

TOURISM MANAGEMENT, MARKETING, AND DEVELOPMENT

*VOLUME I: The Importance
of Networks and ICTS*

Edited by
Marcello M. Mariani, Rodolfo Baggio
Dimitrios Buhalis & Christian Longhi



Tourism Management, Marketing,
and Development

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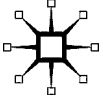
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C O N T E N T S

List of Figures and Tables vii

Introduction Tourism Management, Marketing, and
Development: The Importance of Networks
and ICTs 1
*Marcello M. Mariani, Rodolfo Baggio,
Dimitrios Buhalis, and Christian Longhi*

Part I ICT and Tourism

One Tourism Branding, Identity, Reputation Co-creation,
and Word-of-Mouth in the Age of Social Media 15
Dimitrios Buhalis and Alessandro Inversini

Two Technological Innovation in e-Tourism: The Role of
Interoperability and Standards 41
Rodolfo Baggio

Three Open Data: Challenges and Opportunities for the
Tourism Industry 57
Christian Longhi, Jean-Bernard Titz, and Lucas Viallis

Four The Role of ICT within Tourism Development
Processes in Postindustrial Sites: Empirical Evidence
from Poland 77
Justyna Majewska and Szymon Truskolaski

Five e-Reputation Management and Strategic
Business Development Using Web 2.0 Tools:
The Case of the Hotel Industry 99
Christel Douyère and Franck Sosthé

Six Segmentation of Repeat Visitors with the Help of Passive
Mobile Positioning 113
Andres Kuusik and Margus Tiru

Part II Tourism Systems and Networks

Seven	Network Structure and Performance in the Tourism Industry <i>Wojciech Czakon</i>	135
Eight	Cooperative and Coopetitive Practices: Cases from the Tourism Industry <i>Mika Kylänen and Marcello M. Mariani</i>	149
Nine	Public and Private Sector Specificity as a Determinant of Cooperation in a Tourist Region <i>Katarzyna Czernek and Paweł Piotrowski</i>	179
Ten	Accessibility of Cities and Regions in Supranational Branding: The Case of Rail Baltic <i>Malla Paajanen</i>	197
Eleven	Success Factors for Collaborative Destination Marketing <i>Giulio Pattanaro</i>	221
Twelve	Experiential Marketing and Destination Management: Do Formal Network Strategies Really Matter? <i>Francesco M. Barbini, Manuela Presutti, and Lucrezia Zambelli</i>	239
Conclusion		257
<i>Index</i>		261

FIGURES AND TABLES

Figures

1.1	The conceptualization of the “eBranding Online Space”	35
3.1	Open data in France	66
4.1	The usefulness of the content contained in attractions websites	86
4.2	The number of Google searches—Wieliczka and Guido in the period of April 2009–July 2012	90
4.3	The numbers of visits to the website of “Queen Louise” in Zabrze in 2009–2012 (July 2009 = 100)	91
4.4	The types of website traffic in 2009–2012—percentage	92
4.5	Users’ flow at the “Queen Louise” website in 2012	94
6.1	Typology of loyalty	117
6.2	Segments treated as visitors in this study	119
6.3	Segments of visitors based on loyalty	120
6.4	Direct (1.) and indirect (2.) ways of determining loyalty segments	121
6.5	Distribution of gaps between call activities of foreign visitors	124
6.6	Distribution of visitors of Estonia into the loyalty segments	125
6.7	The framework for segmentation of repeat visitors using PMP	128
8.1	Seasonality, state of the economy, and cooperative practices	171
9.1	Areas of differences between the public and private sector	184
10.1	Map of “North Sea–Baltic” TEN-T core network corridor	202
12.1	From the tourist experience to a formal tourism destination	251

Tables

4.1	ICT use in selected postindustrial facilities/attractions	84
4.2	Attraction website/place website ratio over the period 2007–2012	89
4.3	The structure of the referral traffic of the “Queen Louise” website in 2009–2012	93
6.1	Some authors who used behavioral, attitudinal or composite concept to define or measure customer loyalty	115
6.2	Definitions of destination loyalty	118
6.3	Allocation of visitors into loyalty segments	120
6.4	Methods for detecting loyalty segments in the second study	125
9.1	Differences between public and private sector in the context of cooperation	187
10.1	Rail Baltica Growth Corridor partnership	209
10.2	Transnational transport development of Rail Baltic	215
11.1	Success factors for collaborative destination marketing	224
11.2	Interviews list	228
11.3	Eleven success factors for collaborative destination marketing	230

INTRODUCTION

Tourism Management, Marketing, and Development: The Importance of Networks and ICTs

MARCELLO M. MARIANI, RODOLFO BAGGIO,
DIMITRIOS BUHALIS, AND CHRISTIAN LONGHI

The Tourism Industry Today

Over the last six decades, tourism has experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world (United Nations World Tourism Organization, 2012). More specifically, in spite of sporadic shocks, international tourist arrivals have recorded a virtually uninterrupted increase: from 277 million in 1980 to 1.035 billion million in 2012. The United Nations World Tourism Organization (UNWTO) in its most updated long-term outlook of future tourism trends (Tourism Towards 2030) estimates that international arrivals worldwide are expected to reach nearly 1.8 billion by the year 2030 (an increase by 3.3% a year on average from 2010 to 2030). This implies that the potential impact of tourism on individual destinations and companies might be crucial in the next years.

Many factors, such as the development of mass transportation/motorization, the introduction and implementation of Information and Communication Technologies (ICT) applications in the tourism sector, the rhythm of increase of world Gross Domestic Product (GDP) (and the increase of disposable income to be allocated to travels), the improvement of security and rights for tourists, as well as the process of globalization, have significantly contributed to expand the market for tourism activities (Mariani and Baggio, 2012).

The above-mentioned factors are significantly contributing to shaping a different institutional landscape and economic environment for a number of economic players such as Hotels, Airlines, Destination Management Companies (DMCs), Conference Venues, Congress, Convention and

Exhibition Centers, Convention Bureaus, Professional Conference Organizers (PCOs). Moreover, companies in the tourism sector are confronted with increasing managerial challenges and have to deal with a competitive, turbulent and fast-changing environment (Baggio et al., 2013; Mariani et al., 2013). At least at a European level, the enormous fragmentation and the smallness of the average company size (Baggio, 2012) poses serious problems in adapting to the heavily technologized World (MGI, 2011) that has been practically monopolized by a handful of companies (PhoCusWright, 2012).

Purpose of This Book

The growing importance of tourism as a socioeconomic phenomenon, together with the understanding that even apparently profitable tourism companies and destinations endowed originally with the best assets (natural and cultural) could not survive the escalating international competition without good managerial practices (Crouch, 2011) has provided significant momentum for the development of the disciplinary field of tourism management in the last three decades.

In order to enrich the ongoing debate, the European Institute of Advanced Studies in Management (EIASM) has organized the EIASM International Conference in Tourism Management and Tourism Related Issues. The first three editions of the conference proved very successful with more than 200 papers submitted. After an accurate double reviewing process a very limited number of articles has been accepted for presentation at the conference.

This book provides an overview of state-of-the-art research in today's tourism management, by including 12 chapters from a diverse international group of academics, namely some of the best papers that have been presented at the aforementioned conference. More specifically the volume displays three key distinctive features:

1. recognizes the relevance of tourism and tourism activities as major economic drivers.
2. contributes to the advancement of managerial knowledge and practice in the fast growing tourism sector, trying to answer a wide range of research questions with a specific focus on the role of physical and digital networks and ICTs.
3. is the outcome of the collective intellectual efforts of a number of international scholars, with dissimilar geographical roots and backgrounds. They cultivate original research on tourism management from a variety of theoretical perspectives (economic, managerial), by adopting different epistemological paradigms and research methodologies or techniques, and multiple methods (theory building, experimental and inductive case-based inquiries).

The Book's Audience

This book provides a number of relevant perspectives within the tourism management field and brings about fresh empirical evidence of such fast-changing business dynamics as those pertaining to tourism activities. While the scientific body of literature (under the form of journal articles) on the role of networks and ICTs is growing substantially, most of the books related to tourism have dealt with the aforementioned topics by relegating them to a few chapters of standard textbooks. This book instead is a research-based collection of chapters, which is built upon robust research. As a consequence, it targets a wide range of readers: tourism scholars and academics; practitioners and managers willing to explore new issues and topics in the tourism sector, students at the undergraduate and graduate level in tourism programs. Courses on tourism management are likely to use most of the materials contained in the book as supplementary readings. It is important to notice that the contributions discuss issues for a wide number of countries, so there are no special “geographic” limitations.

The Research Object: Networks and ICTs in Tourism

State-of-the-art research recognizes the importance of both networks and Information and Communication Technologies (ICTs) in tourism management. The importance of these topics can be easily assessed by a simple Google search. A quick run using terms such as: “tourism network”, “e-tourism”, or “ICT and tourism” provides (as of December 2013) an excess of 600 million results.

As far as networks are concerned, the extant literature on cooperation and interorganizational relationships (IORs) is a consolidated stream that has been cultivated in the economic and managerial literature over the last 50 years by a number of scholars. Surprisingly research on how cooperation and IORs are initiated, developed and maintained over time in the tourism field is relatively scant with most of the contributions appearing over the last decade.

Conventionally, cooperation has been described on one hand by looking at strategic alliances and on the other hand by leveraging on the idea of collectives of organizations. The first set of inquiries has portrayed organizations as actors setting up and maintaining cooperative ventures in order to gain a superior competitive advantage (see, e.g., Contractor and Lorange, 1988; Garcia-Canal et al., 2002; Powell et al., 1996; Zaheer, 1995). Within the second collection of studies, organizations have been depicted as members of a collective, jointly mobilizing action and resources toward the accomplishment of shared ends (e.g., Astley, 1984; Astley and Fombrun, 1983; Barnett et al., 2000; Bresser, 1988; Reur and Ariño, 2007).

A number of scholars have argued that in many real-world situations neither pure competition nor pure cooperation are ordinary but instead the simultaneous presence of competition and cooperation—named *coopetition* (Brandenburger and Nalebuff, 1996; Brandenburger and Stuart, 1996)—can be much more frequent and relevant.

Coopetition is about the coexistence of competition and cooperation (Bengtsson and Kock, 2000; Dagnino and Rocco, 2009; Mariani, 2007), which leads to value creation within extensive, multiple organizational networks that go beyond the boundaries of an individual firm (Dagnino and Mariani, 2010).

Globalization processes not only intensify international competition between regions and companies, but also generate opportunities for collaboration among enterprises willing to compete internationally (Mariani and Kylänen, 2014). This is the reason why networks and interorganizational relationships are becoming more relevant for small and medium co-located companies.

The aforementioned tendency is particularly relevant in competing tourism destinations (Karlsson et al., 2010) wherein competing tourism businesses have also to cooperate in order to better market a tourism destination and to strengthen its brand image in order to attract more customers in the area (Kylänen and Mariani, 2012). In this process the public stakeholders often play a leading role, encouraging private companies to collaborate with each other (Kylänen and Rusko, 2011; Mariani and Kylänen, 2014).

Cooperation and networking between destinations and companies is even more strengthened by the development of Information and Communication Technologies (ICTs) and can, in turn, generate innovation (Shilling and Phelps, 2007).

This is an even stronger necessity in a vastly globalized and technologically enhanced world. ICTs have traditionally been very strongly connected with Tourism in the last 60 years (Werthner and Klein, 1999). The advent of Internet and the Web first, and the more recent Web 2.0 developments have deeply changed our lives and the way we all make business or move around the world. It is mainly the Web 2.0 environment that has influenced this change. Such a short life to be able to fully understand the implications, we start now to draw the very first conclusions on the investigations conducted. Web 2.0 represents an evolution from an informational medium to an environment that cultivates, enhances, and modifies social interactions and communications (Weinberg, 2009). As such it is having a very strong impact on information-intensive industries such as tourism (Buhalis and Law, 2008).

This transformation of the virtual landscape, due to the unprecedented diffusion and the greatly improved usage facilities, is so important that the concept of digital ecosystem has acquired a fundamental role in explaining the structural relationships between ICTs and tourism and the influences

on the dynamic evolution of tourism systems (Baggio and Del Chiappa, 2013).

As important mega trend that has radically impacted the industry, the role and use of ICTs in tourism operations and management have been widely discussed in the research literature (Buhalis and Law, 2008). Despite the latest technological developments, however, past history has shown very clearly that in many cases pure technological approaches have failed to provide significant outcomes (Alford and Clarke, 2009).

The issue is that productivity gains build up not from ICT investments per se, but rather from the exploitation of the full possibilities offered by a wide range of ICT tools and applications. ICTs as such do not improve firms' profitability directly, but exert an indirect positive impact through a combination of other competitiveness factors (differentiation, quality, image, reputation, etc.) that contribute in a holistic way to the competitiveness on tourism markets (Mihalic and Buhalis, 2013).

The important, and probably obvious, conclusion is that the ICT productivity paradox (Sigala et al., 2004) can be overcome only with an increased focus on managerial and strategic attitudes in the implementation of ICTs in a balanced and sustainable way into organizations in order to contribute to business performance and growth, both at destination and individual stakeholder level.

Structure of This Book

In view of the fact that the book is the result of the joint effort of a group of international scholars, its chapters include original research on tourism management from a variety of theoretical perspectives, and display different epistemological paradigms and mixed research methodologies and techniques.

The volume is divided into two main parts. The first part deals with the role and impact of Information and Communication Technologies (ICTs) in the tourism sector. The second tackles the nature and features of networks and interorganizational relationships in tourism.

In the first part of the book, Chapter One, "Tourism Branding, Identity, Reputation Co-creation and Word-of-mouth in the Age of Social Media," by Dimitrios Buhalis and Alessandro Inversini aims to contribute to the increasing body of research on the role of social media in tourism, by introducing the brand new concept of Online eBranding Space where clients and companies are continuously interacting and negotiating brand identity, image, and reputation, thanks to eWord-of-Mouth and collaboration. The chapter discusses the aforementioned issues by leveraging on iconic examples built on three perspectives, namely: the social web perspective, the information search perspective, and the demand- and supply-side perspective.

The objective of Chapter Two, “Technological Innovation in e-Tourism: The Role of Interoperability and Standards,” by Rodolfo Baggio is to propose a conceptual contribution to highlight the importance of standardization and interoperability as crucial prerequisites for encouraging creativity and innovation, and to discuss the role they have in fostering innovative developments in the challenging area of e-tourism. Indeed, creativity and innovation are the watchwords on which today, more than ever, companies and organizations base their competitiveness and success. Besides individual characteristics, innovation and creativity can be highly favored by a number of environmental factors. This is particularly true in the case of tourism, where the issue of competitiveness is only partially attributable to individual operators, but strongly depends on the characteristics of the local system (the destination) in which they operate. The chapter discusses these issues and focuses on the role played by interoperability and standards as elements that can provide that favorable environment for enhancing the innovative capabilities of tourism businesses in the rapidly evolving technological contemporaneous world. Policy actions are suggested as well as changes in the attitude by tourism operators.

Chapter Three, “Open Data: Challenges and Opportunities for the Tourism Industry and the Destinations,” by Christian Longhi, Lucas Viallis, and Jean-Bernard Titz, defines the open data phenomenon and explores the different implications for the tourism industry, considered as a sectoral system of innovation and production. This approach allows to grasp the different dimensions of the impacts of open data—institutions, knowledge bases and technologies, organizations and interactions, demand—their co-evolutions and resulting evolutions of the boundaries and dynamics of the tourism industry. Open data initiatives from governments or local authorities are recent, but they have rapidly resulted in the development of services or mobile applications, often dedicated to tourism. The research presented in this chapter is mainly explorative, and attempts to clarify the opportunities and challenges open data represents for tourism, and draws the resulting evolving frontiers of the industry.

In Chapter Four, “The Role of ICT within Tourism Development Processes in Postindustrial Sites: Empirical Evidence from Poland,” by Justyna Majewska and Szymon Truskolaski a critical evaluation of the online marketing activities of a number of Polish postindustrial attractions located in Upper Silesia and Lesser Poland is carried out. The chapter, by deploying quantitative metrics including a survey, and analysis of statistical data obtained through Google searches, Google Analytics, and Google Trends applications, generates insights on the introduction of websites for the selected attractions and their impact on the number of visitors, drawing relevant managerial implications.

Chapter Five, “Managing e-Reputation and Strategic Development Using the Tools of Web 2.0: The Case of Hotel Industry,” by Christel Douyère and Franck Sosthé highlights that although the concept of e-reputation is relatively recent, and closely bound to the advent of Web 2.0,

the notion of reputation is centuries old, as revealed by a review of the literature. Analysis of numerous texts concerning reputation immediately raises a core question: how did the notion of reputation transform into the e-reputation concept? Whereas reputation can be considered to have initially involved a static process, the advent of the e-reputation following the development of the Internet, and especially Web 2.0 tools, has introduced a dynamic factor. Along with providing Internet users a means for real-time expression, Web 2.0 tools represent a new management challenge for businesses. Companies must recognize the importance of this new phenomenon because their reputation is now managed by the consumer who wields incredible power thanks to Web 2.0 tools. The hotel industry cannot afford to ignore the importance of reputation management as a new means for strategic development. While this business sector is strongly affected by the e-reputation concept, the chapter shows that many of its leading actors do not seem to have truly realized how essential it has become.

Chapter Six, “Segmentation of Repeat Visitors with the Help of Passive Mobile Positioning,” by Andres Kuusik and Margus Tiru presents an explorative approach to the topic of passive mobile positioning (PMP) for the monitoring of visitors. The chapter discusses how these new data sources can be used for detecting different segments of visitors, which could be used as the valuable input for the improvements in the destination marketing strategy. The authors propose a new treatment of segmentation of repeat visitors, explain the PMP method, data, and methodology, and finally present and discuss the first empirical results.

In the second part of the book, Chapter Seven, “Network Structure and Performance in the Tourism Industry,” by Wojciech Czakon uses a network approach that focuses on interaction patterns in order to explain what impacts tourism performance. To date, network studies in tourism have mainly followed a descriptive thread, and performance as dependent variable has only seldom been in light. In this chapter the authors adopt a broad management perspective on the association between network structure and its performance. In this way it is possible to substantiate a curvilinear relationship between popular structural variables in network studies and performance. Implications for future tourism studies state that beyond structures also governance and behavioral variables cannot be omitted.

