and competitiveness and has to be connected with the operational processes and activities. The management system of the strategy developed by Kaplan and Norton (2008) for the private companies covers the processes monitored in their interconnections and relations using the four (five) perspectives (Kaplan and Norton, 2005), namely:

1) The stakeholders´ perspective.

2) The financial perspective.

3) The visitor´s perspective and the resident´s perspective.

4) The internal processes´ perspective.

5) The learning and growth perspective.

In terms of strategy communication and execution *"... the strategy map and scorecard communicate the outcomes to be accomplished, allowing innovation at middle and lower levels of the organization to find new and different ways to achieve the targeted performance."* (Kaplan, 2012, p. 542).

4 Factors influencing the domestic demand and strategy choice

The Czech domestic tourism market has been influenced by economic as well as non-economic factors. The formation of the domestic market was closely connected with the Czech sovereignty movement and with the creation of the Czech national identity. After the 2nd world war and communist putsch in 1948 the Czech people were allowed to be involved mainly in domestic tourism because of political and economic barriers. After 1989 the demand for foreign destinations sprang up in few months and the changes in domestic tourism were obvious (chart 1).

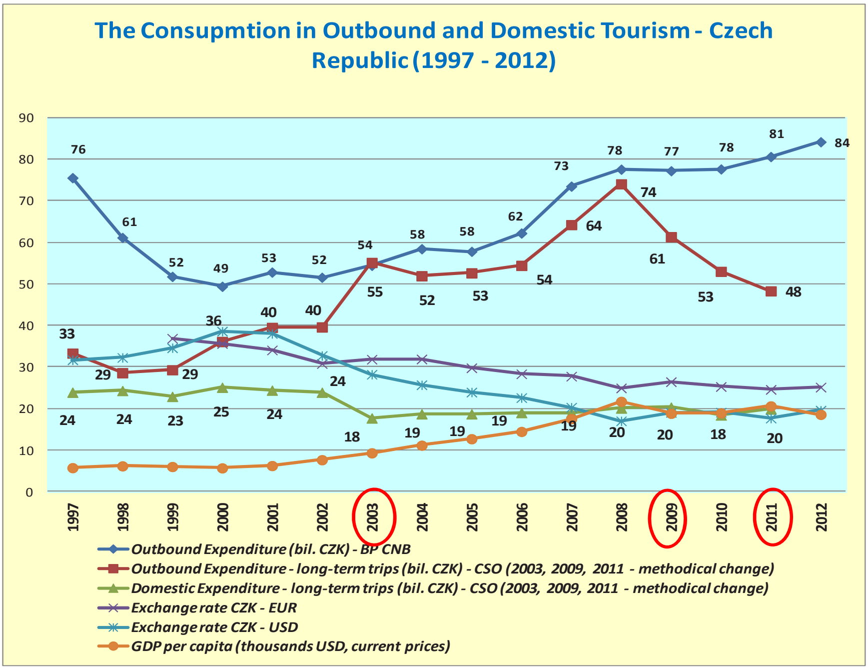


Figure 1: Domestic and outbound market development in the Czech Republic

Source: own figure based on the data of the Czech Statistical Office (CSO) and Czech National Bank (CNB)

Whereas the trend in outbound tourism is increasing, the demand for domestic tourism can be considered as hesitating, rather slightly declining in the long-term[1]. For submitting a proposal how to boost the domestic tourism and how to formulate an official strategy for the NTO, **the analysis of the economic and non-economic factors influencing the domestic tourism is necessary**.

In period 1997 – 2012 the development of outbound expenditures as monitored in the balance of payment were **closely correlated to three mentioned macro-economic indicators** (GDP per capita, exchange rate CZK/EUR, unemployment rate). The correlation between the outbound expenditures and inflation rate is quite feeble. The Pearson´s value of the consumption inbound (TSA) gets below -0,5 in negative way (exchange rate, unemployment) or exceeds 0,5 in positive correlation (GDP p. c.). Due to the methodical changes the period 1997 – 2012 has to be divided in three sub-periods. The domestic expenditures for the long-term trips 1997 – 2002 don´t show so close correlation as in 2003 – 2008. The expenditures for long-term trips in 2003 – 2008 show very strong correlation between domestic as well as outbound expenditures and all the mentioned macro indicators.

Table 2: The values of the Pearson correlation coefficient (r)

Indicator	Period	GDP per capita (current prices)	CZK/EUR (annual average)	General unemployment rate (%)	Inflation rate (%, annual average)
outbound expenditures (BP)	1997 - 2012	**0,685**	**-0,920**	**-0,688**	0,087
consumption outbound (TSA)	2003 - 2011	0,509	-0,375	**-0,862**	**0,675**
consumption inbound (TSA)	2003 - 2011	**0,775**	**-0,633**	**-0,776**	**0,627**
outbound LT trips (expenditures)	1997 - 2002	**0,777**	**-0,803**	0,186	-0,487
domestic LT trips (expenditures)	1997 - 2002	0,182	-0,158	0,073	0,261
outbound LT trips (expenditures)	2003 - 2008	**0,817**	**-0,869**	**-0,967**	**0,796**
domestic LT trips (expenditures)	2003 - 2008	**0,899**	**-0,894**	**-0,772**	**0,973**

note: BP - balance of payment statistics, LT trips - long-term trips (4 and more overnights)

Source: own calculation based on the data of the Czech Statistical Office and Czech National Bank

[1] In 2012 the Czech people realized 7,4 mil. long-term trips (incl. stays in own second homes 29 %, VFR – 34 %), 18,6 mil. short-term trips (incl. weekend cottagers – 38 % and VFR - 50 %) and 56,4 mil. one-day trips (2011).

Concerning **non-economic factors** the method of descriptive analysis was applied using the results of research studies and time series (table 1). The principal non-economic factors influencing the domestic tourism demand can be summarized as follows:

- Historical development – patriotism, nationalism, **national identity and pride.**
- **Ownership of the chalets, cottages and own weekend houses.**
- **Increasing mobility** of domestic population (cars).
- **27 % Czech residents prefer definitely and 23 % rather domestic to outbound** (20 % of residents represent the neutrals).
- Possibility **to travel at any time.**
- **Importance of the familiarity** with the environment and **language. Feeling of being safe "at home"** (no stress, no airplane, no foreign culture, no unknown meal, no euro, no health risks, no planning in advance).
- **Reconnection** (e. g. family, friends, social groups).
- **Repeated travelling** to the places visited in the past.
- **Value for money but perceived lower quality at the same time.**
- **Accessibility - on-line purchase / possibility to phone and book.**
- **Standard of living and changes of consumer behaviour (closely connected with the economic factors).**
- **Uncertain weather.**
- And other.

Regarding **the economic and non-economic factors** and their employment in the marketing strategy following conclusion can be stated:

- the development of demand for domestic and outbound tourism in the Czech Republic is **highly depending on the economic development;**
- in the period of 2003 – 2008 (2012) **the high correlation between the selected indicators of domestic and outbound demand** and the GDP per capita, exchange rate CZK/EUR, inflation rate and unemployment rate, can be observed;
- **the dynamic of the Czech outbound expenditures** is above the dynamic of the domestic expenditures;
- **the convergence of the Czech economy** towards the West European economies doesn´t allow any strong increase of domestic tourism;

depending on further development of Czech economy the growth of outbound demand (expenditures) can be expected.

To boost **the domestic tourism** the marketing strategy based on the marketing communication was developed. The strategy map and complementary BSC model based on this fact have been prepared for the NTO.

5 Strategy map and BSC

The concept of a tourist destination as a company presses to use the strategy map and the BSC model to assess **the financial support of the public budgets.** The proposed role of Czech Tourism consists in the formulating a marketing strategy for the domestic market, its visualisation (strategy map) and communication to the regional tourist organisation, implementation and strategy management (group for domestic strategy management).