Chapter Eight, “Cooperative and Coopetitive Practices: Cases from the Tourism Industry”, by Mika Kylänen and Marcello M. Mariani aims to discuss coopetitive strategies, namely a mix of competition and cooperation, that are becoming increasingly relevant in tourism destinations, where competing, co-located companies also collaborate. The purpose of this chapter is to disentangle interorganizational practices of spatially competing co-located actors. In particular, the chapter addresses the dynamics through which cooperative and coopetitive arrangements are formed and maintained. The study deals with Italian and Finnish tourism destinations in the regions of Riviera Romagnola and Lapland, respectively. The

analysis shows that cooperative practices vary according to the seasonality and are affected by the overall state of the economy.

In Chapter Nine, “Public and Private Sector Specificity as a Determinant of Cooperation in a Tourist Region,” by Pawel Piotrowski and Katarzyna Czernek the issue of cooperation between the public sector (represented by local government) and the private sector (represented by private, profit-motivated entrepreneurs) in a tourist region is illustrated. The issue is significant because of the complex nature of a regional tourist product: both sectors are complementary and cooperation between them is essential to satisfy the different needs of tourists staying in the region and to assure the region’s competitiveness. Building on the existing literature, the authors propose a conceptual framework that classifies the differences between the two sectors. The framework is then applied to a region located in the south of Poland where cooperation agreement dedicated to the promotion of the destination have been formalized. Constraints arising from the little experience in public–private cooperation in tourism is evidenced from the exploratory case study, which constitutes a starting point for further research.

In Chapter Ten, “Accessibility of Cities and Regions in Supranational Branding: The Case of Rail Baltic,” by Malla Paaanen attention is devoted to a transnational transport project involving the Eastern Baltic Sea region: the Rail Baltica Growth Corridor. On the basis of the analysis of unique insider data, the chapter emphasizes the importance of an extensive stakeholder cooperation involving the public and private sectors and the European Union—through a holistic triple-helix structure. This provides an effective bottom-up approach for a supranational branding challenge, such as the one represented by the Rail Baltica Growth Corridor. The author suggests that the triple-helix method, combined with the key arguments of Rail Baltic—improved accessibility, global competitiveness, green growth and region’s self-identity—can form a solid footing for the design of a systematic branding agenda of the supranational region.

In Chapter Eleven, “Success Factors for Collaborative Destination Marketing,” by Giulio Pattanaro, the collaboration in destination marketing is researched in depth through the use of conceptual lenses and a field research investigation of two collaborative destination marketing initiatives in Europe. In particular, the author identifies 11 success factors for this kind of collaborative destination marketing experiences, by suggesting a rich research agenda on the topic.

Chapter Twelve, “Experiential Marketing and Destination Management: Do Formal Network Strategies Matter?” by Francesco Maria Barbini, Manuela Presutti, and Lucrezia Zambelli focuses on the crucial link between experiential consumer behavior and tourism destination management, a link scarcely considered in the growing literature on experiential marketing. This chapter shows how an experiential marketing initiative has had important effects in terms of tourism activities and, eventually,

how it initiated a tourism destination adopting a case-study methodology. The case explored is the Jack Daniel's Visitor Center, located in the small city of Lynchburg (Tennessee). The tourism network surrounding the Visitor Center represents a sort of spontaneous coordination among interdependent tourism agents, encouraged by the strong and experiential tie between consumers and the product brand. The research analyzes how an experiential marketing initiative initiated at the customer level can support the successful development of a tourism destination by adopting a case study methodology fed by reliable interesting databases. It concludes by introducing a discourse about the implications for local policy makers.

Conclusion or Further Research Agenda?

Despite the variety of cases, situations, and contexts described and discussed in the book, several common themes emerge.

The first one pertains to the development of cooperative attitudes among the stakeholders involved in managing a destination: they conjointly contribute to the performance of the destination through effective cooperation and by means of public-private partnerships.

The second theme revolves around the implementation of ICT applications in the tourism sector. Technology is engendering a major shift both in the performance of individuals and companies involved in the tourism sector (e.g., by increasing for example efficiency in the reservation and booking processes). It is also having a significant impact on the way individuals consume services and enjoy experiences in space and time. Moreover, they can, if well supported, be an incredible environment for fostering creative and innovative implementations that form, today, a crucial factor for the attractiveness and the competitiveness of destinations and companies.

A further important topic concerns the importance and the role network structures and their dynamic evolution may have in influencing a number of crucial issues for the development of a tourism destination such as cooperation, performance, information, and knowledge flows. The effects these issues may have on the performance of the companies that operate in the destinations, highlight how much they can gain from good and well-structured sets of relationships.

Many of the aforementioned themes need more investigation and this book provides a first crucial step contributing to lay down a challenging research agenda for tourism management studies.

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PART I

ICT and Tourism

CHAPTER ONE

Tourism Branding, Identity, Reputation Co-creation, and Word-of-Mouth in the Age of Social Media

DIMITRIOS BUHALIS AND ALESSANDRO INVERSINI

Introduction

Developments in the information and communication technologies (ICTs) have changed the operational and strategic practices of organizations on a global level and altered the competitiveness of enterprises and regions around the world (Buhalis and Law, 2008). E-tourism, defined as the application of ICTs on the tourism industry has dramatically affected the strategic and operational management of tourism organizations and destinations (Buhalis, 2003). The Internet has enabled companies to expand their customer base to cover the global population cost effectively. Tourism-related industries, such as airlines and hotel chains, are able to access international customers and develop the tools to manage properties around the world at the touch of a button (Egger and Buhalis, 2008). Small companies can also for the first time develop their “virtual size” and offer their services to global markets (O’Connor, 1999; Spencer, Buhalis, and Moital, 2012). Tourism enterprises are recognizing the importance of technologies in their field, and they acknowledge that the management of their holistic online presence is a prerequisite for success (Inversini, Brühlhart, and Cantoni, 2011). In addition, since 2005, social media and Web 2.0 have provided a group of Internet-based applications that allow the creation and exchange of user-generated content (UGC—Kaplan and Haenlein, 2010). This has enabled organizations to capitalize on UGC to engage dynamically with all their customers and stakeholders. Innovative organizations, such as Marriott, Hilton, Easyjet, and British Airways took advantage of the emerging technologies early in order to improve their operational processes and enhance their communication with consumers and stakeholders. Recent studies, at both academic and professional levels, note that the modern traveler is more aware of the opportunities generated

by the Internet, and therefore is more demanding (Buhalis and Law, 2008) in terms of information gathering and opportunities evaluation.

On one hand, tourism managers need to understand and be ready to manage the complexity generated by new technologies. Companies that are able to exploit technological tools to foster communication and engagement in a bidirectional way, leading to a satisfactory and profitable interaction between all the communication actors, will gain a substantial competitive advantage in the tourism arena. On the other hand, social media have empowered the consumers: travelers carefully review past tourism experiences of other travelers to make more informed decisions, relying both on official websites (e.g., destinations and hotels) and on unofficial ones (e.g., tripadvisor.com, blogs—Inversini and Buhalis, 2009). Electronic word-of-mouth (eWoM—Hennig-Thurau et al., 2004) can be defined as all informal communications directed at consumers through Internet-based technology related to the usage or characteristics of particular goods and services (Litvin et al., 2008). EWoM often contains emotional messages that can influence travelers' decision-making processes (Inversini et al., 2009). EWoM communications are hosted and spread by social media and in certain blogs, social networks (such as facebook.com and twitter.com), and rich media social sites (such as YouTube.com and Instagram.com).

Additionally, in the hypercompetitive online tourism environment, travelers rely heavily on search engines to locate appropriate information on the Internet. Search engines display a series of relevant results after filtering the possible information that can be interesting for the traveler (Inversini and Buhalis, 2009). Social media are populating and driving search engine results because they are search-engine optimized (Hays, Page, and Buhalis, 2013). The rapid development of search engines (and meta-search engines) has influenced travelers' use of technology for planning and experiencing (pre-experience and recalling the experience) their travels (Gretzel et al., 2006). Search engines are seen as the main gateway to online information. Ramsey (2007) estimated that 61 percent of adult Internet users conduct travel searches on the Web. Recent studies in the online information search field (Xiang et al., 2008) demonstrated that travelers spend time locating appropriate information on the Internet, checking different information providers (Inversini and Buhalis, 2009), before making online travel reservations (Vermeulen and Seegers, 2009). Online information search has become one of the most investigated fields of research for academics (Pan and Fesenmaier, 2006) due to its popularity among prospective travelers.

Finally, it is relevant to note the intrinsic characteristics of the travel and tourism brands. These brands can be understood as *service brands*—brands that are based on rational and emotional values (Chernatony and Christodoulides, 2004) and on the relationship among customers, organizations, and employees (Brodie, 2009) toward the fulfillment of promises. The experience-based economy (Pine and Gilmore, 1999) of the travel and tourism sector facilitates

the generation of opinions and comments on experiences resulting from the fulfillment (or the lack thereof) of the promises made by the organizations (and their employees) and experienced by the travelers. The opinions and comments of informed tourists are available online for prospective travelers who are gathering information to book a tourism experience. This content, which reflects the complexity of the service brands, is generated by users who have already lived the reviewed experience found in the online tourism domain, thanks to search engines.

This chapter investigates tourism branding, identity, reputation, and word of mouth in the age of social media. After reviewing the relevant literature and some iconic case studies, it conceptualizes the e-branding online space, where the perception of the brand is the result of the interplay between official websites (supply side) and social media (demand- and supply-side).

The Evolution of E-tourism: From Web 1.0 to Web 2.0

The ICTs' revolution has had already profound implications for the tourism sector. Poon (1993) predicted that: "a whole system of ICTs is being rapidly diffused throughout the tourism industry and no player will escape ICTs' impacts." Buhalis (2003) suggests that e-tourism reflects the digitization of all processes and value chains in the tourism, travel, hospitality and catering industries. At the tactical level, it includes e-commerce and applies ICTs for maximizing the efficiency and effectiveness of the tourism organization. At the strategic level, e-tourism revolutionizes all business processes, the entire value chain as well as the strategic relationships of tourism organizations with all their stakeholders.

The e-tourism concept includes all business functions (e-commerce and e-marketing, e-finance and e-accounting, e-HRM, e-procurement, e-R and D, and e-production) as well as eStrategy, ePlanning and eManagement for all sectors of the tourism industry, including tourism, travel, transport, leisure, hospitality, principals, intermediaries and public sector organizations (Egger and Buhalis, 2008). Hence e-tourism bundles together three distinctive disciplines, namely, Business Management, Information Systems and Management, and Tourism (Buhalis, 2003). ICTs have a profound impact on the travel industry because they force this sector as a whole to rethink the way in which it organizes its business, values or norms of behavior and the way in which it educates its workforce (Buhalis, 1998; Buhalis and Law, 2008; Poon, 1993; Sheldon, 1997).

Actually, travel and tourism is a field where the smart use of technologies has always played a critical role. Historically it is possible to describe a trajectory of the technology evolution in this domain: from the development of Computer Reservation Systems (CRS—1970s) through the Global Distribution Systems (GDS—1980s) until the advent of the

Internet (1990s) and social media in (2005), tourism managers have always been confronted with the rise of new developments that were helping—and somehow transforming—the whole industry (Buhalis and Law, 2008; Ip et al., 2011). The Internet, which can be seen as the last technological evolution in the field, enables travelers to access reliable and accurate information as well as to undertake reservations in a fraction of the time, cost, and inconvenience required by conventional methods. It provides access to transparent and easy to compare information on destinations, holiday packages, travel, lodging and leisure services, as well as about their real-time prices and availability.

Initially, the information available on the Internet was chaotic and loosely structured, mainly due to the immaturity of ICTs and the lack of any type of standardization. Furthermore, the industry was not prepared to embrace the changes required by the management of a 24/7 worldwide contact point (i.e., the website) and a 24/7 worldwide sales center (i.e., the reservations page—e.g., Card et al., 2003), mostly because of low readiness to the change (e.g., Murphy et al., 2006) and human-resources-related issues (Lam et al., 2007). Information search, defined as the possibility of locating correct and relevant travel and tourism information in the so-called online tourism domain (Xiang et al., 2008) has risen as research discipline. The online tourism domain, defined as the collection of links, domain names, and web pages that contain texts, images, and audio/video files related to travel and tourism (Pan and Fesenmaier, 2006; Xiang et al., 2008), refers to the amount of websites that are available around a given destination, that are related to the tourism industry. The online tourism domain conceptualization is based upon four different perspectives: (1) the tourism industry perspective that incorporates the composition of the tourism domain in terms of supply on the Internet (e.g., Leiper, 1979; Smith, 2009); (2) the symbolic representation perspective that focuses on the representation of tourism products and related experiences provided by the industry (e.g., Leiper, 1979); (3) the travel behavior perspective including the activities and the supporting systems at different stages of the travel experience (e.g., Crompton, 1992); and, (4) the travel information search perspective emphasizing the information sought to support travel experiences (e.g., Vogt and Fesenmaier, 1998). Xiang et al. (2008) underlined that only a tiny part of pages indexed in the search engine Google.com are indeed accessible for users. Among these pages a number of websites (domain duplicates) are dominating the results, as also demonstrated earlier by Wöber (2006). Internet users do use search engines as gateway to online information and they shape the way online travelers and tourism suppliers use the Internet.

Even if some sectors of the travel and tourism industry (e.g., hospitality) were reluctant and slow in adopting new technologies, nowadays it is widely recognized that proper use of technologies is a prerequisite for the success of the travel and tourism industry (Buhalis, 2003). Since mid-90s when the Internet emerged as new tool for marketing and selling

tourism products (Werthner and Klein, 1999) tourism managers tried to catch up with the complex dynamics of the World Wide Web (WWW), designing, adopting, and optimizing websites, sales channels, in order to build a coherent web presence. The development of the Internet offered an unprecedented opportunity for distribution of multimedia information and interactivity between principals and consumers (Buhalis, 2003). The WWW's interlinking structure enables the provision and packaging of similarly themed information, products, and services (Rabanser and Ricci, 2005). The Internet has enabled consumers to access this information rapidly. Increasingly the development of domain-specific search engines and meta-search engines such as Kelkoo and Kayak have introduced utter transparency in the marketplace (Wöber, 2006).

The rise of Web 2.0 and of social media enabled the development of UGC. Although some authors raised critics to Web 2.0 and social media—as for example the participation inequality model by Nielsen (2006) which, states that the actual heavy contributors of social media are 1 percent of the overall users—thanks to UGC, Web 2.0 and social media had a substantial impact on the travel and tourism domain. These emerged through review portals such as *tripadvisor.com*, social networks such as *facebook.com* and *twitter.com*, multimedia sharing websites such as *panoramio.com*, *youtube.com*, and *instagram.com* and blogs. This creates accessible content that increase the level of information available on a global basis (Gretzel and Yoo, 2008). Social media can be generally understood as Internet-based applications that encompasses media impressions created by consumers, typically informed by relevant experiences, and archived or shared online for easy access by other impressionable consumers (Blackshaw, 2006). Social media are important as they help spread the eWoM (Hennig-Thurau et al., 2004). Since social media were created users started to engage with these platforms sharing personal experiences in the form of (1) texts, (2) images, and (3) videos. The content shared by users reflect to a mixture of fact and opinion, impression and sentiment, experiences, and even rumor (Blackshaw and Nazzaro, 2006). Web 2.0 and social media empowered consumers and transformed the WWW in a social environment (Cantoni and Tardini, 2010). Web 2.0 is populated social media that play a crucial role as information sources for travelers as they increasingly appear in search engine results in the context of travel-related searches (Hays et al., 2013). Social media constitute a substantial part of the search results and therefore traditional providers of travel-related information will have to ensure that they include social media in their online marketing (Xiang and Gretzel, 2010).

Looking forward, successful tourism organizations will need to rapidly identify consumer needs and to interact with prospective clients by using online, comprehensive, personalized, and up-to-date communication media for the design of products that satisfy tourism demand. Social media are becoming particular tourism organization destination marketing tools as they influence major markets. More importantly, UGC provides clear

credentials for organizations and enable consumers to state their side of the story. Social networking offers innovative ways to develop customer relationship management strategies. Engagement with customers can have a direct influence on a company's credibility, influence, and word-of-mouth reputation. Social platforms simplify the process of connecting to consumers, and at the same time they make difficult to control the image and reputation of organizations (Fotis et al., 2011; Hays et al., 2013).

Lastly, computing is going mobile: smartphones are also changing the way people interact with information. The development of smartphones lead to the creation of a converged device bringing together telephone, personal data assistant, and other functions such as video and photo camera, music players into an integrated mobile computing platform. The proliferation of iPhones, Android-based mobiles, and Blackberries enable users to access the Internet over 4G and also offer a range of applications to maximize their utility before- during- and after-the-trip experience. With advanced wireless networks, free wifi proliferation, reduced costs for roaming, growing worldwide adoption of web-enabled full feature phones, smartphones, and tablets, travelers are already able to access information anywhere, anytime from multiple devices extending the interaction throughout the journey (Rose, 2011). More importantly smartphones are responsible for content generation as travelers find very easy to share their trip experience across multiple social media platforms and document their trip with photos and videos while interacting with friends live.

In the last years, SoLoMo (short for Social-Location-Mobile) and SoCoMo (short for Social-Context-Mobile) marketing emerged as a new trend. SoCoMo, refers to a more mobile-centric version of social media interaction and marketing. SoCoMo developed as a result of the growing popularity of smartphones and tablets, taking advantage of the location and context information to provide personalized information and services (Buhalis and Foreste, 2014). It offers greater local precision to search engine results than what's available via a PC integrating geo-location technology. The GPS technology integrated into mobile devices provides more accurate geo results than the "IP mapping" approach (necessary for home or office PCs). When search engines started incorporating more and more local and contextual results in their results listing, they proved the size of the local market on the Internet. It is here relevant to note that in order to have accurate local results, they need accurate information about local businesses. The development of location-based social media such as foursquare.com or facebook.com places will further support the development of SoLoMo and SoCoMo.

Conceptualizing Online Reputation in Travel and Tourism

Travel and tourism is an experience-based industry (Tussyadiah and Fesenmaier, 2008) and it is based on the commercialization of intangible

goods. Within this industry, companies market and sell promises of a service or product, and customers spend money to buy an experience that, at the time of the purchase does not exist. The “purchased product” is created on the very moment in which the actual experience takes place and is consumed (Tresidder and Hirst, 2012). Festivals (and events in general) are perfect examples of the experience economy (Pine and Gilmore, 1999). The line-up of a music concert can be confirmed while the event is approaching but anything can happen to the singers and to the bands even few minutes before the performance. In the unfortunate case of last-minute changes of the event programme, it is arguable that the actual value of the “purchased promise” decrease. The same reasoning can be applied to the lodging sector where the level of expected hospitality can drop or rise due to unexpected events related to internal issues (e.g., human resources) or external ones (e.g., suppliers failure) or even weather issues.

Service marketing researchers recently tried to overcome the narrow “goods centric logic” (Vargo and Lusch, 2004) definition of brand given by the American Marketing Association (2004) that sees a brand as “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers” (AMA, 2004). For example (Christodoulides and Chernatony, 2004) defined a brand as a cluster of rational and emotional values that enable stakeholders to recognize a promise about a unique experience. Therefore it is possible to claim that a brand has emotional and functional values leading to a promised experience (Chernatony and Christodoulides, 2004).

Additionally, two concepts are crucial for understanding a brand: (1) the brand identity, that is the collection of all the core or basic characteristics of the brand (Barnett et al., 2006) from the perspective of organization and (2) the brand image, that is how relevant stakeholders—especially customers (Keller, 1993)—perceive the brand. Furthermore, research shows that different stakeholders can have different perceptions of the same brand; therefore different images may exist (e.g., Argenti and Druckenmiller, 2004).

This idea of brand can be applied to the travel and tourism industry: the research of Berry (2000) and Davis et al. (2000) conceptualized the role of the brand in the service sector. The role of brand in the service sector can be seen as a relationship between customers and the brand itself (Pralhad and Ramaswamy, 2004). The focus is on reciprocity, mutual exchange, and fulfillment of promises (Dall’Olmo Riley and De Chernatony, 2000). Recently, Brodie (2009) conceptualized the brand in the service sector defining it as the result of a relationship among (1) consumers and stakeholders, (2) organization, and (3) employees. This relationship leads to the co-creation of service encounters where all stakeholders meet in the marketplace and they are co-responsible for the service creation.

In this respect reputation can be gauged as a collective representation of multiple stakeholders’ image of the brand built over time (Walker, 2010). Literature also shows that there is no consensus on a definition

of reputation (Walker, 2010; Wartick, 2002) because, the concept of identity, image, and reputation are still often used interchangeably by researchers and practitioners (Barnett et al., 2006). From a marketing-oriented perspective reputation is an intangible resource leading to sustainable competitive advantage for an organization/brand (Barney, 1991; Fombrun, 1996).

Recently, several studies have tried to conceptualize reputation but, as noted by Marchiori and Cantoni (2012), this is not an easy task. What they pointed out is that over the years different disciplines approached the issues such as (1) psychology (e.g., Bergler, 1948) that considers reputation as cognitive association related to an object that drives stakeholder behavior; (2) sociology that sees reputation as a social construct (e.g., Camic, 1992; Lang and Lang, 1988); (3) economics that considers reputation as a cognitive interpretation of an organization's performance gathered by stakeholders (e.g., Allen, 1984; Weigelt and Camerer, 1988); (4) marketing that considers reputation as perceptual representation of a company's past actions and future prospects that describes the firms overall appeal to all of its key constituents when compared with other competitors (e.g., Fombrun, 1996). They add a linguistic/etymological perspective definition, analyzing the prefix "re"—which means iteration of something and "puto"—which implies a evaluative dimension (Marchiori and Cantoni, 2012).

From a marketing perspective, some authors claimed for "definitional landscape" (Barnett et al., 2006). To date, only few published papers include a proper definition of what is reputation. According to Walker (2010) there are five key attributes to take into consideration while defining reputation: (1) reputation is based on perceptions; (2) it is the aggregate perception of all stakeholders; and (3) it is comparative (Wartick, 2002). In addition to these three attributes, two additional ones were often mentioned in the literature (Walker, 2010): reputation can be (4) positive or negative, and (5) stable and enduring. Together, these five attributes can lead to a comprehensive definition of reputation that reflects leading articles in the scholarly literature.

Moving toward a WWW perspective, the Internet and especially social media, empowered consumers who are now able to comment and review on their travel and tourism experiences. Social media enabled a dynamic feedback system that connects travel and tourism supply and demand sides. Customers can leave comments and review experiences and the industry can reply and, where possible, improve the service. A constant and dynamic engagement supports the co-creation of experience and the personalization of generic products and services as well as the generalization of personal experiences.

What is clear is that the Internet is used for bidirectional communication to share opinions about a wide range of topics such as products and services (Dellarocas, 2003). This is influencing the stakeholders' perceived image of the product/service, thus creating the online reputation of the given product/service (Bolton et al., 2004; Dellarocas, 2001, 2005). Online

reputation is spread over the internet, thanks to influential and very well connected nodes within social network (Baggio, 2011).

Online reputation can be considered as an asset that requires investment to create and maintain and it reflects the branding and marketing proposition in general. As an asset, online reputation needs to be developed, managed, and protected in an increasingly volatile, dynamic, and chaotic environment (Mailath and Samuelson, 2001). Therefore, in a social media environment where customers are publishing emotional content about product, services, and experiences, reputation can be considered as the aggregation of feedback and feelings (Mandelli and Cantoni, 2010) of stakeholders about a given organization, product, and/or brand.

The propagation of content in the tourism networks is happening extremely fast (Baggio, 2011). Social media are presenting similar topics as official websites but with different strategies (Inversini and Buhalis, 2009). Due to their intrinsic characteristics (Gretzel, 2006) they are populating the organic results listing of search engines (Xiang and Gretzel, 2010) becoming a relevant part of the online tourism domain (Xiang et al., 2008).

It is therefore possible to conceptualize online reputation based on three main perspectives:

- *The social web perspective:* The advent of Web2.0 radically reshaped the way in which consumers interact with each other and with the company/brand. The identity, image but above all the reputation of companies are continuously discussed and negotiated online with perspective customers in a dynamic and ever-changing environment. Understanding the “rules of the game” as well as grasping how to properly interact with end users (i.e., prospective travelers) in this online space has become a prerequisite for success for modern tourism companies. Tourism managers understand that it is not possible anymore to push a single, well-designed, and highly convincing marketing message to the relevant audiences to accomplish marketing and communication objectives. What they need to do is to engage dynamically with target audiences online by continuously listening, discussing, and negotiating the actual content of their marketing messages with prospective clients.
- *The web search perspective:* The importance of search engines as main gateways to access online content is acknowledged by academics and practitioners (Haiyan, 2010; Wöber, 2006). People use search engines to locate information on the web, trusting the results listing and choosing among the proposed links. In this perspective, the web search should be considered relevant for studying online reputation. Search engines harvest websites, store and index its content and filter relevant information for the end users. They effectively choose and recommend given pieces of content for each keywords submitted by users. The listings of search engines start to incorporate social

media content, thus bringing to the end-user attention discussions and UGCs about a given product, service, and/or experience from the social media environment.

- *Demand side and supply side perspective:* The original boundaries between content producers and content consumers are not anymore valid in the social media arena. Consumers have been transformed from passive receivers to active actors of the communication process. Their role can be described as “prosumers”: producers and consumers of content, which actively process online information and create multimedia content. This content is made available online, thanks to social media. Consumers can easily reach it, thanks to search engines that constitute a preferred gateway to access web information. Therefore companies should constantly monitor their online presence in order to understand what consumers say about them, their products, services, or experiences. The online conversations, which lead to the creation of online reputation, reflect the tension between the company (supply side—which communicate about the brand, the products the services/experiences) and the users (demand side—who experience products and services of the company). Modern managers need to understand the potential of social media and search engines both as a communication means (i.e., marketing communication) and as a listening tool (i.e., marketing analysis) and interact dynamically with active consumers in order to create, consolidate, and/or change tourism experience and also online reputation.

Managing Online Reputation

Before defining how the interrelation between the three perspectives presented above is affecting online reputation, it is worth to describe what is happening in the social media environment and how firms are responding to the users’ stimuli on these channels. Additionally, tourism companies need to face the challenges and the opportunities represented by Web 2.0 and social media, that can influence online reputation and organizations’ brands.

Researchers and practitioners need to realize that the most important issue related to social media and branding is to carefully listen to customers’ comments, classify them, and where possible to respond to them dynamically (Inversini et al., 2009). Recent developments on social media suggest that social media communication is evolving, becoming part of the mainstream communication dialogue between consumers and organizations. Actually, social media are not anymore a “nice to have” within the Internet strategy of a service company. They are essential as they contribute to shape the online reputation of the service and the competitiveness of the organization. They are critical for the dialogue between the organization and their stakeholders including customers.

Particularly there are three key lessons that tourism companies need to learn to be effective online and to create and maintain a positive online reputation.

- *Listen and engage*: Be always aware of what your past, current, and future customers (and also stakeholders) are discussing about your product and/or services. Social media are spreading emotional information on the Internet and search engines are indexing these websites carrying UGC. Thus customers are exposed both to official and nonofficial information. Tourism managers should listen to online conversations about their products and services and engage with relevant audiences in order to establish a communication channel and provide positive messages in the marketplace. This key lesson is crucial for understanding online reputation and for discussing products/services and brand characteristics with target audiences.
- *Tell emotional stories*: The interaction with the users should be based on emotional storytelling. Social media transformed the Internet from a cold library to a warm square where users like to meet and discuss. Emotional stories do represent one of the possible communicative strategies to foster online reputation as they lead to real experience encounters and transfer tourism to memorable engagement.
- *Co-create personalized experiences*: Online reputation should be understood as an asset for companies and organizations. Tourism managers should start to exploit all the information available online to boost tourists experiences. The co-creation of relevant experiences can be a starting point for boosting online reputation enabling the strengthening of the organization competitiveness.

Case Studies of Online Reputation Management

Modern companies, and especially tourism companies, should be aware that the Internet is populated by content about their product and services. When there is a success or a failure in the delivery of these products and services, customers can exploit the Internet and particularly social media to share their experiences.

Engagement is a crucial issue to establish a connection between customers creating a positive spiral among past consumers and perspective consumers, thus trying to influence consumer behavior (Gretzel et al., 2006). An important first step of generating engagement is listening (Kanter and Fine, 2010) to the consumer online. It is easy and inexpensive to listen to the audience through social media. This suggests that “the transition from listening to interacting with people is the art of engagement” (Kanter and Fine, 2010: 62). The Engagement Pyramid (Li, 2010) describes the level of engagement on social media and the actions need to be taken in order for companies to respond to different ways of involvement. The first step in the engagement pyramid is watching. Consumers and/or companies

seek socially created content in order to assist in decision-making processes or for entertainment. At this stage, content is only consumed passively. The next level in the pyramid is sharing, which includes consumers and/or companies sharing information on social networking platforms in order to demonstrate knowledge. Followed by the level of commenting, this involves responding to others' content in order to participate actively and contribute ideas. The next stage in the engagement pyramid is producing information in order to express the consumers' and/or companies' identity and to be heard. This can be accomplished by creating and publishing own content. The final step is curating; the important issue at this level is to get involved in online communities in order to give something back and be recognized by a broader audience (Li, 2010).

CASE 1: United Breaks Guitars. Complaint Goes Viral

One of the most famous cases, is the one related to musician Dave Carroll and United Airlines (wikipedia.org). In 2008, musician Dave Carroll said his guitar was broken while in United Airlines' custody. When he arrived at Chicago's O'Hare International Airport he discover that his \$3,500 guitar was severely damaged. Carroll complained and filed a claim with United Airlines that informed him that he was ineligible for compensation because he had failed to make the claim within its stipulated "standard 24-hour timeframe." Carroll says that his fruitless negotiations with the airline for compensation lasted nine months. Then the musician wrote a song and created a music video about his experience and posted it on youtube.com (<http://www.youtube.com/watch?v=5YGc4zOqozo>). The song titled "United Breaks Guitars," was posted on youtube.com on July 6, 2009 and to date it counts more than 14 million visualizations.

Media reported the story of the song's instant success and the public relations humiliation for United Airlines. Attempting to put a positive gloss on the incident and the song, a company spokesman called it "excellent." Rob Bradford, United's managing director of customer solutions, telephoned Carroll to apologize for the foul-up and to ask if the carrier could use the video internally for training. United mentioned that it hoped to learn from the incident, and to change its customer service policy as a result of the incident. In December 2009, Time magazine named "United Breaks Guitars" No. 7 on its list of the Top 10 Viral Videos of 2009. In January 2012, Carroll and "United Breaks Guitars" were featured in the CBC/CNBC documentary Customer (Dis)Service. In May 2012, Carroll published a book, *United Breaks Guitars: The Power of One Voice in the Age of Social Media*, detailing his experiences (United Breaks Guitars, 2013).

The case presented here is only one of the most famous online reputation breakdown for a company related with travel and tourism. At the time of the video (i.e., 2009) online reputation was still a "black box." Managers were not really aware of the potentials of the Internet in spreading the eWoM. Since then, many companies populated the Internet arena

offering professional services to help in monitoring the web. Sysomos.com and Radian6.com are two of the most famous ones. Therefore, if listening to online conversation about the company's product and services is the prerequisite for managing online reputation, engaging with relevant audiences represents the following step. Many hotels had to learn how to monitor their profile and manage their reputation on tripadvisor.com and many other online platforms. Here consumers can review their experiences and express their view about the service received.

CASE 2: Tripadvisor.com Comments Management by Hoteliers

On April 9, 2013, a tripadvisor.com user from Netherland wrote the following review for this hotel in Switzerland:

“Nice hotel with friendly staff. I felt welcome immediately. My single bedroom was small and no proper desk to work. TV channels did not work. Besides that great friendly place! Staff is making you feel at home. Quiet hotel, which is nice too!”

On April 12, 2013 the general manager of the hotel responded:

Dear Customer (name omitted), thanks a lot for your very nice feedback. We apologise for the TV channels which were not working: if you would have only reported it to the Reception Staff, we would have promptly reacted. With regard to the room size, we are not a chain hotel where all the rooms are the same and offer several different room typologies able to meet different customers' needs. Our guests may in fact choose between five rooms categories for single or double occupancy: Quality, Comfort, Superior, Junior Suite & Suite. They vary in size, furniture, upholstery and amenities and for a very small supplement you can choose your preferred category. Our reservations department remains with pleasure at your disposal in order to help you finding the right room typology. You are a valued guest: please come back and stay with us again and again. Best regards. General Manager (Name omitted)

In the case reported above, the general manager of this Swiss Italian hotel engages with a customer, which reported few unsatisfied comments about the stay at his hotel in tripadvisor.com. This is not a common practice in the tourism/hospitality industry as, for different reasons, often managers do not take care of the online space. Once the hotel manager decides to engage in social media it is important to approach this environment in a professionally manner, trying to build a relationship with the prospective customers. As in the case presented above the answer to the client is empathic and demonstrated a real commitment toward the client.

CASE 3: Emotional Content Generates Engagement

In addition to Winer's (2001) statement about experience management in the current economy, also Shaw et al. (2010) research the future of

customer experiences where the social media experience is objectively discussed. Authors perceive social media as a new emerging trend within the phenomenon of customer experience. Shaw et al. (2010) defined social media experience as a technology-enabled social interaction that helps to meet psychological needs: safety, belonging, esteem and self-actualization, and the resultant emotions evoked thus creates a digital social media experience.

In the occasion of the 2012 US presidential elections, after a hard political battle with his opponent Mitt Romney, Barack Obama (known for being extremely active on social media) published a picture representing a warm and genuine hug with his wife Michelle Obama (<https://twitter.com/BarackObama/status/266031293945503744>) with the caption “*Four more years*” on the social media twitter.com, to celebrate the final victory and its re-election for the following four years. This picture, which resulted the one with most “retweets” and “favourites,” clearly is the happy ending of the elections story, where the re-elected President seems to thank his beloved wife for the journey done together. It clearly leverages on sentiment such as belonging, unity, and family value through the hug. Emotions do play a relevant role also in travel and tourism when companies communicate on social media. One example is the campaign launched by Slovenia Tourism Board in 2010: Slovenia is the only country name with the word “love” in the name itself. Starting from this simple issue the marketing managers of the Slovenia Tourism Board started to market the destination emotionally generating a strong positive reaction.

CASE 4: Dynamic Interaction across Platforms

Engagement leads to brand reinforcement and consumers become brand ambassadors taking the message of an organization forward. As social become more mainstream, consumer will not differentiate between the communication media and will use multiple platforms to interact with organizations in order to co-create their personalized experience. Organizations will need to be ready to interact, engage, and serve across different platforms.

In August 2011 Peter Shankman, PR professional and founder of Help A Reporter Out (helpareporter.com) was traveling from Tampa to New York. Before boarding the flight to New York he twitted the message below asking Morton’s, a well-known steakhouse to meet him at the Newark airport with his favorite porterhouse steak.

The twitter message read like this:

Hey @Mortons—can you meet me at Newark airport with a porterhouse when I land in two hours? K, thanks. :)

Someone in the head quarter of the company (i.e., Morton) read this tweet and authorized the personalized delivery at Newark airport. After

Shankman walked out from security at Newark airport he found a Morton's waiter waiting for him with his favorite steak. This story had a huge echo on social media and was labeled as one of the greatest customer service story ever told. Morton's gained popularity from this success story and increased its reputation of delivering tailor-made experiences to their customers.

CASE 5: Using Social Media for Live, Face to Face, and Dynamic Engagement

In the same way in 2010 the airline KLM started a campaign called KLM surprise (surprise.klm.com). During this campaign KLM studied the social network profiles of their customers that were twitting or checking-in at Amsterdam airport and departing on KLM flights. On the basis of their profiles, the company delivered a small and personalized gift to the passenger offering them a memorable experience and gaining a huge reputation boost on social media (see the Youtube.com video here: <http://www.youtube.com/watch?v=pqHWA8GDEk>). Passengers were surprised and this campaign generated 1,000,000 impressions on twitter alone.

A Framework to Understand Online Reputation

Besides being two very interesting examples of customer relations, both Morton's and KLM campaigns explain how it is possible to create memorable experiences by emotionally engaging with customers in real time.

Owing to their intrinsic characteristics (e.g., interactional communication, profile information, location information) social media are perfectly suited for co-creating experiences with travelers. In the traditional view, the roles of the consumer and the company in the production and consumption of products and goods were distinct (Ramaswamy, 2011). The first point of interaction was occurring at the end of the value chain, at the moment of the sale of the product (Limburg, 2011).

Neuhofer and Buhalis (2012) introduced the concept of technology-enhanced tourism experiences co-creation combining the elements of experiences, co-creation, and technology. Furthermore Neuhofer et al. (2013) developed a framework to understand the penetration of technologies in tourism experiences leading to the creation of an interactive co-created experience. The authors defined four typologies of technology-enhanced experiences leading to service co-creation: (1) staged experience—low technology penetration; (2) assisted experience—Web 1.0 technology, no interaction; (3) enhanced experience—interactive Web 2.0 technologies; and (4) empowered experience—interactive, immersive, pervasive technology. Moreover, companies are responsible for the level on interaction with the final customer and they need to take into consideration the level of experience personalization offered.