Figure 2 is an adaptation of the system of the strategy management applied on a tourist destination. The method of the strategy map (Kaplan and Norton, 2005) was applied for defining and visualizing the scope of the goals covered by four (five) perspectives in a tourist destination as follows:

1) The stakeholders´ perspective – the long-time value creation for the stakeholders / partners in the private and public sector.

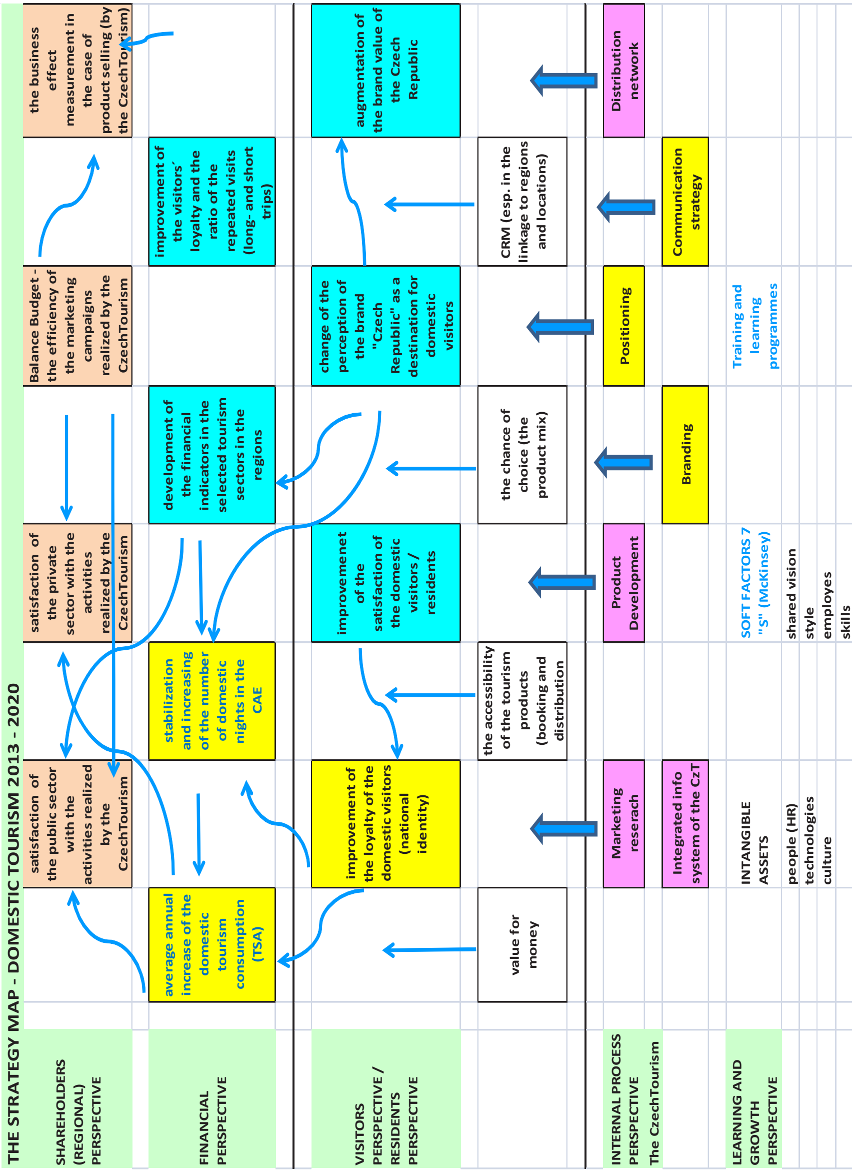
2) The financial perspective – the achievement of financial indicators at the national level.

3) The visitors´ perspective and the residents´ perspective – the satisfaction of the visitors and residents in terms of interaction, services accessibility and similar. **The visitors perspective** covers the goals like value for money, the accessibility, the CRM system implementation, their satisfaction and similar. **The residents´ perspective** is connected with the satisfaction with tourism effects and with the national (regional) identity strengthening.

4) The internal processes´ perspective integrating the key process inside a destination and/or a NTO serving to the goals´ achievement in the above mentioned perspectives. The processes influenced by the NTO are mainly focused on the domestic product creation, distribution channels and communication using the **national identity and patriotism** as the common topic in the domestic support campaigns.

5) The learning and growth perspective covers the human resources, the systems (information capital) and climate (the organisational capital) in a destination and/or the NTO. This perspective is crucial for the strategy implementation. The relationship between the strategy and structure (e. g. Powell, 1992; Slater and Olson, 2000, 2001) should be extended to the relationship between marketing strategy and channel relationalism in the corporate praxis (Paswann et. al, 2011), but also in the praxis of destinations.

Figure 2: The strategy map - domestic tourism 2013 – 2020 (Czech Republic)



Source: own table adapted from the Palatková and Tittelbachová (2013)

Figure 3: The BSC - domestic tourism 2013 – 2020 (Czech Republic)

The Balanced Scorecard System (BSC) - DOMESTIC TOURISM 2013 - 2020 (The Czech Republic)			
Global goal: Competitiveness increasing based on the sustainable forms of tourism.			
1. PARTNERS (STAKEHOLDERS) PERSPECTIVE			
Goal 1.1	**Goal 1.2**	**Goal 1.3**	**Goal 1.4**
satisfaction of the public sector with the activities realized by the CzechTourism	**satisfaction of the private sector with the activities realized by the CzechTourism**	**Balance Budget - the efficiency of the marketing campaigns realized by the CzechTourism**	**business effect measurement in the case of product selling by the CzechTourism**
MEASUREMENT /METHOD			
primary research	primary research	audit of the marketing campaigns	primary research
INDICATORS			
number of "official" partners (public sector)	number of "official" partners (private sector)	particular indicators (OHT, OTS, TVR, PPC, CTR, CPA and other)	number of clients
satisfaction rate (public sector)	satisfaction rate (private sector)	ROI - return on investment návratnost	turnover in collective accommodation establishments
and other	and other	and other	and other
2. FINANCIAL PERSPECTIVE			
Goal 2.1	**Goal 2.2**	**Goal 2.3**	**Goal 2.4**
maintenance and increase of the domestic nights (CAE) + 2,0 % p. a.	**average annual increase of the domestic tourism consumption (TSA) + 2 %**	**increase of the domestic tourists´ loyalty and a repeating of the visits (long and short-term trips)**	**positive development of the financial indicators in the selected sectors in Czech regions**
MEASUREMENT /METHOD			
Czech Statistical Office - overnight statistics (CAE)	TSA	primary and secondary research	primary and secondary quantitative research
INDICATORS			
number of domestic overnights in the CAE	consumption in the domestic tourism (TSA)	the share of tourists and potential tourists (visitors)	turnover in selected sample of CAE
regional spread of the domestic overnights (CAE)	average expenditure for one short and long-term trip	the frequency of the long-term trips	ADR, RevPar in selected sample of CAE
and other	and other	and other	and other