Since 2005, the relationship between companies and consumers changed dramatically. Consumers have become informed, active, and powerful, and have thereby induced a major change in the industrial system (Ramaswamy, 2009). This novel mind-set has especially been brought forward by Prahalad and Ramaswamy (2004) who argued that the process of experience creation is being challenged by involved consumers who desire to create their own personalized experiences. Hence, they proclaim that the original experience economy needs to change. It should no longer be considered as a strategic production of experiences by means of staging, as originally suggested in the experience economy by Pine and Gilmore (1999). The experience economy concept should be enhanced, as companies are not able on their own to create and deliver experiences but need to cocreate them with consumers. Experience emerges when the individual perceives it and obtains value (Vargo and Lusch, 2004).

After reviewing the importance of social media through some iconic cases, the chapter now focuses on the above-presented perspectives to shed light on the importance of branding, identity, reputation, and word-of-mouth in the age of social media in the tourism field. The following paragraphs propose the conceptualization and the interplay of the three perspectives leading to the conceptualization of the eBranding Online Space (presented in the conclusions).

The Social Web Perspective

As travel and tourism are experience-based activities (Tussyadiah and Fesenmaier, 2008), such experiences need to be communicated (e.g., Inversini and Cantoni, 2009). Communities, blogs, travel review websites, and social media in general offer publication outlets to help information sharing among users (Arsal et al., 2008). These websites increasingly gain popularity in online travelers' use of the Internet (Gretzel, 2006; Pan et al., 2007).

Web 2.0 is not an advancement of technology as such: there are no new communication protocols involved, there is no new hardware for web applications. Nonetheless, thanks to advancement in client-side programming languages (e.g., Ajax—Asynchronous JavaScript and XML), it made easy the creation of multimedia web application (e.g., youtube.com and facebook.com). This is supported by a generally low publication threshold, alongside the availability of large bandwidth and made possible to upload and share multimedia contents (e.g., videos, pictures, and music). Hence, the web has been generally transformed into a social square—rather than a library (Cantoni and Tardini, 2010), where knowledge is created and built by the crowd who shares information, content, and experiences on social media.

Users are in control of the information production on Web2.0 and companies cannot avoid considering this fact as relevant. In fact, marketing managers are exploiting new ways to adopt social media in the marketing

and promotion arena to take advantage of the eWoM. Schmallegger and Carson (2008) suggested that the strategy of using blogs and social media websites, is related to the possibility of encompassing communication, promotion, product distribution, management, and market research. Social media attracted the attention of researchers (e.g., Li and Wang, 2011; Noone et al., 2011) and practitioners as they play a key role both in travel decision-making and in tourism operations management (Leung et al., 2013). Despite the wide adoption of social media by both tourism consumers and suppliers in recent years (e.g., Chung and Buhalis, 2008; Leung et al., 2011), the successful practice of manipulating and managing social media still remains largely unknown to practitioners and scholars.

Furthermore, social media can be viewed as an aggregation of online feedback mechanisms that use Internet bidirectional communication to share opinions about a wide range of topics (Dellarocas, 2003). This is mostly true in a market dominated by the experience economy (Pine and Gilmore, 1999) where the products are transformed in relevant experiences for the final customers. Therefore, informed by relevant experiences, consumers are now empowered to share their opinions with a variety of media generating different representations of the experience itself.

The aggregation of the entire range of online representations creates the web reputation of organizations (Dellarocas, 2001 and 2005; Bolton et al., 2004) and generates opportunities and challenges to manage this reputation dynamically in the online environment.

The Online Search Perspective

Search engines are often the preferred gateway to information in the Internet. The Internet can be seen as a collection of webpages interrelated one to one other (Baggio et al., 2007). Therefore, locating the relevant information among all the possible information available online is a critical task. The issue of online information search has attracted the interest of academics and practitioners in the last decades. Most of the research has focused on the technical aspects of online information search (Jansen and Molina, 2006) and this topic has been widely discussed also within the travel and tourism field (e.g., Pan and Fesenmaier, 2006).

The “Online Tourism Domain”—the collection of tourism-related links accessible through search engines—was traditionally seen as populated primarily by the so-called tourism industries (Pan and Fesenmaier, 2006). However, a recent study conducted by Xiang and Gretzel (2010) shows that social media constitute a substantial part of the search results in search engines. The results of their study clearly indicate that search engines can direct travelers to social media sites. The study describes the results of ten different searches performed with the popular search engine Google in nine US cities. The findings demonstrated that there is a great amount of UGC populating the organic results of the popular search engine Google (11%) distributed in the following categories: virtual communities

40 percent (e.g., travel.yahoo.com), review sites 27 percent (e.g., tripadvisor.com and holidaycheck.com), blogs 15 percent (e.g., blogs.marriott.com and hotel-blogs.com), networking site 9 percent (e.g., facebook.com and wayn.com), media sharing 7 percent (e.g., youtube.com, flickr.com), others 2 percent (e.g., wikitravel.org and twitter.com). Social media are gaining substantial popularity within the online tourism domain (Gretzel, 2006; Pan et al., 2007). The importance of social media in online tourism lies in the fact that they are populating the search engine listing and tourism businesses have little control (Inversini and Buhalis, 2009). This will have massive implications for the online reputation management of organizations as well as the level of engagement that consumers will require across different platforms.

Demand Side and Supply Side

Branding has always been approached as a managerial issue. Traditionally managers decided the main characteristics of a brand and communicated it through different channels to the end-consumers (Fill, 2009), who were assimilating and/or rejecting the brand attributes. Dowling (2000) distinguished among three different concepts while discussing about brand: (1) the brand identity that is the essence of the company/brand; (2) the brand image that is the individual representation of a brand; and (3) the brand reputation that is the opinion shared among a group of stakeholders about the brand.

Following the traditional model of mass communication, brands were introduced in the market, thanks to series of marketing communication tools and media (Fill, 2005) trying to maximize the one-to-many flow of information (i.e., the company communicating through mass media to the target audiences). The image of the brand was the result of these marketing communications activities. Multiple images, perceived by different stakeholders (Argenti and Druckenmiller, 2004), contribute to shape the reputation of the brand (Walker, 2010). Therefore brand management is a marketing issue, while reputation management is a marketing communication issue.

When new media, and especially social media entered into the picture, the communication model changed. Social media brought the possibility of interacting, allowing consumer (i.e., the receivers of the communication messages often seen as passive by advertisers) to react and engage in all communication processes. Therefore, the firms' communication landscape assumed more dynamic characteristics, enabling a continuous exchange of information between supply side and demand side about the brand, its attributes, and its images. Consequently, also the study of brands reputation, which was seen as a static exercise done through surveys in one specific moment in time (e.g., Vidaver-Cohen, 2007), assumed a more dynamic spin.

Brands can have multiple identities and perceived images but only one reputation, which is the sum of all the perceived images (e.g., Davis et al.,

2000). Therefore, reputation is (1) partly a reflection of a company's identity and (2) partly the result of managers' efforts to persuade brand excellence (Fombrun, 1996).

This complexity is typically lost in how reputation has been operationalized and measured (Walker, 2010). Since 1997 the Reputation Institute (RI—reputationinstitute.com), one of the most relevant organizations dealing with the study of corporate reputation, has been engaged in studying the dynamics of corporate reputation. The RI created the so-called Reputation Quotient, a valid, reliable, and robust instrument to measure corporate reputation (Fombrun et al., 1999; Fombrun, 1996). On the basis of a series of stakeholders' surveys, the authors identified, compiled, and categorized the evaluation criteria used to measure the reputation of firms. From its conception until 2005, the reputation quotient had been tested and used to measure the reputation of over 200 companies with interviews to more than 100,000 people around the world (Fombrun and Foss, 2004), asking relevant samples of consumers and stakeholders to rate and rank organization, brands and attributes. In 2006, the Reputation Institute, developed the RepTrak™ framework, a more comprehensive model based on 23 drivers that work as predictors of reputation (Vidaver-Cohen, 2007). The RepTrak™ framework distinguishes the drivers of reputation between those that work as reputation predictors and those that work as reputation judgments. The predictor variables are related to those core dimensions that are inherent to the firm. Core dimensions for RepTrak™ are: (1) performance, (2) product and services, (3) innovation, (4) workplace, (5) governance, (6) citizenship, and (7) leadership. With the advent of Web 2.0 and social media, firms and brands are exposed to a new dynamic, customers centric environment and to co-creation. The model of communication is not anymore one-to-many but many-to-many.

The brand and its attributes decided by the management are constantly negotiated with the customers activating an interactional communication process (Fill, 2009). Organizations and brand reputation can be measured by studying and classifying online contents published on social media (Inversini et al., 2010) and made available through search engines to the end users.

Conclusions: Managing eBranding in the Online Space

One of the key challenges for any manager in the future will be to shape the eBranding Online Space where the social web perspective, the search perspective, and the supply side and demand side perspective intersect and create the online reputation. As it is possible to gauge from literature, there exists an online tourism domain (Xiang et al., 2008) accessible through search engines. It is populated by official websites (i.e., firms websites, newspapers, and magazine websites) and by social media

websites (i.e., review websites, virtual communities, blogs, networking sites, and media-sharing sites—Xiang and Gretzel, 2010). Official websites, written by the firms themselves, do carry positive or at least neutral arguments to support a brand or a firm, while social media, written by end-consumers, are carrying emotional arguments (Inversini et al., 2009). As Werthner and Klein (1999) proposed, the Internet can play a key role in facilitating and mediating the interaction between the consumer and the tourism industry suppliers. Demand side and supply side should view the Internet arena as a discussion place where to dynamically mediate between proposed brand attributes and perceived reputation, in order to build a common understanding of the brand and its reputation.

Therefore it is possible to conceptualize the eBranding Online Space as the collection of websites (traditional websites and social media websites), accessible through a web interface (search engine), that are transmitting a series of information about a given organization or about a given brand. The information is more emotional on social media websites, as they host UGC freely written by end-users talking and reviewing products and services. It is more factual on companies' websites as this websites carry the official information about the organization and the brand (Inversini et al., 2009).

The tension between (1) the supply side official information that contains the official statements of the organization and thus projecting on the web the brand characteristics'/reputation and (2) the demand side UGC that contains emotional judgments of products and services generates the so called online reputation of the organization/brand.

The eBranding Online Space reflects the tension between supply (which creates the brand and its reputation) side and demand side (which perceives attributes and reputation of the brand) in defining a brand and its reputation. These dimensions are useful to conceptualize how online reputation play together in the eBranding Online Space, creating a new environment for marketers where to build and dynamically manage brand reputation for travel and tourism companies.

The social web perspective is playing a crucial role in the eBranding Online Space (Figure 1.1). Official websites (i.e., Web 1.0 websites—company websites, newspaper and magazines websites) are close to the supply side: they are actually controlled by the supply side that decides the actual contents to be published. Official destination websites, for example, spread online the official contents created by the destination: the content is written in a positive or neutral way (Inversini et al., 2009). Reservation websites and meta-search engines are in the middle of the picture as they can carry institutional content and UGC. For example, in Booking.com, not only hoteliers can input their content (e.g., pictures of the room, description of the hotel) but also users can contribute with online reviews. Review sites, virtual communities, blogs, networking websites, and media-sharing websites are closed to the demand side

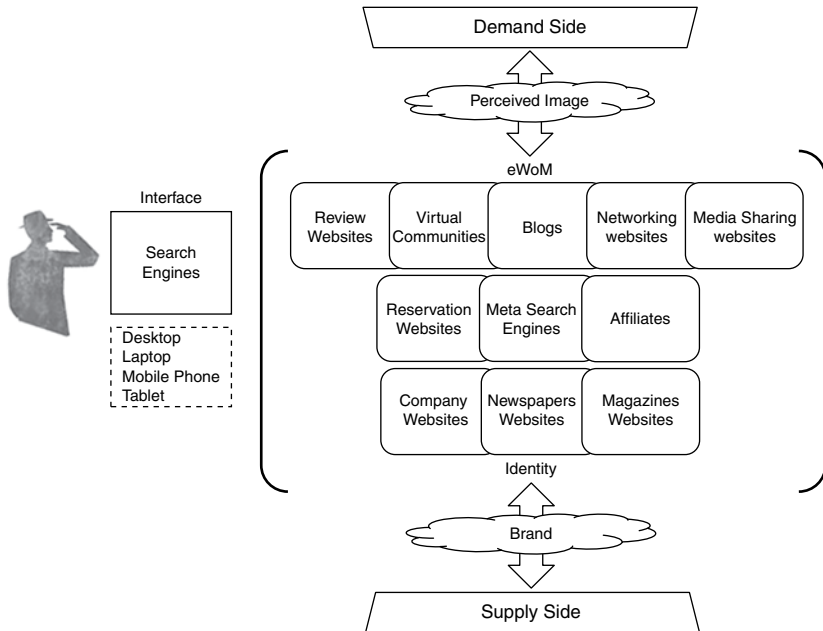


Figure 1.1 The conceptualization of the “eBranding Online Space.”

because end-users are in control of the contents. On social media websites both consumers and organizations generate content, which is public and open interaction. Tourism destinations or hotels can develop their facebook page or twitter stream, which is open to discussion and interaction with all their stakeholders.

The web search perspective is essential to understand this picture because search engines allow users to actually access these online space. Search engines are the most commonly used mean to access online information from different devices (e.g., desktop computer, laptop, mobile phones, and tablets). They allow to access both official travel and tourism websites and social media. Social media are becoming very “search engine friendly” gaining importance in results listing.

Finally, the eBranding Online Space reflects the tension between supply side (i.e., the travel and tourism companies) and demand side (the travel and tourism customers). Supply side inputs in the eBranding Online Space the brand identity through the online channel they can influence (e.g., official websites, newspaper, magazines, and so on). Crucial at this stage is to recall the experiential characteristics of the service brand. Supply side inputs on the web offer a promise with a series of characteristics: example can be the music festival programme and the lineup. Demand side has the possibility of reviewing and commenting, the fulfillment of the promises, thanks to social media. Hence the demand side can explicitly

comment on the performances of the supply side, thus informing peers on the fulfillment (or un-fulfillment) of the brand promises recommending or discouraging such experiences. This is how co-creation emerge in the marketplace to bring demand requirements towards production process.

Understanding online reputation in the travel and tourism industry helps to understand the complexity of the eBranding Online Space. Managing the online reputation of the services industry requires to be transparent, and interactive. Suppliers can take now opportunities and face challenges to build their online reputation and competitiveness together with their clientele.

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CHAPTER TWO

Technological Innovation in e-Tourism: The Role of Interoperability and Standards

RODOLFO BAGGIO

Introduction

Creativity and innovation are the watchwords on which today, more than ever, are based the competitiveness and the success of companies and organizations around the World. Those who are able to manage well their processes and innovate products and practices, and are more willing to adapt to a dynamic environment in which the constraints of space and time seem to be gone, are those that seem to have a good chance to compete successfully in the global market. Innovation, however, is not just about producing new artifacts or new gadgets or new accessories for old products. It rather means, above all, analyzing business processes, optimizing them, integrating as much as possible new and improved technologies and increasing awareness, knowledge, and ability to add value to what has been built in the past (Amabile, 1988).

Processes of this kind, as is now evident, are not possible in isolation. A wide research effort and numerous studies have shown that these are processes that originate more easily when a network of individuals or companies are working together rather than for the momentum of a single individual (Sawyer, 2009; Schilling and Phelps, 2007). Furthermore, beyond the individual characteristics and the possibilities of those involved, the available media play a fundamental role in a global and highly competitive scenario. This is especially true in the case of tourism where the issue of competitiveness is only partially attributable to single operators, but is rather a feature of the local system—the destination—in which they operate (Molina-Azorin et al., 2010). Moreover, in matters that strongly depend on information technology this becomes even more important (Baggio and Del Chiappa, 2013).

Two factors seem to play a crucial role as innovation catalysts: the possibility to produce and manage objects with relative simplicity, and the speed with which the technologies and methods of use change and evolve. Thus, it becomes essential to be able to count on an availability of infrastructures and architectures that are designed and implemented with a high degree of standardization and interoperability so that it can be possible to focus on content rather than on the forms (and details) to promote creations based on these elements, and to generate a virtuous circle of innovation (Farrell and Saloner, 1985). In fact, when it is not possible to rely on standardized environments, the need to act on a case-by-case basis, and to depend on diverse technical platforms or systems, necessarily lead to the demand of large investments and resources, making it an arena in which only a few can operate successfully and in which the push to innovate is much weaker (Farrell and Saloner, 1985).

The history of civilization offers many examples in this regard. The standardization of the gauge of the railway lines removed the many problems of incompatibility and promoted, starting from the second half of the nineteenth century, the beginning of a new commercial revolution. This improvement of transport technology was the basis of the phenomenon now known as mass tourism. More or less at the same time, the choice of alternating current as the sole “form” of electricity and the birth of power distribution companies that would deliver it in a standard way freed large and small companies from the necessity of having to assemble their own energy supply. In this way they were able to access power produced by independent suppliers and distributed on a large scale, making it possible to choose, from a greater range of sources at significantly lower costs, the quantity required for the specific purpose and for the time needed. This not only changed the modes of production, but also generated a series of economic and social changes that led to the World as we live in today (Derry and Williams, 1993).

The aim of this conceptual contribution is to highlight the importance of these factors (standardization and interoperability) and discuss the role they have in fostering innovative developments in the challenging area of e-tourism (the application of computerized information technologies to tourism activities).

Information Technology and Tourism: **A Challenging Relationship**

The observations made so far assume a great importance when considering the varied world of tourism activities, where the strict dependence on technology for the efficient and effective management of information has caused, in recent years, a real revolution due to the diffusion of online applications. The most recent developments of the Web and social networks have then further accentuated the influence of ICTs (Information

and Communication Technologies) on the sector (Eftekhari et al., 2011).

The relationship between technology and tourism has become a delicate and challenging relationship. On the one hand, ICTs have made available to all stakeholders (supply and demand) instruments that are highly effective and efficient to produce and distribute or to choose and buy. On the other hand, they have strengthened their influence and caused a sometimes brutal selection of the actors, especially from the supply side, triggering the expulsion from the market of those who have shown little ability to use well what is available (Berne et al., 2012).