3. VISITOR AND RESIDENTS PERSPECTIVE			
Goal 3.1	**Goal 3.2**	**Goal 3.3**	**Goal 3.4**
improvement of the loyalty of the domestic visitors (national identity)	**improvemenet of the satisfaction of the domestic visitors / residents**	**change of the perception of the brand "Czech Republic" as a destination for domestic visitors**	**augmentation of the brand value of the Czech Republic (domestic tourism)**
MEASUREMENT / METHOD			
qualitative / quantitative research / benchmarking	the value benefit for (potential) visitors / benchmarking	research of consumer behaviour / qualitative research + research of residents´ perception	the consumer behaviour research
INDICATORS			
repeating of the visit of the Czech Republic (domestic tourism)	reasons of satisfaction / dissatisfaction	familiarity of the Czech Republic and selected regions	the value advantage for (potential) visitors
number of (potential) visitors / tourists in the CRM database operated by the CzechTourism	recommendation of the domestic trip in the Czech Republic / selected regions	association of the domestic holidays (Czech Republic)	domestic brand vitality
average daily attendance pof the CzechTourism web sites (RU)	residents´perception of the benefits of the domestic tourism	positive / negative perception of the domestic holidays (Czech Republic)	domestic brand calibre
average time spent in the sites / modules (ATS)	residents´attitude to domestic tourism in selected regions	attitudes and intentions of (potential) visitors (tourists) in domestic tourism (Czech Republic)	domestic brand confidence
and other	and other	and other	and other

4. INTERNAL PROCESS PERSPECTIVES - NEW AND INNOVATION PROCESSES (Action Plan)			
Goal 4.1	Goal 4.2	Goal 4.3	Goal 4.4
The marketing information system (MIS)	**Destination positioning**	**Brand strategy and management**	**Product development**
MEASUREMENT / METHOD			
development of the MIS	qualitative and quntitative research	qualitative and quntitative research	development of the product in co-operation with the Czech regions
Goal 4.5	Goal 4.6	Goal 4.7	
Distribution strategy	**Communication strategy**	**Integrated information systém for the (domestic) tourism /**	
MEASUREMENT / METHOD			
distribution channels selection	setting of the communication	development of the information systém	
5. LEARNING AND GROWTH PERSPECTIVE			
Goal 5.1	Goal 5.2	Goal 5.3	Goal 5.4
Vocational qualification of the CzechTourism employees	**Development of the information system of the CzechTourism**	**Satisfaction of the employees**	**Training of the employees in the CzechTourism**

Source: own table adapted from the Palatková and Tittelbachová (2013)

The BSC as the complement to the strategy map can be described as the effective tool for the destination strategy management, monitoring and controlling. The BSC (figure 3) enables the logical connection to the strategy map and managing of the destination strategy in all mentioned perspectives.

The serious problems and risks of the application of the strategy map and the BSC in the formulation and implementation destination strategy can be summarized as follows:

- The complexity and non-transparency of the destination management system (e. g. high number of various interest groups, dominance of the public sector in financing, political pressures).
- High demand on the business strategy of the NTO (CzechTourism). High demand on the qualitative and quantitative data and the continuous monitoring.
- Low motivation of the destination managers (national, regional, local level). Lack of the marketing strategic thinking and of the knowledge of marketing tools. Inability of systematic thinking and the tendency to simplify issues or indifference towards the new ideas and innovation.
- The interpretation of the soft assets decisive for the success of the marketing strategy.

6. Conclusion – further challenges

The development in the domestic market has to be assessed in the relation to **the outbound market.** For developing domestic marketing strategy in the Czech Republic following aspects have to be taken into consideration:

- There is **no clearly defined genealogy of marketing strategy,** various explanations of the marketing strategy can be found in the literature and the concept of marketing strategy lacks clarity.
- The concept of **the strategy map and the BSC** can be applied in the destination marketing management very effectively in terms of strategy formulation and management (implementation).
- **The various perspectives of the strategy map and the BSC model** allow to include the different perspectives and target groups (not only the visitors) in terms of value creation.
- The **marketing strategy metrics** is a necessity for the evaluation, planning and management of the destination marketing strategy.

- **The economic indicators** (GDP per capita, exchange rate CZK/EUR, unemployment rate, inflation rate) show very close correlation to the volume of the Czech outbound as well as domestic tourism demand (long-term trips).
- Further development of domestic tourism depends on the economic as well as **non-economic factors** incl. mobility, ownership of the chalets, cottages and other forms of the second homes, weather and other.
- The effective tool how to support the domestic tourism **is the integrated marketing communication** realized by the NTO (CzechTourism) in cooperation with the Czech regions. The importance of the national identity and pride, patriotism, reconnection, language knowledge, feeling of being safe "at home", or value for money are the crucial themes used in the domestic tourism communication campaigns. The progressive communication tools based on the ICT, product placement and other have to be used.
- **The value increasing of the domestic brand** (Czech Republic) for the domestic clients is the important goal of the marketing communication. From the residential perspective **the consciousness of the value of the own region** (regional / national identity) seems to be the principal aim of the communication strategy.

Despite the fact the strategy map and the BSC model fit perfectly to the needs of the formulation and management of the destination strategy, there are some barriers and limits to be discussed and researched in the future incl. the soft assets (people, culture, education, training and similar) and their evaluation, the indicators setting and measurement, the high number of interest groups or the hidden risk in the negative attitude of the destination managers to the measurement of the strategy performance.

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Will Climate Change Influence the Attractiveness of Cultural Landscapes in Austria?

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1 Introduction

The roles of "landscape" and landscape change in tourism belong to the critically discussed and interdisciplinary research fields. The interrelationship between tourism and cultural landscapes has been intensively discussed in the past decades, from different points of view and by different disciplines (Urry 1990, 1994, Ringer 1998, Lew et al. 2004). While landscape planning highlights the role of landscapes as the main motive for travelling (Bell et al. 2009, Pröbstl et al. 2010), tourism economics discusses the relevance of landscape for the image and marketing of destinations (Pritchard and Morgan 2001:167), and tourism management also focuses on designed landscapes for tourism. The tourism industry has been repeatedly denounced as both an exploiter and defiler of landscapes.

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For many cultural landscapes in central Europe, this rather polarised description is only partly applicable. Austria is characterised by diverse cultural landscapes, which are one significant advantage for tourism development in this country. In these landscapes, culture – moderated by local knowledge and institutions – mediates the demarcation of territory and the identity of place (Johnston 1983: 151, Gupta and Ferguson 1992), and influences tourism opportunities. The main characteristics of modern European cultural landscapes were already established by the seventeenth century, imbuing the definition of landscape with notions of vistas, outlooks, or scenic views (Terkenli, 2004: 340). There is, however, nothing "natural" about most of these cultural landscapes valued by tourists, since they are the result of the history of human intervention, which has manipulated nature in ways conducive to economic growth (Hughes 1995:53). Therefore, for many rural destinations in European tourism, development can be described as a cultural process as much as it is a form of economic development. The destination of the tourist and the "inhabited landscape of local culture" are inseparable to a greater degree (Ingold 1994). Many of these landscapes represent authentic places of cultural identity and attractive tourism destinations at the same time.

Significant changes to these attractive landscapes are creating a potential for problems in tourism. Healy (1994) discussed this phenomenon by focusing on these landscapes as a common pool that can be affected by the decision making of individual land owners, farmers or housing developers.

Briassoulis (2002) highlights the "common pool resources problem" in tourism, and discusses various possible impacts on these commons – which also apply to water or air quality. In these early discussions about potential impacts on common pool resources and landscape, possible changes due to climate change were not considered.

Recent research findings show that it is likely that climate change will significantly alter agro-economic use patterns in Central Europe (Kromp-Kolb et al.2007, Eitzinger 2010; 2011, Eitzinger et al. 2009), which challenges the current standard predictions for future land use, including tourism development options. Two aspects need to be considered here: First, agricultural crop production is already changing due to underlying biophysical conditions of the agro-ecosystem resources and functions that have changed during the past decades due to climate change (Assad et al., 2004; Perarnaud et al., 2005); and second, land use is changing in an attempt to mitigate climate change, e.g. through short rotation forests (Paulrud and Laitila, 2010, Shoyama et al. 2013). Both trends are likely to affect diverse cultural landscapes.