The majority of studies on the behavior of tourists highlight the fact that the first choice concerns the destination of their trip (unless it is forced as in the case of business travels). The destination is selected well before deciding which specific facility (hotels, attractions, etc.) to use during the trip. In this process, tourists seem to be attracted more by the richness and diversity of supply than by economic factors (prices). They devote much of their time to making comparisons on all aspects they consider important or interesting from an individual point of view, and do not hesitate to revise the decisions on the details of their trip many times and in very fast ways. At the end, the preference goes to destinations that stand out for their ability to propose diversified offerings and good tools to dynamically customize the elements of travel and stay. In this framework, the individual operator has little say if isolated from the rest of the destination and is less attractive and competitive than assemblies of well-organized groups (Crouch, 2011; Jacobsen and Munar, 2012).

Indeed, sometimes the wide uncoordinated spread of technological tools leads to unforeseen and unintended consequences such as an increased seasonality or a push toward the use of price as an exclusive choice factor (Boffa and Succurro, 2012).

Today, we tend too often to enhance the external aspects of modern ICTs, by magnifying the possibilities they offer to those who want to promote, persuade, inform, or sell services and products, in few words focus on the business-to-consumer (B2C) aspect. In this way, we leave behind the infrastructural factors, often forgetting that a large part of the success in marketing and sales is determined by the quality of the product being offered. If this product, which is known as essentially informational in nature, is mostly assembled and defined by information technology tools, then the nature of the systems and of the infrastructures needed to support them constitute a crucial and significant element (Antonioliet al., 2011).

The emphasis on B2C world, however, is not only a prerogative of tourism. If we consider the economy that revolves around the Internet phenomenon, we find that these “exterior aspects” are actually the component of lower weight, while the use of the possibilities offered by the Internet is much more intense in other activities such as those involving the direct relations between economic actors (individuals, companies, organizations, etc.), what are known as business-to-business (B2B) activities.

In fact the available estimates on the market e-commerce B2C and B2B show a ratio of 1:10 between the two. According to IDC (2011), the global B2C e-commerce market is worth about 698 billion euro, while the B2B accounts for about 6422 billion euro. Yet the large majority of analyses, studies, reports, and articles concentrate, in any field, on the consumers' uses of ICTs.

The structure and efficiency of the supply chain become a key element. In the world of industrial production this concept is clear; the supply chain is that part of the value chain, which refers to the physical flow of goods and materials and to the parallel flow of information through the phases of procurement, production, and distribution of a product or service. Today is considered to be by far more important than the value chain itself, and able to condition it in a strong manner. Rational management of the chain or supply networks is an essential element for the survival and the growth of any company and can ensure good competitive positions in the global market. Supply chain administration is considered one of the paradigms (and one of the most important) for the management of the new millennium (Drucker, 1998).

In tourism this concept has not yet been well elucidated and defined, but it is safe to say that, by analogy with other industrial sectors (manufacturing or services), the supply chain plays a key role and is the main contributor to the value chain (Zhang et al., 2009). Its organization and management must therefore necessarily be the most effective and efficient possible if a firm or an organization wants to achieve the growth targets set and satisfy the needs and desires of tourists. It must be said that the task, here, is also (in a sense) facilitated by the consideration that the only goods to be moved is information and that, today, methods and techniques for the processing of information are, or may be, extremely effective, efficient, and flexible.

There are two elements that can facilitate this process: a good technological infrastructure of communication, and the adoption of common standards for the processing and transmission of information.

The main point to consider, although it may seem trivial, is that we are dealing with machines, whose operating modes are well defined and different from those of other human systems. The language with which machines talk and communicate plays a key role, as well as the physical channels of communication established between them. It can be quite difficult to obtain good outcomes if there is little or no access to connections able to support with great reliability and high performance the transfer of the huge amounts of data that modern technological developments impose. In other words, without a widespread distribution of cost-effective broadband connections, there is little meaning in pushing toward large efforts for developing applications, systems, or encouraging the intense exchange of views, comments, and complaints to which the world of Web 2.0 has made us familiar with.

Interoperability and Standards

Interoperability is the ability of a product or system, through appropriate interfaces, to work in concert with other products or systems, present or future, without (excessive) access restrictions. The term was born in the realm of technology and information technology, but has a quite general application. To make this possible it is necessary to define a standard, that is an accepted norm, a reference model to which all adhere, and establish shared rules regarding interfaces and transfer modes together with the formal content of these transfers.

The adoption of a standard is an important element in many cases. The role that this adoption may have for companies and consumers has been long debated. On the one hand it is argued that a strong push to standardization is likely to block the development of products and services, and to prevent the improvements when new and better technologies or production methods become available. On the other hand, it has been emphasized that standardization can have a positive role in encouraging innovation. This seems to happen mainly when there is complete information, for example in the case of open and public standards (Farrell and Saloner, 1985).

Many studies confirm this position. In them, the predominant view is that standardization leads to lower production costs, reduces output on the market of new products, limits errors, and promotes the search for new solutions with a solid foundation on which to build. At the same time shared norms greatly expand the horizon spatial and temporal affairs by providing access to wider markets. In particular, standards that reflect the state of the art in a field provide a fertile ground for innovators by facilitating interoperability between existing solutions and increasing consumer confidence in the features and reliability of the products. Finally, the adoption of open standards, that is standards developed through a consensus process, which are publicly available and can be used by anyone based on reasonable and non-discriminatory agreements, can promote interoperability encouraging innovation, increasing competitiveness and expanding the opportunities for producers and consumers (Egan, 2002; Friedrich, 2011; Jiang et al., 2012).

A brief analysis of two cases will better make the point.

The Transport of Goods

The tonnage of a ship has been for long time the measure of its capacity, representing the volume of all closed spaces available on board. Today a ship's capacity is measured in TEUs, an acronym for *twenty-foot equivalent unit*, that is the number of standard 20-foot containers that the ship would be able to load.

Containers are boxes made of aluminum or steel of different sizes, but almost all multiple or submultiple of $20 \times 8 \times 8\frac{1}{2}$ feet, identified

unambiguously, with the corners built so that it is possible to fasten them to each other or to the means of transport, to hook, load, and unload with special cranes positioned on the dock or the platform, and which are managed in a fully automatic way. All this independently from the manufacturer, the handler, or the shipper.

A 20-foot container can hold 20 to 30 tons of goods. If shipped by sea, its arrival can be predicted with an accuracy of 15 minutes for a two-week trip. The record handling is of about 734 containers unloaded from a ship in an hour. The largest ships in operation today can have capacities of several thousand containers (the biggest capacity is of about 15,000 TEUs). Except for oil and a few other substances, all packed goods travel today in containers of various sizes.

The story begins in the late 1950s. In little more than 20 years, after many hard economic and legal battles, containers have become a reality. Their consecration takes place during the Vietnam War (in the late 1960s–early 1970s), when the impressive organization of the US Army logistics widely used these boxes in order to optimize times and transportation costs.

Today hundreds of millions of containers travel across oceans, waterways, roads, and railways. They can be quickly and easily moved from one means of transport to another, and due to their unique identification, it is possible to follow their travels, know at any time their position or make reliable predictions on their arrival at destination. Without a system of this kind the supply chain of industries around the world were still at the levels they were in the nineteenth century, the development of many countries or economic systems would have been far more slow and difficult, and concepts such as production efficiency, the optimal management inventory, and just-in-time would still be only interesting theoretical speculations (Levinson, 2008).

The Internet

The second example concerns the role played by the architectural design in the technology development and diffusion of the Internet. In general, there is not a wide and deep knowledge about how the Internet functions and what are the possibilities or constraints imposed by the use of all the available technologies. This can be good because we can concentrate on the contents without having to attain a sophisticated know-how, but it may become problematic when designing strategies and actions that contemplate the use of such means, which could, beyond their charm, be affected because the tools were not built to meet certain desires. Also, without decisive action in this sense, technology providers will continue to develop and change the network, but not necessarily in a way that will lead to community economic, social, or cultural benefits. A better understanding of the inner workings can help trying to avoid such risks.

The incredible expansion of the Internet is, as many know by now, mainly due to the technical choices that underlie its structure. The architecture was designed on the basis of some general principles (Carpenter, 1996; Schewick, 2010):

- *Modularity*: Objects, systems, and programs are made up of small independent parts that can be aggregated to provide specific functions of greater complexity. In addition, the entire system is composed of a multitude of independent networks that communicate with each other because they agree on a shared set of communication protocols.
- *Stratification*: The necessary functions are performed by different levels of software that communicate between them. Each level consists of multiple entities (applications, processes, hardware, etc.) and performs a specific set of operations. The goal of a level is to provide services in a transparent way to the upper-level entity, hiding all the implementation details of services' delivery. In this way users can focus only on the operations needed to solve their specific problem, and rely, for the remaining operations, on a combination of other protocols and levels for which the only knowledge needed is the one related to the interfaces between them (i.e., how to call a specific function and how to get the answer).
- *Net neutrality*: Even if highly *intelligent*, the network behaves neutrally with respect to the capacity of the terminals connected (end-to-end). The responsibility to have all the functions necessary to carry out the operations pertains to the terminals. The network is not bound to any particular class of applications or machines and can be used for the most diverse purposes.

Besides that, what is more important is that the network has been designed as an open system. Its use is based on a set of standard protocols agreed and shared between the many different actors. The standards are public and available to anyone who wants to use them. There are no *owners* to whom licenses should be paid or from whom permits should be obtained.

The protocols underlying the Internet (known as the TCP/IP suite) were developed in the early 1970s with the strong support of the US government through a specifically created agency, the Defense Advanced Research Projects Agency (DARPA). All protocols were standardized at the beginning of the 1980s. In 1995, with the DARPA project coming to an end, the network is *sold* to private commercial organizations. The US government, however, continues to strongly encourage and support the use of TCP/IP so that they become a (de facto) standard way of communication between the government and companies that work with the government (Leiner et al., 2001).

In the early 1990s another subset of protocols comes to light, developed with the same philosophy and built on the foundation provided by TCP/IP, we know it as the World Wide Web. These protocols are immediately recognized as being the missing link allowing an usage no longer confined to groups of scientists or specialists, but able to reach a large mass of users (Berners-Lee, 1996).

The original characteristics of the network, however, have not changed in this time frame, and are the solid basis of a phenomenon that today affects in a decisive way the World's wealth, generates millions of jobs and is considered to be one of the major engines of development. Its impact is believed to be greater than that due to the industrial revolution in the nineteenth century.

In the most advanced countries (the so-called G20) the use of the Internet has generated about 10 percent of GDP between 1995 and 2009, and for the past five years has contributed to over 20 percent of their economic growth. The estimate is that its value in the G20 countries will be in excess of four trillion dollars in 2016. In other words, if it were a national economy, Internet would be among the top five in the world after United States, China, India, and Japan and coming before the strongest European country, Germany (BCG, 2012; MGI, 2011).

More importantly, the positive effects on economic growth occur in a very *democratic* way: regardless of size, firms, and organizations that use intensively the Network and its technologies grow more than others. This can be especially important for tourism, given the structure of the sector and the size of the stakeholders involved.

In this virtual world we have seen the most creative and innovative adventures, some of which have profoundly changed our ways of living and working and completely altered whole economic and industrial sectors. As a set of general purpose technologies, the Internet creates value in itself. Applications serve as a transmission belt between the general functions of the network and what gives value to its users, and to society in general. Internet standard protocols form a particularly fertile humus and extremely effective for the production of applications that help people and companies perform their work, or help them to do so more efficiently.

Standards for E-tourism

There are numerous known examples of how a shared interoperable standard environment has favored the spread of innovation, such as the effects of the GSM standard in the telecommunications market in Europe, or those in the movie industry with VHS and CD first and DVD and Blu-ray later, or the role played by MP3 in the music industry. All this has been demonstrated at both empirical and theoretical levels (Gasser and Palfrey, 2007).

The importance and role of standardization are also well-recognized at institutional level. The Communication from the European Commission

to the European Parliament on the Innovation Union 2020 Flagship Initiative states: “Standards play an important role for innovation. By codifying information on the state of the art of a particular technology, they enable dissemination of knowledge, interoperability between new products and services and provide a platform for further innovation “ (European Commission, 2010: 16).

These examples, and the cases described in the previous sections, allow us some considerations that can be applied to the e-tourism arena.

First of all, technology standards and technology innovation are core factors that affect market competition, mainly for what concerns tourism activities. Moreover, technology standardization is crucial in improving industrial innovation systems, as some scholar has well noted (Jiang et al., 2012), and there is a clear transitive relationship: high-quality technology innovation can promote technology standards and high-level technology standards that are widely implemented can boost technology innovation. Also, in this symmetric connection, institutional policy setting plays a fundamental role for favoring the process.

When exchanges of large quantities of information about products are into play, a seamless transfer can only be possible with a shared language. Business standards define data formats and establish rules, forming the basis for efficient B2B and B2C business processes (ordering, delivering, and billing) and for quick, automated, and efficient internal processes.

The benefits are important:

- standards ensure clarity of understanding as well as reduce and remove ambiguity;
- the widespread use of a chosen standard for each business process results in reduced total cost of ownership (lifetime) as there is less customization needed, and allow the sharing of ongoing costs with more organizations;
- the use of a common standard can act as a catalyst for exchanging and improving business processes, such as those within a supply chain or community, permit reduced cycle times and so reduces inventory. In some cases, this can even lead to global warehouse or vendor managed inventory;
- within organizations, common naming and financial standards result in better information management.

Interoperability is likely to foster innovation by reducing lock-in effects and lowering entry barriers. Interoperable identification systems, for instance, allow Internet users not only to switch between different providers, but also to choose more freely among businesses engaged in e-commerce (e.g., online travel agency), thus enhancing competition among them. Enhanced competition benefits users by reducing prices and by providing incentives for product and service innovation (Gasser and Palfrey, 2007).

Empirical evidence of the connection between interoperability and innovation is not conclusive, but anecdotal evidence is plentiful, and the absence of much evidence to the contrary is sufficient to support the claim of a positive link, in general, between interoperability and innovation, with major benefits being openness of market (more choices), increase in “healthy” competition, operational efficiency, and effectiveness. In this framework time, maturity, barriers to entry, and complexity of relationships are key factors. It is also recognized that certain conditions need to be met such as strong collaborative environments or government-led top-down policies. Interoperable standards address the need for:

- cooperation among the agents in the tourism value chain with the aim to establish tourism services;
- exchanging information among the agents in the tourism value chain;
- sharing and reusing information among the agents in the tourism value chain to increase efficiency;
- improved overall service delivery.

History shows that the choice of a standard does not necessarily fall on the most innovative proposal or most technologically advanced, but it is almost always a compromise between these characteristics and the effective presence in the field. Moreover, as the studies on the diffusion of innovations teach (see Rogers, 1962: as the first and most famous example), the factors that determine success are different. Besides the obvious innovative content, other elements are equally important: the social, economic, and regulatory environment, and the presence of a set of products, accessories, and features that facilitates practical uses. Then:

- there is a level, albeit minimal, of collaboration between the different actors involved that leads individuals and companies to agree on the use of a certain standard and to contribute actively to its complete definition;
- there is a critical moment in which the action of a catalyst gives a major boost for a full adoption pushing also still-reluctant actors to realize the need to support the decisions made.

In the economic thought, there have long been two extreme opposites. The first is the liberal idea, which considers the absolute freedom of the market as a condition for the development, reputing that a free competition would lead to an optimal allocation of resources. Here the production and distribution of goods and services are much more efficient than those that can be obtained by allowing any top-down regulation. The second idea, socialist, argues that the economy should be fully planned and that the management of the dynamics of an economic system rests with the State that establishes plans, sets goals, and regulates the use of resources

in order to facilitate an equitable distribution. As is well known, none of these ideas (which are extreme and have seen many hybrid applications) has produced fully acceptable results.

When tourism is considered, then, a fundamental element to take into consideration is the presence of common resources (common goods such as the environmental or cultural resources), which, if left in an environment totally free from any constraint, strongly risk falling into that *tragedy of commons* described by Garrett Hardin (1968). According to this interpretation the users of a common resource can be caught in a dilemma between individual interest and benefit to the community. The only solution seems to be the intervention of an external regulator authority. In fact, as shown by others (Ostrom, 1990), neither the centralized management of common goods nor its total privatization are viable solutions. The analysis shows that it is impossible to generalize theoretical models, and reveals how individual communities are able to reach agreements through a sustainable self-organization and the formation of responsible managing institutions.

Even the e-tourism world has highlighted these problems. In the last 15 years we have seen a de facto liberalization mostly due to a lack of understanding of the importance of the Internet phenomenon and to the *casting* of many public and private actors into protectionist positions that refused the technological advancements. This has left the field open to those who had instead begun to operate actively and has created a market characterized by the strong presence of a few operators; an oligopoly that dictates the conditions for participation. As a matter of fact, the last European online tourism survey by Phocuswright (2012) forecasts the first five online travel agencies (OTA) to reach 40 percent of the e-tourism market in 2013.

In regions of the World such as Europe, where tourism as an economic activity is characterized by a high fragmentation and very small firm sizes, the situation depicted above is becoming less and less sustainable mainly for small operators who have limited resources and skills for achieving effective advantages (Baggio, 2012). Moreover their recognized strong (and often excessive) competitiveness has led to a condition of technological anarchy, in which each actor (or a small group of actors) has developed or adopted her own system, with her own definition of the elements that compose it and her own methods to access the available distribution channels.

As mentioned earlier, however, a human being could quite easily understand that objects or activities with different names and different descriptions might belong to the same class, but a machine cannot do it and considers all these as different. For an efficient functioning of a network of machines a common way to describe the items to be handled is needed, that is an ontology, a formal representation of a shared and explicit conceptualization of a domain of interest. In addition to this, the network requires a standard communication protocol: a formal set of data formats and rules for recording and transferring the different messages.

The attempt to collect and organize the tourist objects in a more or less centralized is an effort that does not seem to be able to achieve high success. For example (data are for March 2013), the Alexa (www.alexa.com) popularity ranking assigns places around the 50,000th–100,000th position to the most recognized regional portals while the OTAs rank among the first 500 (an extreme example is the 562,970th position achieved by visiteurope.com, the European tourism portal).

One reason can be that these huge realizations need extensive resources, not always easily available to the different organizations, but, above all, their push to centralization collides with the very nature of the medium that is used, Internet, which is genetically inclined to sharing, open communication, and connections. It is no coincidence that the recent developments (Web 2.0 and social media) have been imposed so powerfully undermining many positions captured and forced to reformulate strategies and approaches.