In recent years, several attempts have been made to assess the risk of future climate change effects on crop production and to search for adaptation measures for agricultural systems. Little is known about the potential indirect effects these changes in the primary agricultural production sector will have on landscape aesthetics, tourism and recreation. Based on the assumption that farmers are the crucial decision makers when it comes to the development of cultural landscapes, this study explored the potential consequences of different strategies including funding opportunities. Against this background, the paper will discuss possible effects of climate change and adaptation processes in two test regions, as well as options for influencing the process in favour of tourism.

2 Methodological approach and description of the test sites

First we selected two test sites in Austria, representing different types of cultural landscapes and both likely to be affected by climate change. For our study design it was crucial to choose typical regions with regards to land use and farm structure, and regions where tourism development was also an issue. Furthermore, the selected regions were to incorporate grassland regions dominated by crop farming and mixed cultures. Finally, the sample within the regions included small part-time farms, as well as large full-time farms.

One of the regions selected to fulfill our research goals was around the Marchfeld and the March-Thaya floodplains in Lower Austria, the other in southeastern Styria in the Feldbach region. For the March-Thaya floodplains, it is projected that the influence of global warming can easily be compensated through adjustments in plant cultivation management strategies. Existing irrigation technology can continue to be used, as ground water supply will still be available. Yields may even increase due to the combination of an extended growing season and an optimisation of irrigation systems. Overall, it is expected that the uncertain market situation and agricultural policy framework will outweigh the effects of climate change, and that climate change may even offer better conditions in the future (Gandorfer and Kersebaum 2009). Thanks to its high biodiversity, the area in lower Austria attracts many visitors during the summer months. Biking tours as well as nature based and garden tourism, set around the "Schloss Hof" palace, are the main drawing points (Kelemen et al. 2014).

The climate change scenarios for the Styrian test region project an increase in average temperatures and a decrease in precipitation. However, additional irrigation measures, which would offset the deteriorating situation, are not feasible, due to poor water availability in the region. In this case, a switch to less affected crops, such as grain, is very likely. In theory, the predicted increase in temperature could also significantly improve the possibilities for viticulture and for cultivating temperature-adapted fruit. A shift from pig farms to permanent crops such as wine or fruit is not likely to happen easily, however, because wine and fruit cultivation require special training, professionalism, and experience. Furthermore, vineyard acreage within the EU cannot be expanded, which further limits the likelihood of such a shift. In terms of tourism, the Styrian test region is known for rural tourism opportunities accompanied by wine tourism, based on its many small-scale vineyards.

In a second step, the economic conditions of farmers in the two test regions were evaluated (Pröbstl et al. 2013). Based on the regions' respective economic data and future development options, customised surveys were conducted in each of the regions. In this questionnaire, we asked farmers about their main aims for future farm development. They were asked about the likelihood that they would expand, intensify or specify their production. Furthermore, they were asked about their interest in switching to organic or conventional production, reducing parts of their land or terminating agricultural production altogether. In order to study detailed management decisions we applied a choice model. Choice models assume that individuals behave in ways that maximise their utility and their relative satisfaction for a particular alternative (Louviere et al., 2000). Therefore, a stated choice survey was integrated in each questionnaire, thus illuminating the future advantages and disadvantages that farmers face under conditions of climate change and diverse agro-economic parameters, such as agricultural policy tools (i.e. incentives), predicted future productivity and regional idiosyncrasies. The choice model provides a suitable basis for modeling intended behaviour, which can be combined with additional information in a latent-class analysis. A decision support system (DSS), based on the choice model, explains how the various attributes influence each other in the farmers' decisions. In order to study possible aesthetical changes, a two-step approach was applied, aimed at determining whether traditional landscapes are of such high value for farmers that they would spare these landscapes if cultivation were to be intensified due to climate change. Therefore, we asked farmers to indicate their preferences for different images of arable landscapes. In the March-Thaya floodplains, the presented pictures showed different sets of intensive grain, sugar beet, and corn cultivations, the typical wet meadows, as well as short rotation forests of willow and poplar. In Styria, the pictures represented the typical mix of different uses, but the amount of intensive crop growing was gradually increased. In the March-Thaya floodplains, the farmers were asked "Which landscape do you prefer?". In Styria, farmers were asked two questions. First, "Which landscape do you prefer?" and second, "Which landscape would you like to work in?". Farmers evaluated these images on a scale of 1 (low attractiveness) to 9 (very high attractiveness).

Overall, 148 farmers in the March-Thaya floodplains (80% main occupation, 20% secondary occupation, 13% organic farming) and 91 farmers in Styria (70% main occupation, 30% secondary occupation, 2.3% organic farming) were surveyed with this elaborate method.

3 Results

The results section presents the findings for the two test regions separately. Out of the extended questionnaire, only selected results are presented here which help us to understand the future development of the landscape as a significant part of the common pool resources (CPRs). Therefore, we look first at the overall future farm development, second we present the farmers' preferred landscapes, and finally we analyse the intended behaviour using the choice experiment, to see how the farmers' decisions will change the future landscape in the respective test site.

3.1 Results for the March-Thaya floodplains

Future farm development

The results show that in the March-Thaya floodplains it is more likely that farmers will expand their farms, intensify farming or specialise on a particular crop, than that they would reduce the amount of acreage, change to a different management model (i.e. conventional, organic), or terminate business. Full-time and part-time farmers follow the same trend, with full-time farmers stating each future development as being more likely than part-time farmers. No statistically significant differences were found between full-time and part-time farmers (see Fig.1).

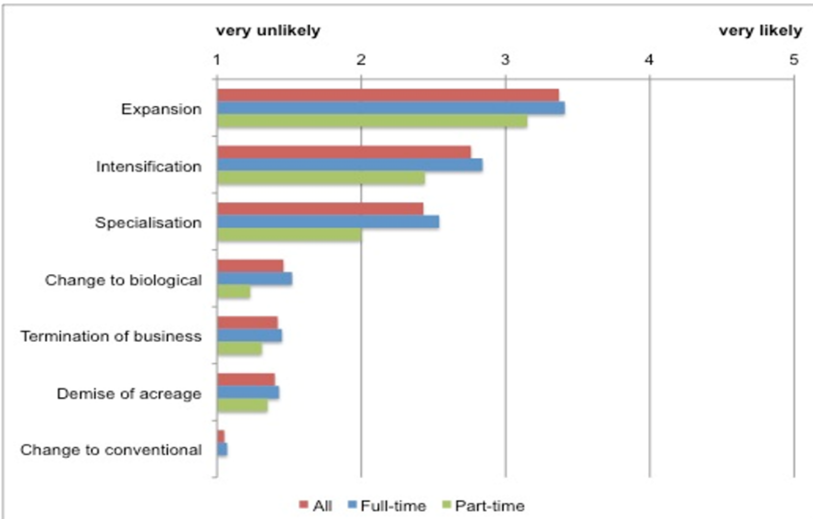

Figure 1: Potential future farm development (findings from the March-Thaya floodplains test site)

Landscape preferences and potential future changes

For the March-Thaya test site, we selected one typical landscape view which is most likely to be changed by agriculture, and which is at the same time very attractive for visitors and tourists. This view (first picture in figure 3) shows wet meadows attached to parts of the former floodplain forests. Based on this image, we developed a set of new pictures simulating different development options. These pictures show different crop combinations and intensities of use. Farmers evaluated these ten different images of compartmentalised and large-scale landscapes regarding their attractiveness from a personal point of view. The pictures considered the most attractive were those showing quite intensive agricultural use (see Fig. 2).

Figure 2: These four pictures were most preferred by farmers, and were evaluated as being very attractive. (Average evaluation 6,8).