Besides that, the wide variety of technical approaches used by tourism organizations and the lack of standardization, makes very difficult, if not impossible, to provide a coordinated access to online resources. Moreover, this situation holds back effective and practical possibilities to easily assemble composite products that users are so keen to have. As some scholars have shown, in fact, an excessive fragmentation of the offers confuses travelers more than well-organized proposals (Park and Jang, 2013), or may stress rather than ease issues such as seasonality when search costs are too high (Boffa and Succurro, 2012).

One final consideration is in order. It may seem that the lack of standards is not necessarily a restraint to innovation, even in tourism. For instance, one can see mobile technologies as the most innovative and growing current environment. Yet, this field is characterized by a strong competition between noncompatible systems. Android, iOS (Apple), Windows (to cite only the major players) have provided a wealth of possibilities to design and develop applications (apps) that have created an intense phase of innovation for products and services in which tourism is the main field of application. These systems, however, are completely incompatible, forcing developers to a multiple effort to guarantee market success of their offers. In this situation some start to remark that, after an initial enthusiasm, we are facing some disillusion, and companies and developers are questioning whether they should continue on the native app way or turn to some more universal standard (although not really standardized) such as HTML5 for their mobile applications (Pongracz, 2013; Quigley, 2013; Quilligan, 2013).

A Concluding Remark

The strong relationship existing between ICTs and tourism leads almost naturally to considering a tourism system as an integrated ensemble in

which both a real physical component (the companies and organizations active in the field) and a virtual one (the digital representations of the physical elements) act in a strongly coupled way. The resulting networked system can be seen as a digital business ecosystem in which the structure and the dynamic behavior are of peculiar nature (Baggio and Del Chiappa, 2013).

Building on the considerations made so far, it seems rather clear that mainly for what concerns the development, if not the survival, of small and medium tourism operators, a technological cooperation strategy is to be adopted without further delay.

This strategy has to be founded on the recognition of the need for a standard and interoperable set of protocols that could enable an effective exploitation of the incredible advantages modern ICTs can provide. Among the many systems in use for tourism operators what seems really missing is a shared platform that allows matching buyers and sellers in a virtual marketplace and facilitating automatic transactions. In other words a wide network in which supply and demand, in their different and varied forms, can convene in a structured way in order to meet the dynamic demands of the market and where it is possible to evaluate bids, negotiate costs and conditions, and make deals without having to go through lengthy or cumbersome bureaucracies or slow traditional communication channels. Proposals of this kind have been put forward several times in the past and methods and schemes for rational choices exist (Reino et al., 2013).

Interoperability and standards are, as discussed in this contribution, a crucial prerequisite for encouraging creativity and innovation, commonly reputed a main determinant for the attractiveness and competitiveness of tourism destinations or actors.

Any strong policy action in the e-tourism arena should aim to act as a catalyst for these elements (infrastructure and interoperability standards) and to promote their establishment and use, rather than addressing almost exclusively the B2C side by proposing, for example, purely marketing or promotional platforms (e.g., portals and the such). On their side, tourism operators have to give up, at least partially, positions of excessive competition and come to an agreement on standards for digital interoperability of their offers.

As Egan (2002: 63) notes: “*firms need to get involved in the frequently arcane business of standards-setting if they are to avoid losing competitive advantage. If they do not get involved, their competitors are likely to set standards, and define the way products are tested and certified.*”

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CHAPTER THREE

Open Data: Challenges and Opportunities for the Tourism Industry

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Introduction

Since a famous 2007 meeting coordinated by Tim O'Reilly and Carl Malamud gathering open government advocates in Sebastopol (California), where the general principles of Open Government Data have been defined, the movement has gained significant momentum. The principles define open government data as complete, primary, timely, accessible, machine processable, nondiscriminatory, nonproprietary, and license-free¹ (Fioretti, 2010; Ubaldi, 2013).

The possibility to reuse these data without restrictions should according the group promote increased civil discourse, improved public welfare, a more efficient use of public resources² (Davies et al., 2013; Janssen et al., 2012; Ubaldi, 2013). The different governments and authorities opening public data afterward have presented their policies as engines for innovation, sources of wealth creation, and incentives for web developers and Internet entrepreneurs to produce new, useful applications for citizens (Lacombe et al., 2011). The policy turned out to be an important element of the ongoing processes changing the society. But reservations have to be unlocked, as openness can appear as a loss of control and a decline of influence for the producers of data.

Internet and mobile applications are the first outcome that comes when considering open data, and tourism is the first market. Tourism plays in the economic side of the ongoing data revolution the same driver role it played for the take-off of the Internet use in the economy or e-commerce (Marcussen, 2009; Werthner and Klein, 2005). Buhalis and Law (2008: 610) indicate that “*technological progress and tourism have been going hand in hand for years.*” The spread of data products (Loukides, 2011) is to

increase the leading role of tourism in innovation and technological progress already underlined in the literature (Buhalis and Law, 2008; Hjalager, 2002; Hjalager, 2010).

Open data can have indeed lots of consequences for tourists, through access to contextual information and opportunities provided in site for instance. The question is also often raised of the opportunities or threats open data represents for the actors of tourism, institutional or private, national or local (Lazard, 2013). But the issue does not resume to established individual actors facing new challenges, it embraces the whole industry and must be analyzed dynamically at this level.

Tourism is not a simple “sector” in the usual sense (Leiper, 1979; Tremblay, 1998); the chapter will refer to tourism as an industry that encompasses all the activities dedicated to the satisfaction of tourists’ needs, and borrows from multiple activities (Longhi, 2003). The industry relies on the organizational complementarities and interdependences among actors and groups of actors, sharing responsibility for and planning tourist flows and needs (Tremblay, 1998), on firms that purposely undertake joint coordination of their activities for serving the tourists (Leiper, 1979).

Coordination of activities is the core issue, which points out the importance of an analysis of the actors and their interactions. The concept of system emerged as the most suitable analytical framework to cope with the activity, and underlies the basic theoretical developments (Buhalis, 2012; Buhalis and Licata, 2002; Leiper, 1979).

The tourism industry will thus be defined as a sectoral system of innovation and production (SSIP) as defined by Malerba (2001: 3), that is, “*a set of new and established products for specific uses and the set of agents carrying out market and nonmarket interactions for the creation, production and sale of those products. The agents are individuals and organizations at various levels of aggregation with specific learning processes, competences, organizational structure, beliefs, objectives and behaviors. They interact through processes of communication, exchange, cooperation, competition and command, and their interactions are shaped by institutions (rules and regulations). Over time, a sectoral system undergoes processes of change and transformation through the coevolution of its various elements.*”

According to Malerba (2001, 2004) and Tether and Metcalfe (2004), an SSIP is characterized by a set of attributes or building blocks that evolve over time, and specify the components and modes of interaction of the system. These attributes are the knowledge bases and technologies, the organizations (firms, nonfirms, networks), the institutions, and the existing, emergent, and potential demand; they help to explain the constraints linked to the specificity of the tourism innovation process (Hall and Williams, 2008). The sectoral system is an open system, with evolving boundaries triggered by evolving attributes along innovation processes.

The open data movement and other disruptive technological changes it cannot be totally separated—social web, semantic web, and mobile technologies—foster a deep redefinition of the whole attributes and thus of

the tourism industry (Miranda, 2011). The chapter cannot thus pretend to exhaustiveness regarding disruptions some consider as an Information Revolution of the scope of the Industrial Revolution. It does not pretend also to exhaustiveness regarding the various open data initiatives in the world. The cases presented to illustrate the phenomenon are limited to United States and United Kingdom, which are forging ahead in the development of applications, and to the French case, where the situation is more contrasted. The chapter will first define and clarify the open data initiatives that have emerged at different levels, countries, cities, institutions, and firms. These initiatives have resulted in innovative developments often related to tourism, as culture, transport, tours, are main fields of application. The definition of the tourism industry as a sectoral system of production and innovation will secondly help to apprehend the multiple dimensions of open data impacts focusing on its attributes: the institutions, the knowledge bases and technologies, the organizations and networks of interactions, the markets and the demand, and their co-evolutions. The research presented in this chapter is mainly explorative. Open data is a recent phenomenon, but the innovative developments following the institutional changes have been quasi-immediate and various, resulting in new services and new uses. The research is an attempt to clarify the opportunities and challenges open data represents for tourism, and draw the resulting evolving frontiers of the industry.

Open Data: Definitions

The open data movement is born in a drastically changing environment. Quantitatively, the world is often said to produce more data in some days than in its whole history. More than people, sensors and internet of things are continuously adding billions of data to the network. Qualitatively, the web has also deeply evolved. *“Web 1.0 consisted of static web pages enabling global information sharing but not interactivity... /... Web 2.0, often called the social or community web, linked people and users... /... Web 3.0 is the Semantic Web, where meaning of content is recognized and understood by computers, enabling machine to machine interaction. This capability makes data interoperable and capable of manipulation by computer program”* (Mistilis and Buhalis, 2012). The web will be able to aggregate mass of interdependent and dispersed information at a single address (Brugière and Népote, 2011), to provide contextual information. This aggregation supposes the adoption of rules for publishing data, which have been introduced in Berners-Lee (2006):³ “Use URIs to identify things that you expose to the Web as resources; use HTTP URIs so that people can look up those names; when someone looks up a URI, provide useful information, using the standards (RDF*, SPARQL); include links to other URIs, so that they can discover more things.”

Open government data are pivotal, as public or local authorities produces every day a lot of data related to population, geographical, statistical,

economic issues that could be linked to other open or private data to better outcomes.

The general principle of open government data have been defined during a meeting held in 2007. Following the conclusion of debates, open data should be freely available to everyone to use and republish as they wish, without restrictions from copyright, patents, or other mechanisms of control. It refers to public data, not subject to valid privacy, security, or privilege limitations. The principles are completeness, primacy, timeliness, ease of physical and electronic access, machine readability, nondiscrimination, use of commonly owned standards, licensing, permanence and usage costs.⁴

Openness means not only free access to the information internally produced by the authorities, but access to the datasets made of primary data, as complete, disaggregated and timely than possible, to allow new uses. Metadata explaining the raw data have to be attached (i.e., purpose, date of creation, author, location of the data). File formats like pdf or proprietary programs should be avoided as difficult to reuse or costly. And finally, open licenses should allow to reuse, transform, and even market the services built from raw data. Different licenses exist (open database license, open license, creative commons...), which precise the rights and obligations of the reuser, particularly the commitment to inform about the source, date of creation, and release (Telecom Valley, 2012). And the more primary, the more likely of combination with other sources, merging datasets to produce “unexpected” knowledge. In this sense, data can be considered as raw.

Summing up, when synthesizing the principles underlying the open data movement, three main domains emerge. Technical (raw data and open format), Law (open license), Economic (free disposal or minimum costs). The principles never refer to political or moral principles (Chignard, 2012). The group has specifically focused on technical requirement regarding the domains underlined. There is no a priori, different choices are thus possible to implement the principles in effective policies.

Institutional Changes

In this chapter the tourism industry has been defined as a sectoral system of innovation and production (Malerba, 2001), gathering all the actors that purposely undertake joint coordination of their activities for serving the tourists (Leiper, 1979; Tremblay, 1998). The system evolves continuously with the emergence of new knowledge bases, the entry of new actors. But basically, whatever these changes, the tourism industry is shaped by institutions, which includes norms, routines, common habits, established practices, rules, laws, standards, which affect agent behavior and interactions among agents (Malerba, 2002), and can take different forms depending the contexts. The changes in the management of data rules, the incentives

created by open data on the public or tourism authorities and actors have induced deep transformations.

These institutional changes have been very prompt as the formalization of the many dispersed initiatives toward openness dates from the 2007 Sebastopol meeting on Open Government Data. The effective implementation of the principles enacted in the meeting dates from the election of President Barack Obama in 2009, followed by initiatives of the government of David Cameron.

Indeed on January 21, 2009, several memorandums have been signed by the new elected president Barack Obama on open government and transparency. "My Administration is committed to creating an unprecedented level of openness in Government. We will work together to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government."⁵ Directives to the heads of executive departments and agencies have followed, stating precisely the implementation of the policy; for instance, each agency shall identify and publish online in an open format at least three high-value data sets and register those data sets via Data.gov.⁶ The dedicated site Data.gov, created in May 2009, has rapidly grown, up to 373,000 raw and geospatial datasets, in line with the tradition of dissemination of information and statistics prevailing in the United States (McDermott, 2010).

In September, the US initiative has been followed in the United Kingdom by the creation of the "data.gov.uk" portal. More transparency and more accountability are the two objectives of the UK open data agenda. According the Open Data White Paper (2011), "people can scrutinize local crime statistics, sentencing rates, school results, hospital infection and GDP outcomes." The resulting applications have been very effective and successful. "Where does my money goes" values where and how taxes were spent (in health, education, justice, defense, environment...) depending of the wage earned, or the departmental spending for all the transactions over £25,000, and the relative distributions of expenditure in health, education, justice... by regions. The data from Police.uk on crime, sex offenders, detailed street by street, had 35 million consultations on the opening day. Another important commitment has been the public transport transparency, enabling the creation of many new services, applications, and information for citizens and tourists. Transport, traffic, and safety are the most spread applications.

In addition, the Cameron ministry has sponsored the creation of the Open Data Institute (ODI), opened in December 2012, and chaired by Tim Berners-Lee. The ODI will have the mission to assist the government and to support the activity of firms and academic institutions involved in the creation of services and innovation. This last objective, the take-off of a market from the openness of data, is a pivotal issue of the policy.

The United States and the United Kingdom are by far the main precursors and actors of the open data movement. The idea on the reuse of

public sector information to increase the commercial utilization of data is older. In 2003, the Public Sector Information directive (PSI, 2003/98/EC) intended to establish “a minimum set of rules governing the reuse and the practical means of facilitating reuse of existing documents held by public sector bodies of the Member States” (EC, 2003) to increase the commercial utilization of data, to promote economic growth, and specifically increase tourism. The PSI has been followed in 2007 by INSPIRE⁷ is “an EU initiative to establish an infrastructure for spatial information in Europe that will help to make spatial or geographical information more accessible and interoperable for a wide range of purposes supporting sustainable development” (2007/2/EC). Nevertheless, the implementation of the directives in the member states have taken a long time coming compared to United States or United Kingdom.

In France, for instance, the government and the administration hold and publish masses of information. The access to administrative documents and reuse of public information is an enforceable right for the citizen since a law of July 1978! The French notion of PSI refers to data produced or received in a public service mission by the State, local authorities, or all other public or private entity in charge of such a service. In 2005 the law of 1978 has been reinforced by a decree adapting the PSI directive; the openness of public data is compulsory, the data produced in relation to public missions can be (freely) reused and the results marketed. But it is only in 2011 that a mission, Etalab, has been created to diffuse open datasets. Some 350,000 datasets are now available through the portal data.gouv.fr.

The French legislation can thus include firms with delegation of public services, and institutional bodies of tourism (tourism offices, tourism regional committees) in charge of tourism and travel information on their territory in the open data movement. These last bodies have tried to seize the challenges provided by openness to evolve. But the firms have been more reluctant to open their bases, and have invented the concept of Open Service they opposed to Open Data (Lazard, 2013).

Private firms are not obliged to open their data. Some have nevertheless chosen to give an access to their bases. But the situation could evolve from an institutional point of view; as citizens can have access to the data produced from their taxes, consumers could have access to the data produced from their expenses, to improve their knowledge of the market and welfare. An important step is the program “midata” launched in the United Kingdom,⁸ to “improve information sharing between organizations and their customers; sharpen incentives for businesses to compete keenly on price, service and quality; build trust; and facilitate the creation of a new market for personal information services that empower individuals to use their own data for their own purposes” (4). The program “midata” is the private equivalent of the open government data movement, encouraging firms to implement applications enabling consumers to use and combine data from many different sources. Different initiatives exist in the United States, at the European Commission, and in many associations.

Finally, the best advocates of open data have been the local authorities. Different elements can explain this reality, the expected development of services toward citizens and tourists for attractiveness, economic development, In France, Rennes has inaugurated to open data policy before the State, or even before citizens using OpenStreetMap (OSM) and data they built themselves created geolocated services for their areas. These initiatives are incentives for reluctant authorities to open their data as, whatever their decisions, equivalent data can be produced for a large number of services.

Knowledge Bases and Technologies

The tourism industry knowledge bases are continuously evolving and renewed, governing the entry of new actors and new arrangements of markets and organizations. This process has been sped up recently by the emergence of disruptive technologies, from the evolutions of the web to the mobile technologies (Aldebert et al., 2011; Buhalis and Law, 2005; Buhalis and Jun, 2011). The open data does not work all other things being equal, it will have to be analyzed within these other major changes, after a discussion on the basic choices facing data providers.

Different choices are possible for the providers of data. They can open well-targeted data corresponding to what they consider the main needs of citizens or tourists. Or they can open all the data available, whatever their nature, and associate the reusers to improve quality, find complementary data, adjust the policy from the download processes. Implicitly, the first option expresses wishes of control on the data, and predetermination of the uses. The second option matches the open data movement; the reusers can produce unexpected and innovative applications from data available from ages though linkages with other datasets. The open data can be segmented in different types, covering organizations and activity (Lazard, 2013):

- referential data, covering geography (topography, road...), administration, demography, public infrastructure, cultural heritage, not changing overtime, usually precise and reliable;
- operational data, covering transports, environment, expenses, flows of tourists, evolving with the activity, and pivotal for the implementation of timely services;
- transactional data, covering digital footprints, data from parking, transports, usually produced by firms or entities with delegation of public services, that should be available as open data. Local authorities could condition markets with availability of data.

Open data can lead to job creation on both supply and demand sides. Digitization of paper documents or reformatting of datasets generate microworks, startups, and work for developers (Kaplan, 2012). Indeed,

open data are assets, but assets need to be enabled. The portals of the governments or public authorities give access to the datasets posted online; application programming interfaces (API) can also be used to give access to the datasets and data structures.

The use of the API has been a major breakthrough regarding data. In 2005 the openness of the API of Google Maps has given rise to a lot of applications and mashups, that is, applications that use and combine data from different sources to create new services, not necessarily in line with the raw data. The open data rests on this principle. A lot of applications have consisted in positioning public data on Google maps.

Google has indeed organized the whole public or private communities related to data, deciding to use geography to organize all the information, geographical or not (Lacombe et al., 2001).

The geographical organization of (open) data has matched another disruptive technological shock, the emergence of mobile technologies and the growth of smartphone applications. The combination of the two has deeply impacted the tourism industry, its organization and markets. Indeed, “the smartphone revolution has moved the Web from our desks to our pockets. Collective intelligence applications are no longer being driven solely by humans typing on keyboards but, increasingly, by sensors. Our phones and cameras are being turned into eyes and ears for applications; motion and location sensors tell where we are, what we’re looking at, and how fast we’re moving. Data is being collected, presented, and acted upon in real time. The scale of participation has increased by orders of magnitude” (O’Reilly and Battelle, 2009).

The percentage of US mobile phone that are smartphones in 2012 is 57 percent; in France, the percentage of new mobile phones bought that are smartphones is 60 percent in 2012, and it is growing steadily (GFK institute⁹). The smartphone penetration is more important in United Kingdom, Italy, and Germany than in France. The tablet market is also growing, and the surge of lower-priced devices is to increase the process.¹⁰ Mobile Internet has dramatically changed the uses. For the first time, the access to websites has decreased in France, -1.7 percent in 2012 (Source AT Internet), and symmetrically the market and traffic of mobile applications is growing significantly, of 50 percent in 2012 for many apps (Source AT Internet). The market for applications, following the creation of the innovative Apps Store has exploded, the apps being more user-friendly for people. The technological lockers going with the PC have disappeared.

Mobility and ubiquity have changed the uses of the Internet in the society, and even more in tourism (Miranda, 2011; 2012). It was usual in the past to analyze the behaviors of tourists in three phases, Before—During—After the travel, During being the less developed. People were preparing the travel on the web, and posting advices when back. With the smartphone revolution and the geolocated applications, During is growing as the more relevant step, there is not more clear distinctions. The smartphones being localized, tourists more and more contact, visit, buy in

site, thanks to the applications and the mashups available for any activity, they can even prepare the travel with the same applications they will use in site. With geolocal search, social networking is the other side of the uses of smartphones, the advices are no more an After activity, comments, advices, photos, are posted in real time.

Location and context are thus the key words; the developments of technologies related to near field communication (NFC), augmented reality, not tackled in this chapter, are to increase their importance. Regarding smartphones geolocated data from cultural heritage, events, that is, referential and operational data at least are necessary to implement useful apps for citizens and tourists. A lot of information are produced by public and local authorities, open data is an important element of the ongoing change.

Organizations and Network of Actors

From governments to citizens or tourists, the open data movement renews the functions and arrangements of the actors of the tourism industry, and causes new entries able to cope with the evolution of the knowledge bases.

The tourism industry is moving toward more heterogeneity and diversity regarding knowledge bases, technologies, and thus actors. The main organizations and their interactions in the development of open data will be successively analyzed not for exhaustiveness, but to highlight the main changes in the industry.

Cities and Local Authorities

The open data movement is sometimes described as Open Data City. This is particularly true regarding tourism; the local authorities have transformed constraints into opportunities (Feige, 2013) fostering the development of new services and applications from the openness of their data. The local authorities, cities, and regions have been among the most involved actors of the open government data.

Cities have been the engine of development of the movement, as relays of the strategies implemented by the governments, or being even more reactive than the central administration, like in France for instance. Again the local level is pivotal for innovation, wealth creation, and the evolution of the tourism industry. Some examples of the implementation of open data in innovative applications are given in the following.

In 2010, Rennes and Kéolis, the carrier running the transport in the city, have been the first to open data and develop applications for mobility in the city. They have been followed by the Paris, Nantes, Montpellier, and regions of Saône-et-Loire, Loire Atlantique, Provence Alpes Côte d'Azur... For instance, Bouches-du-Rhône has created data.visitprovence.com. Datasets on hotels, restaurants, cultural settings, and events, leisure parks, rental information..., can be used, modified, merged with others.

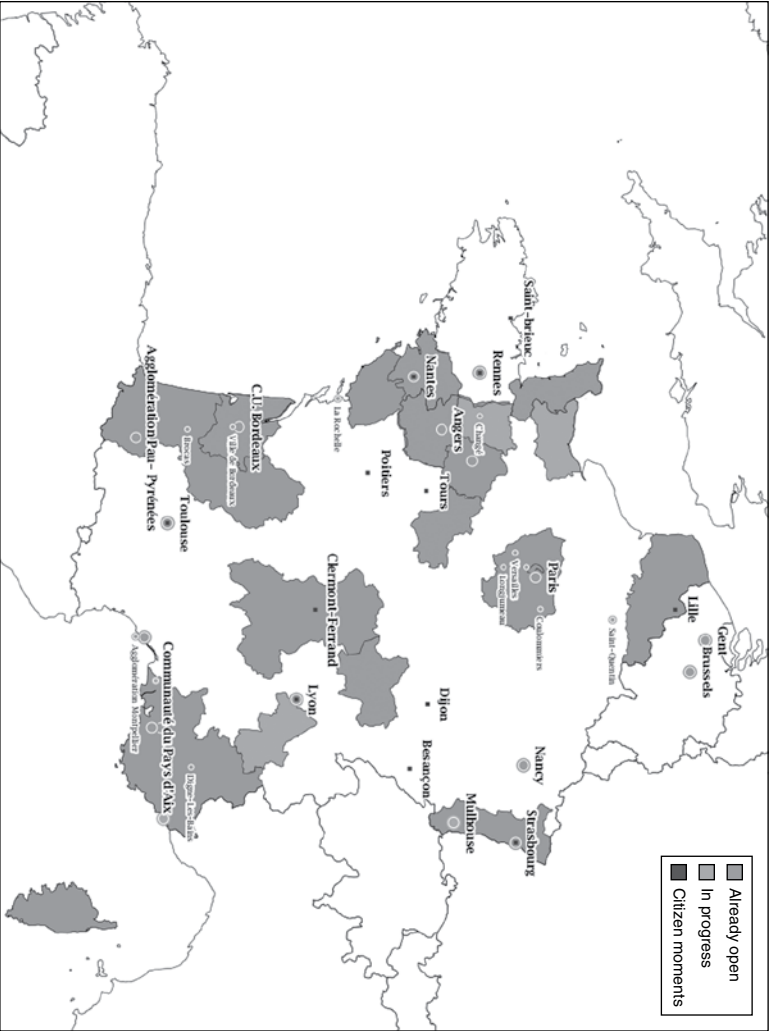


Figure 3.1 Open data in France.

Source: <http://www.opendata-map.org/map>.

Tourism is the first industry concerned by open data, and mobility the main issue. In cities transport (bus, metro, bikes) and walk data are the more opened and reused to feed applications.

Open data platforms are gradually opened in the French regions, but the situation is still unbalanced. A map has been established by the association liberTIC shows the diffusion of the movement (Figure 3.1):

The inequalities of development can be qualified of Open Data Divide, equivalent to the digital divide of the last century. Data, information, and applications have replaced the infrastructures. A two-speed tourism supply can result, areas endowed with mobile tourism applications, areas appearing as vacant space regarding local real-time applications.

Cities have often been first movers for Open Data. But the movement has been led by United Kingdom and United States, where most of the innovative uses have been invented, and the availability of data the most important. They are related to administration and finance, crime incidents, but most are related to mobility and tourism. San Francisco, close to the Silicon Valley, has been among the most innovative. For instance, *Routesy* help to find its way around the Bay Area's top transit systems, showing the closest stop or station, along with real-time prediction data to make sure to make it on time. *Walkonomics* is a web-app that rates and maps the pedestrian-friendliness of streets and urban areas by combining open data and crowdsourcing. How walkable or bikable is your street, neighborhood or city is the topic of many apps? Or *Parkola* is an app that makes finding parking easy, with real time parking data. Or *SF Way*, with more than 50 apps in one package, for everything needed to live, work, play, and visit in San Francisco, useful for locals and tourists alike.¹¹

San Francisco has made an important organizational innovation, with the vertical integration of many apps and information for the whole city or area into one, avoiding searching among thousands of entries.

The other way round can be thought. There are today many cities involved in open data applications, for instance lot of experiences are gathered in PublicData.eu, and sometimes linked. For instance, *Bike Share Map*¹² gives the location and status of the Bikeshare station from more than 30 cities in the world, Barcelona, Lille, Melbourne, Mexico, New York, Rennes, Rio de Janeiro, Seoul, Washington, Zhongshan..., in real time. In the linked data universe, datasets can be associated in relation to a specific purpose. Horizontal integration is the innovative development in this case.

Institutional Bodies, Tourism Committees

Tourism information office, tourism institutional bodies, the French regional or departmental tourism committee (CRT, CDT¹³) are aware of the importance of open data. Most of them are nonprofit associations¹⁴ but they are in charge of the organization of the tourism sector, of the management and diffusion of the regional and local tourism information, which could be considered as a delegation of public service.

The offices are indeed displaying a lot of statistics and information on the profession (hotels, restaurants...) on their websites, but the data are rarely accessible. Since the 1990s they are endowed by the government tourism agency with specific tools to manage databases and websites, as well as subsidies when adopting a specific norm and format for the exchange of tourism data, a thesaurus gathering all the terms related to tourism. This process has led to a system of information internal to the institutional bodies (Telecom Valley, 2012).

The surge of the Web 2.0, of mobile applications have obscured the visibility of their websites. Their internal systems of information are out-of-date, actors like TripAdvisor or others sites or applications, allowing comments have taken the lead, with a risk of diffusion of distorted information from the point of view of the profession.

The institutional bodies are convinced of the necessity to open their databases (Telecom Valley, 2012) and develop applications. The development of mobile internet and the appearance of the last generations of smartphones have triggered a huge growth of application markets; after the success of Apple's App Store, the other brands have launched their own apps stores, under their own operating system. The incompatibility of the different systems raises important problems when developing new apps, as systems of translation do not exist. The local tourism authorities do not always have the capabilities or resources to invest in all the systems. The HTML5 developed by the W3C could be a solution, as it can easily handle the resources of the smartphones (geolocalization, camera...), and run under all the operating systems. But it seems that the manufacturers prefer to maintain their native applications and an important segmentation of the market.¹⁵ For the government or local tourism authorities it is quite the reverse, interoperability between smartphones is both the assurance of a wider dissemination to users and of development of mobile services.

Open data should be the occasion to gather the different institutional bodies, committees, professional associations, sometimes in competition, in order to share and open the datasets able to favor the attractiveness of their area (Lazard, 2013). They have indeed to face the challenge of radical changes in the knowledge bases, limited resources to allow a change of paradigm, and to implement new partnerships as the cities have built platforms to reuse the data.

They will also have to define the relevant area the apps should meet, which has to match the needs of the mobile tourists, the relevant perimeter of their trips within the area more than institutional frontiers. It is certainly better to propose for instance one application than many different ones for microareas or specific activities (Boulin and Fabry, 2012). Just as in local economic development, the relevant territory has to be determined endogenously from the resources involved in the local tourism project, to foster attractiveness. The mobile tourists are usually mobile-free independent travelers, avoiding mass tourism to favor an individual approach of the trip, and needing real-time information to enjoy their stays.

Firms and Markets

The firms have played an important role in the open data movement, even for open government data, not only because public-owned firms have usually a delegation of public service, and should open their bases, but because the successful open data efforts are usually Public Private Partnerships (PPP), with ongoing agency engagement with users. The public providers of data have been reusers in partnership with specialized firms for the development of local applications for citizens and tourists, fostering attractiveness.

The firms and private bodies involved in the movement are very diverse, large, and small, huge organizations or individuals, as illustrated in the following.

The datasets opened by the governments are a main source, but thousands and thousands of datasets are available, often in different formats, difficult to merge and reuse. An ecosystem of innovative small and medium enterprises (SMEs) has grown, which develop tools in relation with the outburst of data available on the web. These specialized firms, which transform heterogeneous sources in structured flows of data, turn out pivotal elements of the coordination of activities in tourism. They are usually start-ups and their market is related to big data, Data Publica, Qunb, for instance in France, or from 2010 large market places of data in the USA Data-market, Factual, Infochimps, Kasabi, or Windows Azure Data Marketplace.

The leading firms of the web have also contributed the upsurge of applications, Google being the most important after the opening of its API and the induced multiplication of mashups. The use and reuse of the data can be free, semiopen in the sense that all the data of the firm cannot obviously be obtained, and can be charged when the traffic resulting from the use is very important, through income produced by Google ads for instance.

Twitter, Facebook have also given a semiopen access through dedicated API. As the firms use open government data, the destinations could use these data to adapt their strategies. Indeed, these data from the social web are used to “predict the present,” that is, to extract statistically from the flows of tweets, of the queries on Google, the trends related to such or such events. The evolution in real time of the tastes, the expectations regarding the destinations of tourists planning their holidays could help these destinations to adapt their marketing or their policies.

The geolocation has really been the application at the origin of the uses of open data, Google maps being the first source. The other major one is OSM, a collaborative project to create a map of the world completely free of charge and free of use. OSM has been a powerful incentive for the reluctant cities or firms in charge of public services to open their data. Indeed, crowdsourcing does not only allow to add elements on existing applications, it can also result in the creation of whole datasets, of mashups, of innovative services.

The data are collected from scratch by volunteers performing systematic ground surveys, and then entered into the OSM database. This has been the case of *Check my Metro* in Paris for instance, when the RATP (the public firm operating transport in Paris) was reluctant to openness, providing the map and the traffic. The application has been forbidden by the RATP, but very soon the firm chose to open its data and allow the reuse and development of applications. Again the situation has been very different in the United Kingdom, for example *London Live train map* for the London Underground by Matthew Somerville, showing all trains on the London Underground network in real time, had been developed in 2010.

The SNCF, the national state-owned railway company, has also rapidly opened its datasets, to foster innovative uses. Innovation is the key word going with openness for many firms adopting this policy. For instance, the *Tranquillien*, an application allowing to control in real time the traffic and to optimize its travel on the Paris transportation network (Transilien) results from the open data strategy.

The openness of the transport data has also been conflictual in some cities, but when the implementation of the services through OSM has been produced by volunteers, often for buses, the locks have been unbolt. The volunteers organize mapping parties, where a group of openstreet-mappers map exhaustively an area, usually over a weekend. A mapping session consists of dividing the area between participants and mapping it, by car, cycle, or walking.

Nevertheless the mapping parties are not restricted to conflicting situation; they are on the contrary an important vector of the implementation of useful applications and services from the open data in cities and regions. In Rennes for instance, the datasets related to topography, pavement characteristics, have allowed developing *Handimap.org*, which traces itineraries for disabled people. The application has been duplicated in other cities.

The OSM are continuously enriched and updated by informed people proposing and sharing original walks, often biking-related services, and also information on monuments, museums, nonwidely known characteristics of areas.

Incentives are also created to encourage developers to build useful applications from the datasets available. "Open data suppliers" can also be "Open data appliers," that is, providers and users can be the same organization. Open data can make exchanges and cooperation easier between the different services of a city for instance. But the cities also intend that the resources invested to open data benefit to their areas, that is, result in innovative, unexpected applications useful for the citizens, the firms, the tourists... They have built incentives, contests providing their raw data to ensure that the development of applications will benefit their own areas.

The first contest has been *Apps for Democracy*, organized by the city of Washington, DC, now reproduced in many cities and many countries.

The contest offers the datasets to use, among the open data available for mashups, and obviously a prize for the winner, which can result in spin-off. The first Apps for Democracy contest featured 60 prizes, with a total of \$20,000 up. A lot of Apps are now available,¹⁶ for instance, *OutsideoinDC* that aims to make DC a more bike-friendly city, informing on crime statistics along the lanes, or *tumble Safely*, which help to find the best bars and a safe path to stumble home on. In France, the government has launched Dataconnexions on the same principle, and the regions or cities have launched Hackathons. In the regional site, most of the datasets are related to tourism (cultural heritage, events, museums, parks, walks and trips, camping cars areas...) and the hackathons benefit to the tourism industry.

Finally, as already underlined, the successful open data efforts are usually PPP, with ongoing agency engagement with users. Co-production and open innovation are the usual organizational designs adopted in these PPP, as in the partnership between Rennes and Kéolis, related the transports and mobility in the city, from buses to bikes. The data on the network of bicycle stations have been provided free of charge to developers from the data warehouse of “Rennes Metropole,” and many applications have been created, for instance *Locomote*, of the start-up Isokron, which gives the faster route related to its location and the situation of the networks of buses, trains, sharing bikes... Or *eo’City*, developed by another start-up, NewLC, giving in real-time information on buses, bikes available in stations... Or the GFI *Tout Rennes bouge*, that is, all the city moves, dealing on real time with all the dimensions of mobility in the city. The application has been further implemented in other cities, *Tout Nantes bouge* for instance. GFI is a large European group, involved in many projects related to open data in France, with the region Saone et Loire for instance, and apps EZ for restaurants, hospitality, cultural events... Mobility is always a dimension of the applications, large, leading multinational groups have created a dedicated department to deal with the open data developments, Veolia with Veolia transdev¹⁷ for instance, which has developed Urban Pulse, an application providing all the essential elements needed to go out in the city, from transports to events, bars,... available in Lyon, Paris, New York, Rennes, and other cities, and soon available in Marseille, Nice, Boston...

The economic activity caused by the open (public) data is important; it is nevertheless difficult to trace its market. For instance, Washington affirmed that “the first edition of Apps for Democracy yielded 47 web, iPhone, and Facebook apps in 30 days—a \$2,300,000 value to the city at a cost of \$50,000¹⁸; large figures are given in Europe, “estimates for the overall market size for public sector information in the European Union range from €10 to €48 billion, with a mean value around €27 billion” (Dekkers et al. 2006), which seems overestimated regarding the nature of the market. The market of public information has always existed, but regarding open data, the access is by definition hardly free. More than the market-of, it is the market-from data that has to be analyzed.

The applications from (local) government data do not generate important yields. The effects are important, but clearly indirect (Chignard, 2012). In cities, the PPP are built for local applications and have effects on welfare, quality of life, and environment. Data regarding public car parks have been for instance opened in many cities for apps giving real-time availabilities with direct effect on traffic, often congested by cars trying to park (Chignard, 2012). The effects of applications are important for attractiveness of the areas, quality of life, tourism, local development, but difficult to assess precisely. These data are also extensively used in mashups, to enrich (for free) with relevant information the applications of the private firms providing mobile services. These apps can be important for the competitiveness of firms, the hotel groups for instance, again indirectly. Nevertheless, the market of the applications and of big data is a growing one, producing an important turnover.

Demand and Concluding Remarks

The traditional basic importance of demand in tourism industry has grown with the Internet, and even more with open data. Tourism is a good experience, and systems of advices and signaling are necessary for the market to work. Consum'actors have emerged, which take part to the coordination of the industry, from simple web pages in the last century, to involvement in social networks, TripAdvisor, and other global entities. With open data, citizens are even creating the applications when the market is reluctant to work. Tourists can contribute, enrich the contents, and give additional information.