The most attractive landscape for tourism, with wet meadows and flowering Iris (see Fig. 3), was only slightly higher ranked than the short rotation forests which are a non-existent alternative for the moment, but are likely to be an economically attractive option in the future, under conditions of climate change. The least preferred picture was an intensively used meadow without any visible biodiversity. There were only minor differences between full-time and part-time farmers.

Figure 3: The original landscapes were less preferred than the pictures with intensive land use (Average 6,1). Even the new option based on short rotation forests was only slightly less preferred than the original landscapes. These pictures were evaluated as being moderately attractive (Average 5,7).

Figure 4: This picture, showing little biodiversity and little usability, was the least preferred landscape image (average 4,2)

Future entrepreneurial decisions of farmers under conditions of climate change

Based on the farmers' decisions in the choice model, a latent class segmentation was calculated to identify different groups of farmers with regards to their preference for farming scenarios under various climatic conditions. It was possible to model trade-offs between various attributes, and to develop different scenarios based on possible agro-economic impacts, climatic conditions and different policy options (Pröbstl et al. 2014). To answer the overall question of potential influences of climate change on land use (including enhancement of production opportunities), we used the DSS. The DSS showed that, even on small areas (i.e. 3 ha) that have been dominated by grassland in the past, but will experience increased flooding within a few years, the probability of a high contribution margin of cash crops (e.g. corn) will undoubtedly lead to an intensification of land use. This shift to a more intensive land use would even occur if the contribution margin of grassland were to be subsidized with 600 €/ha for conservation purposes. In this case, more than 50 % of farmers would still replace meadow with cash crops.

For the test site in the March-Thaya flood plains, the results illustrate that, under the conditions of climate change, landscape changes are likely to entail negative effects for ecosystem services, biodiversity, and recreation. The trend to more intensive land use is supported by the stated aims for future farm development. What is more, farmers also reported a reduced interest in conservation contracts. Divergences from this predicted development are only likely to occur if the international market changes or if fluctuations in the cash crop contribution margin increase. These changes would foster a more traditional land use, increase the likelihood of environmental funding, or even cause a shift to short-rotation. If the wet meadows or other marginal agricultural lands are to remain unchanged, then funding needs to be significantly higher than it is today or/and should be combined with legal protection (e.g. nature conservation areas). It cannot be expected that traditional land use will remain the same under changing conditions and shifting contribution margins.

3.2 Results of the Styrian test site (Feldbach Region)

Future farm development

Most full-time and part-time farmers do not plan on making significant changes to their land use. Land use changes will most likely take place on areas smaller than 2 ha. While full-time farmers would primarily introduce or increase cash crop cultivation (18.8%), increase afforestation (15.6%) and increase pumpkin cultivation (15.6%), part-time farmers would most likely increase afforestation (29.6%), increase pumpkin cultivation (14.8%) and convert grassland to fields (14.8%). As expected, farmers are not likely to cultivate wine or shift to fruit growing in the future.

Furthermore, the Styrian farmers indicated a greater likelihood that they would expand their farm, intensify farming or increase livestock farming than that they would reduce or terminate livestock cultivation, change to a different management model (i.e. organic) or reduce acreage. Full-time farmers also indicated that it is quite likely that they would switch from an organic to a conventional management model. Significant differences between full-time and part-time farmers exist on a 5% level for the likelihood of additional land leases ($t=2.047$, p=0.044), and on a 10% level for the likelihood of changing to a conventional management model (t=1.959, p=0.067).

Landscape preferences and potential future changes

We presented the farmers with a series of five computer manipulated images based on one characteristic landscape view. The pictures differed in the size of the respective fields and in crop diversity. Typical for this landscape are the framing hills with some degree of forest (see Fig.5).

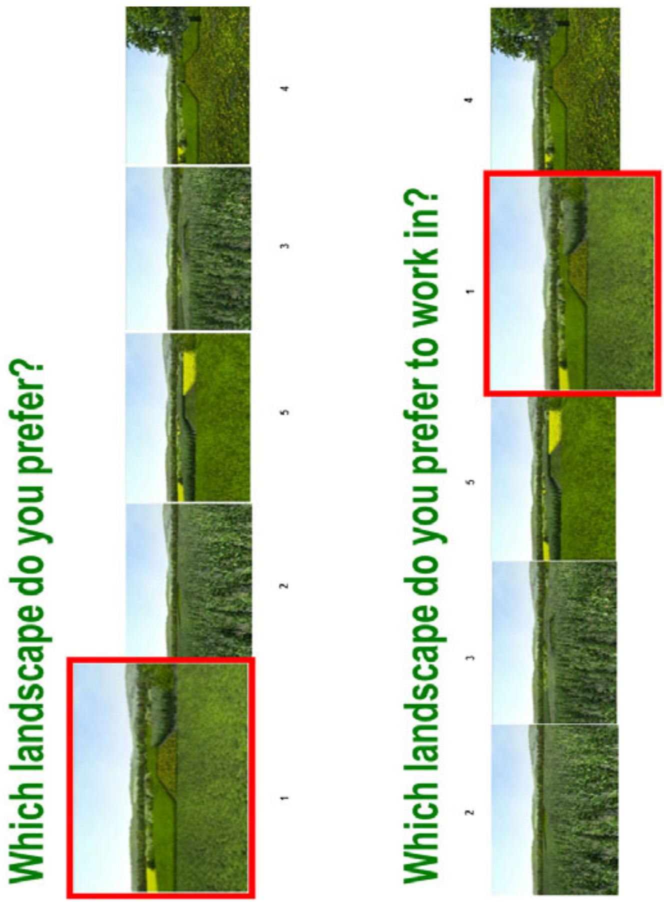

Figure 5: Preferences of farmers in the Styrian test site (Feldbach-region). Picture 1 (highlighted in red) is highly preferred by farmers from an aesthetic point of view, but it is less preferred to work in.

Farmers evaluated the five images of compartmentalised and large-scale landscapes regarding their attractiveness and their desire to cultivate these landscapes. The semi-diverse landscape was the preferred landscape regarding its attractiveness, but less preferred for working in. Here, most farmers preferred pictures showing an intensive land use dominated by corn. Image 4, a very diverse landscape including a large tree, was the least desired landscape image.

Future entrepreneurial decisions of farmers under conditions of climate change

The choice model investigated interactions of fodder cost, revenue per hog, and an (invented) annual climate premium aimed at regulating crop rotation and therefore influencing landscape diversity. The results revealed a significant difference between large (> 25 ha) and smaller (< 25 ha) farms. The incentive (the climate premium) only seemed to have a significant impact on larger enterprises. The average farm size in the region is currently about 13 ha. However, the trend points towards an increase in the size of units over time. This change will potentially lead to farm sizes that may be positively influenced regarding rotation and diversity. A potential (forced or voluntary) shift from corn to grains may further support the preservation of diverse landscapes with different use patterns, or might even trigger a slight increase.

The small-scale ownership structures contribute to maintaining diverse farming types and will contribute to an attractive landscape in the future. Reported trends point towards an increase in the amount of pumpkins cultivated for seed oil and towards a diversification of the current corn-oriented production. The increasing number of part-time farmers, and those who intend to give up farming to increase afforestation, will further contribute to the diversification of landscape patterns. Climate change and its subsequent effects, such as extreme weather conditions and increasing frequency and diversity of diseases and pests, are very likely to impact agriculture in the region. As the intensity of use will remain the same for other products, such as grain or pumpkins, the impact on ecosystem services is likely to be consistent. The touristically important aesthetic quality and attractiveness of the landscape will remain the same or will slightly increase. Planned afforestation by part-time farmers is also likely to have a positive effect on the landscape.

4 Discussion

4.1 Relevance of cultivated landscapes for tourism in Europe

Tourism is based on the production, re-production and re-enforcement of images (Oakes 1993). These images serve to project the attractiveness and uniqueness of a "foreign" place into the lives of consumers and, if successful, to assist in the construction of a network of attractions referred to as a destination. Many of our European destinations depend on their diverse cultivated landscapes. Pictures of these landscapes are communicated in brochures, websites and any other information material. Besides its productivity, traditional agricultural land use carries the added value of typically also providing aesthetic beauty and a setting for recreation and well-being.

The fact that landscapes change, and that landscape characteristics are affected by agricultural use, by industrial areas or intensive tourism development, is nothing new. The problem of landscape changes, as one very important aspect of common pool resources (CPRs) in tourism, has already been studied in the last decades (Healy 1994, Briassoulis 2002). This study underlines the non-excludability and subtractability of this aspect. The research on climate change and the focus on cultural landscapes with a high quality for tourism development add a new aspect to this research field.

Recently, even the European Union has begun considering this interrelationship in its programmes and initiatives (Izzo 2010). This is remarkable because in previous periods – although tourism plays a significant role in many European economies – it was not primarily addressed by European initiatives. Since the Lisbon Treaty in 2009, tourism has been considered to play an increasing role in contributing to the 2020 strategy supporting intelligent, sustainable and inclusive growth. The Directorate-General for Enterprise and Industry (Tourism Unit) was also aware of landscape change and the possible loss of attractive tourism destinations. An integrated consideration of landscape management and tourism policies was perceived as an important issue for the future. Izzo (2010) highlighted four main points where the European Commission should be active in the future

- a pressing need for preserving the natural and cultural resources, combating climate change and the congestion of touristic areas;
- a need for preserving landscape via a management system that is respectful of the natural heritage;
- an approach devoted to sustainable tourism and

- a necessity to integrate tourism within landscape policies and planning, and vice versa.

Our study contributes to these new emerging goals, discussing the future development of cultivated landscapes and the possible influence of climate change. A closer look at the funding opportunities proposed by the European Union to achieve these goals underlines the relevance of the presented study. From their point of view, the means to subsidise landscape preservation and cultural ecosystem services should be taken from the structural funds. Our findings from the choice model showed that the amount of funding currently provided for conservation is not sufficient in an agricultural context only.

Our study underlines the limitations of the existing funding schemes, and the necessity to support integrated landscape and tourism management by specific means.

4.2 Aesthetic preferences and the influence of usability

One could criticise our estimation that the described changes may not lead to negative effects on tourism, because we haven't involved the tourist user group in our study. However, studies on the aesthetic virtues of central European landscapes underline the specific value of small-scale landscapes – typically diverse landscapes characterised by different use patterns (Lindemann 2001, Kiemstedt 1967, Ammer and Pröbstl 1991, Nohl 2001, Bell 1999). With manipulated pictures similar to those used in our study, Lindemann (2001) showed that not only the diversity of crops mattered, but also the size of the fields. Large units are considered less attractive, according to his findings. Even the farmers surveyed in the Styrian test region preferred one picture which showed greater diversity, and answered our set of pictures in the expected way.

Although we were not able to ask tourists about their preferences concerning these possible new landscapes, we know from these research findings that the March-Thaya floodplains will lose their attractiveness if farmers implement their intended behaviour under warming conditions.

From a methodological point of view, we should have asked the farmers in the March-Thaya floodplains about their landscape preferences in a differentiated way: which they preferred personally, and which they would prefer to cultivate. As it is, we cannot be sure how farmers interpreted the too generic question about their landscape preference. This was the reason why we split the question for the following survey in the Feldbach-region, thereby allowing this interesting differentiation between preferred landscapes from an aesthetic point of view and from a professional point of view.

5 Conclusions

The two-step approach of this study aimed to investigate possible changes of traditional landscape under the conditions of climate change. For this purpose, we asked farmers to indicate their preferences for different images of arable landscapes. In the March-Thaya floodplains, intensive grain, sugar beet, and corn cultivations were most preferred. Typical, species-rich meadows of the floodplains were only moderately preferred. These tendencies were also reflected in the choice model. It can be assumed that species-rich components of the cultural landscapes will be lost due to improved conditions for cultivation (e.g. increased temperature and irrigation). In Styria, the farmers' preference for diverse landscapes is significantly higher, in particular from a merely aesthetic point of view. If farmers were asked to indicate their cultivation preferences, they frequently selected images with a high proportion of visible corn area. The choice experiment indicated that Styrian farmers would also make use of the economic opportunities. The landscape structure (which includes marginal hilly sites), the dominance of small-scale enterprises and the traditional diversity of various types of farming opportunities are likely to support the existing landscape character in the future.

Overall, this study showed that, despite state governance of agricultural matters, climate change will have a significant impact on traditional landscapes. If feasible, crop intensification will be embraced, which will ultimately impact ecosystem services, tourism, and biodiversity. Funding and premiums are only likely to guide this development if farmers consider them financially adequate (i.e. if they are particularly high). Current premiums, particularly the environmental premium, will not be sufficient if climate change leads to yield increases. If premiums are to be adjusted in the future, it is necessary to consider different segments and types of farms. Without a regionally adapted strategy, the agricultural landscapes are likely to lose their attractive, diverse structure and their suitability for recreation and tourism. The perceived "pressing need" by the European Commission for preserving the natural and cultural resources, combating climate change and the congestion of touristic areas will fail if the existing means of agricultural funds will continue to be the only way to preserve these landscapes.

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Islands Tourism Seasonality

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Abstract

The islands of the European Union, generally associated with the sun and sea, attract the great majority of tourist flows in the summer months. This characteristic is shared by all the islands, be they in the Mediterranean or in the Baltic. However, through detailed analysis and the use of specific indicators, it was demonstrated that some islands are increasingly developing winter tourism in an effort to improve the annual occupancy rate of beds and mitigate seasonality curves. This study examines some islands that are located in different seas of the European Union, at different latitudes and hence in different climatic zones. These islands are: Cyprus (CY), Sicily (IT), Madeira (PT), and Hiiumaa (EE). The objective is to determine how weather affects tourism flows and to what extent these are the result of planning and development decisions. Climate and current development and tourism promotion policies will also be examined.

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Introduction

This article addresses the issue of tourism seasonality in four islands of the European Union and the impact that an uneven distribution of flows has on the destination.

The European Union has many islands that ensure its presence in nearly all the oceans. The islands feature different characteristics in structural, institutional, geographical and demographic terms. However, regardless of these differences, they share common features, because, on the one hand, they have the same problems vis-à-vis the mainland and, on the other, they share aspects concerning culture, education, transport and the environment. One of the common economic features is that tourism contributes positively to the economic growth of islands to the point of representing up to 70% of GDP[1]. This applies to most of the inhabited islands of the European Union, regardless of the latitude and geographic and demographic characteristics. However, not all islands show the same level of tourism development in terms of supply and demand, and there are often even differences in the variables on the same island over the year. This is due to seasonal patterns, which, in terms of demand, concern the temporal concentration of tourists in certain periods of the year, and, in terms of supply, translate into staff flexibility and yield and pricing management policies.

Based on these concepts, our effort was aimed at understanding the possible differences in flow distribution between four islands (Cyprus, Sicily, Madeira and Hiiumaa), through the use of some seasonality indicators, in order to draw some conclusions on tourism policies.

Literature review

Some researchers have concentrated their attention on the issue of seasonality as a specific field trying to outline the phenomenon and its main dimensions "*as number of visitors, expenditure of visitors, traffic on highways and other forms of transportation, employment and admission to attractions*," as defined by Butler (1994).

Authors such as Baum & Lundtorp (2001) and Koenig & Bischoff (2005) approached seasonality and its dimensions using a methodology addressing also the effects and main causes.

1 Opinion of the European Economic and Social Committee, Section for Economic and Monetary Union and Economic and Social Cohesion, on Innovation in tourism: Defining a strategy towards sustainable development in islands, Brussels, 30 June 2010.

Seasonality could be divided in two macro dimensions: one related with natural forces such as weather, temperature, humidity; the other linked with institutional factors (Hartmann, 1986), such as festivals, holidays period, regular events, and traditional family holidays. The main causes of this regular peaking during the summer season following Butler's reasoning (1994) are related particularly with the pleasant weather as well as with summer school holidays.

The concentration of tourism demand during the seasons has negative effects on destinations, such as high tourism pressure, congestion, and erosion, with consequences for the local environment, reducing quality of services.

What is well known as "seasonality loss" ultimately generates disadvantages for local communities, for tourists and for all the destinations.

These dynamics are particularly difficult to change even if they produce disadvantages in the labor market, as well as an inefficient use of resources and problems in off-peak periods (Manning and Powers, 1984; Williams and Shaw, 1991).

In discussing the measurement of seasonal variation in tourism demand, Baum and Lundtorp (2001) argued the need to measure the seasonal variations in economic activities by examining ways to quantify and compare empirical patterns.

Some studies have been conducted in the context of international tourism using the moving average approach. The ‘Seasonal Range’ as the difference between highest and lowest monthly indices, the ‘Seasonality Ratio’ as the highest seasonal value divided by the lowest, and the ‘Peak Seasonal Factor’, i.e., highest monthly seasonal factor, are then applied to compare the seasonal factors obtained.

Other applied studies used the ‘Coefficients of Variability’, ‘Coefficient of Variation’, ‘Concentration Indices’, ‘Amplitude Ratios’ and ‘Similarity Indices’, to compare the acuteness of seasonality for different regions.

Some studies conducted at a national level by Wall and Yan (2003) examined seasonal variations using monthly ratios and the Seasonal Index. Other studies examined hotel capacity utilization levels to observe the use of resources (Jeffrey and Barden, 1999; Campbell, 1995).

Finally, demand fluctuations have not been studied yet with a single methodological approach and the methods are not standard and are rarely applied in a unique way. Especially for territories like islands, there are few studies to measure and compare seasonality performance in the literature.

Methodology

At seaside destinations, particularly on islands, there is a typical concentration of tourists in the summer months, generating substantial imbalances. Seasonality causes political and social complications for tourism enterprises that need to be addressed at an organizational level and in terms of employment, taking into account perishability, which is a characteristic unique to tourism as a product. However, the question is whether the monthly distribution of flows on islands is the same everywhere or whether there are differences. To answer this question, the authors chose to compare tourism flows, and specifically the number of tourists on four islands: Europe's largest island (Sicily), an autonomous region (Madeira), a coastal island (Hiiumaa) and Cyprus, an island State. Although the European Union does not deem Cyprus to be insular because a European capital is located in its territory, it was included in this study since its performance and its problems linked to insularity do not differ much from those of other officially recognized islands.

The four islands differ in several respects to the point that even the European statistical classification applied to them by Eurostat in the NUTS (Nomenclature of territorial units for statistics) makes distinctions in recognizing them, as shown in the table below.

Table 1: Geographical and demographic characteristics of Sicily, Cyprus, Madeira and Hiiumaa (2012)

Island	Surface in square km	Population 2012	Position	NUTS
Sicily	25,703	4,999,854	Central Mediterranean	Level 2
Cyprus	9,251	865,900	Eastern Mediterranean	-
Madeira	801	263,091	Atlantic Ocean	Level 1
Hiiumaa	989	8,620	Baltic Sea	LAU 1- Level 4

Source: based on various data sources

In addition to the obvious differences in surface and population, one aspect that cannot be discarded in a monthly comparison of the flows is definitely the climate, which differs on all four islands.

Sicily is the largest island and also the most populous in the Mediterranean Sea. Its position is strategic, located as it is between Europe and Africa, and it is considered a bridge between the cultures of the East and West. The climate is Mediterranean along the coasts, with mild winters and very hot summers with southerly winds from Africa, and quasi-continental inland, with cold winters and frequent rainfall.

Cyprus is the third largest island in the Mediterranean and is also the southernmost and easternmost. The climate is typically Mediterranean, characterized by hot, sunny summers and mild winters and little rainfall, as opposed to the inland areas, which suffer from heavy rainfall, particularly in the period between November and February when temperatures can drop to 2 °C.

Madeira is an autonomous region of Portugal in the Atlantic Ocean, consisting for the most part of rocks of volcanic origin. It has a mild climate throughout the year, which makes it a very popular destination for European tourists. The best time to visit the island is definitely the summer, when the Azores High protects it from moist ocean currents, thus limiting rainfall. On the island there is a pleasant temperature with highs that remain stable until the beginning of October. Winter is instead a rainy season, although the temperature is mild. Even in January the thermometer rarely falls below the average of 14-15 °C.

Hiiumaa is located in the Baltic Sea and is Estonia's second largest island, after Saaremaa. The climate is subcontinental, cool-temperate. The island is heavily influenced by the Baltic Sea and has an annual average temperature of 5°C, 7, with a winter average of -3°C and a summer average between 16°C and 17°C. Rainfall is more abundant in the summer and early fall. The first snow usually falls in late October/early November and the soil is covered with snow for months. In this regard, it should be remembered that water bodies remain covered with ice for up to 25-50 days forming a bridge connecting the island.

In terms of tourism, the islands do not have the same volumes in number, but the focus should be placed though on their distribution in the months of the year.

To do this, despite the literature offers several measurement models, some synthetic indexes were chosen and these were applied to the minimum, maximum and average number of tourists on each island. Using these indicators, as illustrated below, the distributions of tourist flows during the year were also examined for each island with the rate of seasonality and relative intensity, the maximum peak and the indices on over-utilization and under-utilization of infrastructure.

Results

In order to highlight the different impacts that the seasonality of tourist flows has on the four islands analyzed, and with reference to the specific research objectives of this study, some indicators have been selected from among those available in the literature in this sector. Reference was made to both synthetic (Bar-On, 1989) and analytical indicators (Candela, Castellani 2009; Vaccaro, 2007): the former refer only to the distribution extremes in monthly attendance, the latter to the entire distribution.

Specifically, based on the minimum and maximum number of tourists, the following synthetic indicators were calculated:

Rate of seasonality	Pmax / Pmin
Intensity of seasonality	Pmax - Pmin
Seasonal peak factor (S')	Pmax/Pmed
Maximal Utilization constrained by Seasonality (MUS)	100/S’
Seasonality Underutilization Factor (SUF)	100-MUS

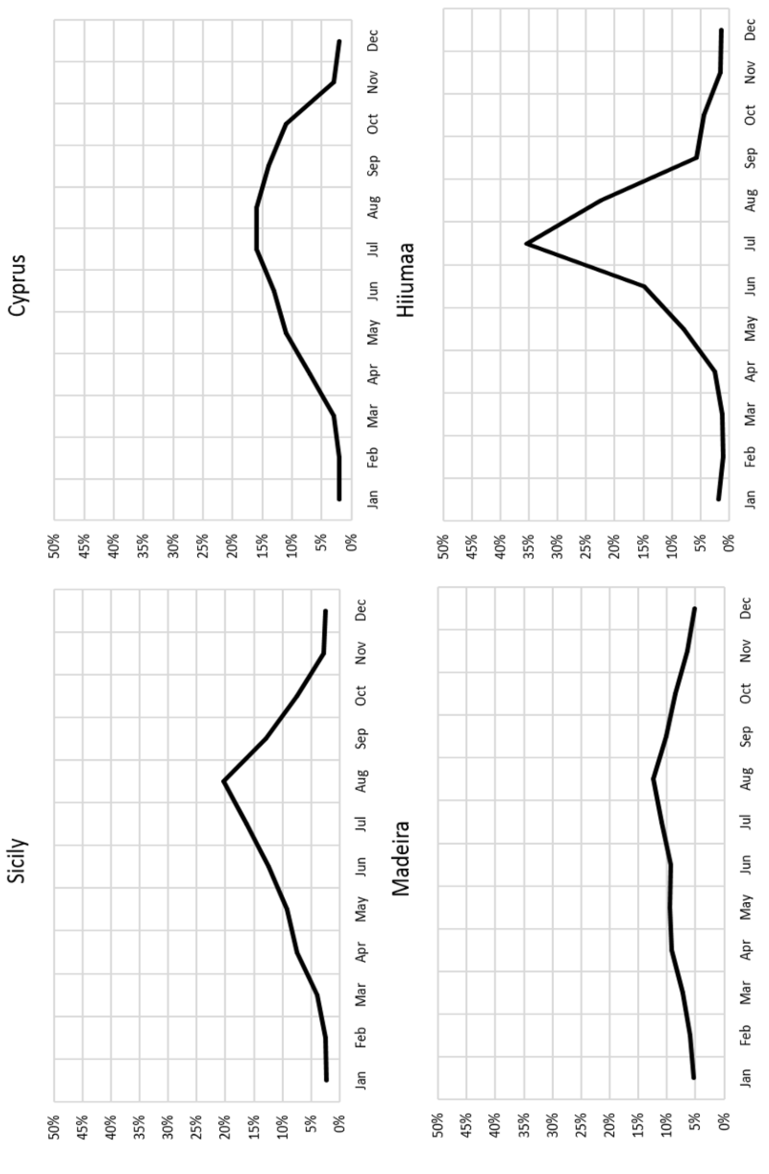
With reference, instead, to the analytical indicators, the following was taken into consideration:

- the deviation from average monthly number of tourists.

By analyzing the time series of monthly tourist arrivals, it is possible to identify different seasonality profiles. The island of Hiiumaa, which records the peak of arrivals between June and August (72.6%), features the typical seasonal profile of a destination with a very intensive summer season alone. Specifically, in July, there is a deviation from the average monthly number of tourists equivalent to: +324.7%.

Though to a lesser degree compared to the island of Hiiumaa, Sicily too is typically mono-seasonal. Despite efforts to extend the season, there is a trend of tourist arrivals mainly concentrated in the summer months (48.8%), with the typical peak in August, that is +142% compared to the monthly average. However, due to different types of tourism available on the island, the spring months of April and May and the autumn months of September and October record a number of tourists that always stands above the one million mark, with a gradual decline that reaches the minimum during the months of December (-69.3%) and January (-72.5%).

Graph 1: Monthly distribution of tourists in Sicily, Cyprus, Madeira and Hiiumaa



Source: Based on official statistics, year 2012

The graph of Cyprus, on the other hand, showed less pronounced seasonality between seasons both with respect to the island of Hiiumaa and to Sicily. The monthly percentages of total annual flows ranging from 13% in June to 16% in July-August show more modest differences from one month to another.

The island of Madeira, finally, shows a relatively even distribution in the number of tourists: the monthly percentages of total annual flows range from 5.1% in December to 12.4% in August. However, like all seaside destinations, it records a physiological increase in the number of tourists during the summer season: 48.4% in August compared to the monthly average.

The comparison of the values taken by the *seasonal peak factor*[2] *(S ')* on the four islands analyzed confirms the results of the analysis carried out so far. Therefore, one can speak of the absence of seasonality in the island of Madeira, which shows a value of $S' < 2$; low seasonality in the case of Cyprus being the index value near 2; presence of seasonality in the case of Sicily, being S' comprised between two and three and, finally, a strong seasonality to the island of Hiiumaa, recording a value of over three.

Table 2: Synthetic seasonality indicators applied to Sicily, Cyprus, Madeira and Hiiumaa

Island	**Smax**	**Smin**	**S'**	**Rate of seasonality**	**Intensity of season-ality**	**MUS**	**SUF**
Sicily	2,879,02	326,103	2.43	8.83	2,552,917	41.16	58.84
Cyprus	2,158,08	269,760	1.92	8.00	1,888,320	52.08	47.92
Madeira	681,135	289312	1.48	2.35	391,823	67.38	32.62
Hiiumaa	11,720	316	4.25	37.09	11,404	23.55	76.45

Source: Based on official statistics, 2012

The same findings emerge considering the values recorded by the rate of seasonality, although the latter is an indicator that, compared to the seasonal peak factor, is more strongly affected by even small variations in the minimum number of tourists, which constitute the index denominator. It should be pointed out, however, that these values affect not only the different components that determine the demand for tourism, but also the characteristics of the offer and the climate factor.

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2 As a rule of thumb, a seasonal peak factor with a value of less than two is associated with destinations with no or low seasonality; a value between two and three to destinations with the seasonality, and a value of more than three destinations with a problem of strong seasonality (Candela - Figini 2008, p. 204).

Table 3: Deviation in the average monthly number of tourists - 2012 - (relative values)

Months	Sicily	Cyprus	Madeira	Hiiumaa
January	-72.48	-76.0	-37.0	-77.3
February	-69.70	-76.0	-28.3	-88.6
March	-52.94	-64.0	-12.9	-86.0
April	-11.02	-16.0	10.7	-69.7
May	9.96	32.0	13.7	-4.8
June	48.51	56.0	11.1	78.6
July	94.70	92.0	31.3	324.7
August	142.98	92.0	48.4	168.0
September	55.93	68.0	22.4	-31.7
October	-10.86	32.0	2.2	-47.4
November	-65.77	-64.0	-23.5	-82.4
December	-69.31	-76.0	-38.2	-83.4

Source: Based on official statistics

The comparison of the indices shows that the seasonal effects of tourism are greater in absolute terms in Sicily. However, considering the SUF value (58.84%), there is an under-utilization of infrastructure. What might seem to be at odds with the high value of the intensity of seasonality is explained by the fact that the island draws diverse types of demand and is equipped with infrastructure and support services that remain under-utilized most of the year, bringing about a problem of optimal sizing of the capital of the island's enterprises and infrastructure. Similar considerations, in terms of the use of tourism assets and infrastructure, apply to the island of Hiiumaa that records a value of SUF equal to 76.45 versus an MUS index value equal to 23.55.

Tourism, however, has less concentrated advantages and less negative impacts on the islands of Madeira and Cyprus where the more homogeneous distribution of tourists during the year results in a higher rate of utilization of infrastructure and, therefore, a greater return on investment; the MUS index, in fact, is equal to 67.38 and 52.08 respectively.

Discussion and conclusion

Although the literature has focused only on the negative effects of the temporal variability in the number of tourists—lower quality *standards* of services offered, the over-utilization of infrastructure and superstructure of the destination—, there is also a limit of the destination in relation to its multiple use by both residents and tourists.

The positive effects emerge in the analysis of whether seasonality is considered from the environmental and socio-cultural perspective, in the sense that prolonged periods with reduced or irrelevant tourist flows allow the recovery of the natural environment and human dimensions (Butler 1994; Higham and Hinch 2002).

In general, the greater the intensity of seasonality, the lower the level of sustainability and integration of the tourism industry with the socio-economic and environmental context. In addition, these impacts are much stronger when the destination receives only one type of tourism, and is able to maintain a more limited deviation in the average tourist arrivals.

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