Open data can be a vector for local authorities to promote their territory, adapt to the needs of tourists. The mobile technologies have deeply changed the tourism industry, from mass tourism oriented to individual behaviors. In mobility, reliable real-time information always available is pivotal, for the tourists to find their way. The information interesting primarily the consumers in mobility, and thus the tourists, are finding restaurants and interesting spot around their position (87%), get information on the monuments, areas they are visiting (79%), receive mobile promotional coupons for surrounding activities (77%), and get advices on itineraries matching their profile (76%) (Boulin and Fabry, 2012).¹⁹

The behaviors are tremendously changing. Very interestingly for instance, Priceline's early data on mobile-enabled customers (Priceline.com, September 7, 2010) reveals that 58 percent of mobile device-enabled priceline.com customers were within 20 miles of their hotel at the time of booking, and 35 percent were within 1 mile of their hotel (Horwell, 2012). This suggests that those customers had already arrived at their destination before making their reservation. The leading hotel groups have already adapted their strategies to these radical changes in technologies and consumers preferences regarding booking. In 2008, Louvre Hotel

has developed an application, Hotel for You, which allow to locate hotels around a position and to reserve very easily from the smartphone. Accor, IHG have followed with open-data-enriched applications, adding selected geolocated useful information and services in the hotels areas to the booking mobile facilities (de Bast, 2011).

These changes could negatively impact a large part of the industry, becoming invisible because of lack of relevant mobile technologies and applications. Independent small hotels cannot afford the investments to adapt this new deal. Nevertheless, cooperation between local authorities, institutional tourism committees, professional associations, open-data-based PPP, allowing innovative mashups matching the tourists' needs, the local industry masters, could allow a sustainable process of adaptation. Indeed cooperation within the public and the private sectors (intra-sectoral) and between the two sectors (intersectoral) is one of the conditions for a tourist region to achieve competitive advantage (Crotts et al., 2000; Czernek, 2013). The continuous changes in the knowledge bases and quasi-instantaneous adaptation of the consumers deepen this necessary condition for the tourism industry.

The information revolution is indeed radically reshaping the industries, tourism being certainly one of the most impacted. The growth spurt of the smartphones and their applications, the geolocated and open-data-based mashups have given rise to a context-aware mobile tourist and a real-time decision process for most of the choice to do. Clearly the open data movement has been not only a necessary condition of these evolutions, but often its cause. Incentives toward innovation reuses have been built by the public and local authorities, the institutional tourism bodies. The chapter has shown that all the attributes of the tourism system of production and innovation have been stirred up: renewed institutional rules, knowledge bases, actors, demand, and above all arrangements and interactions. This open data upsurge is not to slow down, even if reluctance to lose close control on data exist. New facilities are created, but also new unbalances, between countries, within countries as well as within the tourism industry. New public policies will have also to be invented to face these growing data divides.

Notes

1. <http://www.opengovdata.org/home/8principles>
2. <http://www.opengovdata.org/home/8principles>, http://p2pfoundation.net/Open_Government_Data
3. <http://www.w3.org/DesignIssues/LinkedData.html>
4. <http://sunlightfoundation.com/policy/documents/ten-open-data-principles/>
5. http://www.whitehouse.gov/the_press_office/TransparencyandOpenGovernment
6. http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf

7. Infrastructure for Spatial Information in the European Community.
8. Department for Business, Innovation and Skills (2012), *Better Choices: Better Deals*, Report on progress on the Consumer Empowerment Strategy, December, © Crown copyright London.
9. <http://www.zdnet.fr/actualites/>
10. <http://www.idc.com>
11. <http://www.mysfway.com/>
12. <http://bikes.oobrien.com/london/>
13. Comité Régional du Tourisme, Comité Départemental du Tourisme,
14. Association Loi 1901 in France
15. <http://www.proximamobile.fr>
16. <http://www.appsfordemocracy.org>
17. The activity of transdev seems to decline, following the current reorganizations in Veolia.
18. <http://www.appsfordemocracy.org/>
19. CCM Benchmark, “e-Tourism : chiffres clés, stratégie des acteurs et attentes des consommateurs,” March 2012, quoted from Boulin, Fabry, 2012.

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CHAPTER FOUR

The Role of ICT within Tourism Development Processes in Postindustrial Sites: Empirical Evidence from Poland

JUSTYNA MAJEWSKA AND
SZYMON TRUSKOLASKI

Introduction

It is often pointed out that the information revolution is one of the most significant sources of innovation in tourism as this latter industry was among the first sectors to adopt information and communication technologies (ICTs). The accelerating and synergistic interaction between technology and tourism in recent times has brought about fundamental changes in the industry (Poon, 1993; Buhalis and Law, 2008). Since the Internet has revolutionized business operations, the most affected business functions from the technological revolution are perhaps marketing and distribution (Go and Williams, 1993).

Thus, a research field is emerging due to the importance of ICTs in tourism. Although researchers have noted the potential of integrating IT into the tourism industry since the 1990s (Frew, 2000; Kluge, 1996), it is over the last decade that IT-related tourism studies have started to appear in a greater abundance—see Buhalis and Law (2008) for comprehensive reviews. On the basis of the results of the web-established study conducted by Ritalahti and Sarkkinen (2010) to explore the suppliers' attitudes toward e-commerce and business supported by electronic facilities and portals, tourism suppliers seem to know and understand that e-commerce enables business growth and the acquisition of new customers.

In this chapter we take a closer look at the use of ICT by postindustrial sites in Poland, claiming that if tourism is capable of regenerating industrial areas (Carvelis and Ivy 2001; Edwards and Llurdés, 1996; Mansfeld, 1992; Stobart and Ball, 1998;) and ICTs are increasingly more important

in tourism operations, then ICT can support revitalizing industrial areas as well. The research aims to determine the activity of postindustrial attractions/facilities regarding their use of ICT and their perception of the ICT to: (1) increase the interest of customers—including foreign tourists—in the products (services) of postindustrial attractions; (2) to expand and improve the offer of such attractions; (3) to enhance the process of revitalization and the tourism function of the whole area. The activity in the use of the ICT was studied with a diagnostic survey supported by interviews with representatives of postindustrial attractions, which allowed us to assess the perception of the importance of ICT in the activities of these attractions. We also evaluated and ranked their websites. The nature and trends of the interest of users (potential and actual tourists)—and the demand for information—was also estimated, with the help of standard analytical tools like Google Analytics and Google Trends. Finally, conclusions and recommendations for the management of attractions in relation to the ICTs used by them were drawn.

The chapter is structured as follows. The next section contains the theoretical background, which illustrates the implementation of ICT in the tourism industry and its impact on the tourism market and marketing of tourism destinations and firms. In the section following this we describe the methodology, which is based on five approaches: (1) an in-depth survey, (2) rating of the websites of the attractions, (3) analysis of the trends in the number of websites referring to the attractions and cities of their location, (4) analysis of the time trends of Google searches, and (5) analysis of Google Analytics reports. In the next section, we provide our findings divided into four subsections according to the division of the research methods applied in the whole study. The last two sections highlight the conclusions and limitations of our study together with a further research agenda, which aims at identifying the role of ICT in postindustrial sites, taking into consideration both business activities on the tourism market and development processes in tourism destinations, including revitalization.

Theoretical Background: ICT, the Tourism Market, and Destination Marketing

There are two main factors driving the implementation of ICT in the tourism industry: (1) the increased size and complexity of the demand and, (2) the rapid development of the tourism market from the supply side. In order to ensure seamless customer service, it seems necessary to use advanced technologies. This is due to the fact that the tourism industry is one of the few, which requires much information and close cooperation between the participants of the transaction. Tourism enterprises are therefore forced to invest in ICT as well as to constantly expand and diversify their offer (Buhalis, 2002; Pender and Sharpley, 2008). The key

operational functions supported by ICTs include: the dissemination of information and reservation services, management and marketing at the international level, facilitation contacts among suppliers, intermediaries and consumers, and the creation and delivery of the tourism product.

Following Miles et al. (1995) and den Hertog (2000), ICTs are considered one of three major knowledge-intensive services (KIS) sectors, where KIS is defined as services that involve “economic activities which are intended to result in the creation, accumulation or dissemination of knowledge.” KIS-providers play a special role in innovation systems. They serve as sources of innovations (initiating and developing innovation activities in client organizations), facilitators of innovations (supporting the innovation process of an organization), and as carriers of innovations (aiding in transferring existing knowledge so that it can be applied in a new context) (Miles et al., 1995). Thus, using KIS enables firms to conduct their own innovative activities. In particular, ICT-use constitutes not only an innovation in itself but also enhances the innovation process by shortening distances and saving on costs and time, as well as facilitating information transfer and the promotion of a higher quality of decision-making (Amit and Zott, 2001; Czarnitzki and Spielkamp, 2003; Vilaseca-Requena et al., 2007) (see e.g., several industry-related examples presented in the proceedings of the ENTER Conference).

There is a general, strong preference for locally provided KIS (OECD, 2006). The evidence of local sourcing (location of KIS-related providers) may support the importance of geographical proximity and the generation of clusters and networks in strengthening the innovative system in which the firms operate (Ács, 2002). The tourism sector contributes especially to the emergence of local KIS that produces knowledge important in understanding cultural trends and preferences in tourism—or pressures to stay “in fashion” (Peeters, 2006). This is due to the fact that the tourism industry is extremely sensitive to changes in consumer tastes. It should be pointed out that on the one hand tourism generates demand for KIS including ICT services (e.g., online ticket booking platforms for museums), and on the other constitutes in itself a source of KIS (Kahle, 2002), for example music clubs in disused coalmines. It is a part of the “experience industry,” an area of “high-tech,” or even “high-touch” activity (Weiermair et al., 2008). In fact, traditional service industries are becoming more experiential as part of a next stage in the progression of economic value—the “experience economy” (Pine and Gilmore, 1999). Here, what the consumer values is a memorable experience over goods and services. Innovative businesses create customer experience places using high-tech solutions, offering real or virtual venues where customers can try out what’s on offer through absorbing experiences (Pine and Gilmore, 2002). This is of special importance for the “offering experiences” tourism sector, which is evolving between high-tech and high-touch. In this context, the results of our previous studies point to the need for an in-depth investigation of the role of KIS (ICT) providers in the emergence of these

“new” tourism function and new tourism destinations and to establish what role is played by knowledge-based ICT services in the innovation-based reorientation of traditional tourism areas.

To integrate the local tourism offer, the management systems of the tourist area are used. They serve primarily as a source of information for Internet users and sometimes help in making a reservation. Some of these systems are transformed into a fully professional and comprehensive website offering a wide range of products and services (Pender and Sharpley, 2008). These systems typically include a database of products and services, a customer database, and mechanisms for coupling the two parts together. Other options and features, which are equipped with these systems, include: the search for information by category, geographic location or key words, trip planning, making reservations, and access to other sites offering weather information, schedules, or the ability to plan travel or to reserve tickets for cultural events (WTO, 2001).

ICTs enable travelers to access reliable and accurate information as well as to undertake reservations in a shorter time, at a lower cost and in a more comfortable way comparing to conventional methods (O'Connor, 1999). It is mentioned in the literature that customer satisfaction depends highly on the accuracy and comprehensiveness of specific tourism information and the ability of organizations to react instantly to consumer requests.

A significant part of the purchase decision process, which was revolutionized by the Internet is an information search. In this context multimedia is becoming one of the key areas of development that influences tourism. Using animations or video clips can enhance information richness and interaction (Buhalis and Law, 2008). The web allows people from around the world to virtually interact with a destination through three-dimensional (3D) virtual tours. Travelers expect websites to be informative, interactive, and attractive. Kim and Lee (2004) distinguished six dimensions of such web service quality: ease of use, usefulness, information content, security, responsiveness, and personalization.

The literature already contains a range of approaches for assessing web presences and performance (Morrison et al., 2004). Moreover it is possible to distinguish two categories of prior studies on website evaluation: quantitative and qualitative—the first with—and the last without—generating performance indices or scores to capture the overall quality of a website (Law et al., 2010). Within quantitative studies there are for instance: automated tools used to analyze numerically measurable data on websites (Suh et al., 2004), a scoring system with binary classifications for websites (Cox and Dale, 2002), or different scoring systems (Hardwick and MacKenzie, 2003). In particular, it is possible to find in the literature examples of standardized website evaluation forms—like in Mills and Morrison (2002) (Morrison et al., 2004). These authors took into consideration 7 categories/aspects of website evaluation and a 4-level rating scale (from 0, which means “not present,” through 1 which means “poor,” to 4 which is “excellent”). This was the starting point for the development of

the website evaluation form (based on the content of the websites) in the present study.

In qualitative studies, it is argued that the combination of branding, human–computer interaction, and usability could enhance website evaluation (Heldal et al., 2004). Within this group of studies, Liang and Lai (2002) used, for instance, a consumer–based approach to derive functional requirements for e–store design; and Kim and Stoel (2004) applied the WebQual scale to examine the dimensional hierarchy of the apparel websites.

Prior studies on website evaluation were based on its usefulness estimated through its functionality and usability. Other researchers stated that website performance can be determined by network statistics such as hit rate and log analysis (Law et al., 2010). There are scientific articles that have analyzed the use of Google Analytics data as a web analytics tool (Hasan et al., 2009; Plaza, 2009). There are also studies on search engines, which have become the battleground for tourism businesses and organizations for the purpose of attracting, engaging, and converting potential visitors (Google, 2006; Xiang and Fesenmaier, 2006). All of this is because search engines have been recognized as the “first step” in the online travel planning process (Fesenmaier et al., 2000).

Methodology

The research in this chapter consists of five approaches:

- an in–depth survey run between June and August 2012 in four analyzed postindustrial attractions—historical coal and salt mines in Poland;
- a rating of the websites of the attractions conducted in June 2012;
- an analysis of time trends of the number of websites referring to the attractions and cities of their location as indexed by Google between 2007 and 2012;
- an analysis of time trends of Google searches using the attraction names as keywords provided by “Google Trends” and “Google Insights for Search” since 2007;
- an analysis of Google Analytics reports provided by the “Queen Louise” Mining Museum in Zabrze in the period of 2009–2012.

The research methodology allows for the analysis of attractions in terms of the scope and intensity of Internet use in the process of communicating with potential visitors. The analysis was performed for the websites in Polish, English, and German, to capture the process of the internationalization of the attractions in question.

The scope of the study consists of selected tourist facilities (32 attractions with regard to a rating of the websites, and four case studies within

an in-depth survey) related to the attraction's sights and the history of technology and industry in Poland (according to a list drawn up by the Polish Tourist Organization, POT, 2006). Many of the attractions on the POT list are located in the area of Upper Silesia—the largest area in Poland and one of Europe's largest coal-mining and industrial areas, characterized by a very high density of postindustrial sites. Their use for the purposes of tourism can contribute to improving the image of the region and to the successful revitalization of the whole area. One of the revitalization initiatives is the creation of the Monuments Route (consisting of 36 attractions/facilities) in 2006, and its incorporation into the European Route of Industrial Heritage (a network of famous tourist attractions transformed from industrial facilities) in 2010.

Empirical Setting

The attractions analyzed in this chapter are four mining facilities that include coal and salt mines: on the one hand the historic coal mine “Guido” and the “Queen Louise” mining museum in Zabrze, on the other the salt mine “Wieliczka” and the salt mine and spa in Bochnia. The first two, forming a part of the Industrial Monuments Route, are situated in Upper Silesia—a region famous for its industrial heritage, which many people associate with mines, steelworks, and so on, but its tourist image is not well developed (research carried out by the Silesian Tourist Organization (regional DMO) confirms this point). They are located at a short distance from each other and directly compete with each other on the tourist market. The coal mine “Guido” is an Anchor Point of the European Route of Industrial Heritage, which means that it is in a group of the most important attractions of this Route. The “Guido” historic coal mine was established in 1855 as a private investment of Guido Henckel von Donnersmarck. In 1987 it was entered into the register of historic monuments. Since June 2007 it has been operating as a cultural institution. The “Queen Louise” Mining Museum is rather a regional tourist attraction, which first started to offer its services to tourists in 1996.

On the other hand, the salt mine “Wieliczka” and the salt mine and spa in Bochnia are situated in Lesser Poland (a region neighboring Upper Silesia), which is one of the most popular Polish regions among tourists, not only domestically but also internationally. Moreover, it should be mentioned that the salt mine “Wieliczka” and the salt mine and spa in Bochnia have longer traditions in terms of being attractions for tourists. The salt mine “Wieliczka's” first tourist route was opened by the end of the nineteenth century, and in the salt mine and spa in Bochnia the same was done in the 1980s of the twentieth century. The salt mine “Wieliczka” has been on the UNESCO World Heritage List since 1978 and is on the most important list of monuments in Poland, which is called the Monuments of History; the salt mine and spa in Bochnia is on the latter list also. Because of their historical importance these two industrial

facilities are among the most recognizable tourist attractions in Poland, not only nationally but also internationally, or even worldwide in the case of “Wieliczka.” It is worth mentioning that similar to the case of the attractions in Zabrze, Bochnia and Wieliczka are close to each other, but between Zabrze and Bochnia there is a distance of about 150 km—so they are not so very close.

Findings

In the first subsection we illustrate the results of an in-depth survey conducted within the selected four attractions (case studies based on questionnaires and interviews). We identify the scope and intensity of ICT use by post-industrial attractions. Moreover, we discuss the opinions of the attractions’ representatives in terms of the objectives of introducing ICT and its potential effects in the activity on the tourist market (from the perspective of business and tourism destination development). In the second subsection we conduct our own evaluation of websites on the basis of the six adopted criteria and four-level scale mentioned earlier. Two types of the statistics provided by Google (time trends of the number of websites and time trends of Google searches) will be studied in the third subsection. The final subsection deals with the results of Google Analytics reports provided by representatives of “Queen Louise” for the period 2009–2012.

In-depth Survey

The responses obtained during the survey have revealed that the majority of industrial facilities use ICT as indicated in the questionnaire (interview) or intend to introduce it in the next two years, that is, by 2014 (see Table 4.1).

Apart from their websites the attractions typically use:

- multimedia exhibitions (such as a multimedia exhibition in Bochnia presenting the history of salt mining in Poland,¹ the permanent exhibitions of “Queen Louise” with the use of modern multimedia);
- electronic guides (one exception is “Guido”);²
- on-line shops (excepting “Guido”);
- regional information or multimedia map (excepting “Queen Louise”);
- management-enhancing software (excepting Bochnia).³

To a large extent ICT was introduced in the last three years as the attractions are trying to quickly adapt to the current market requirements and customer needs. QR (Quick Response) codes are not used, but most attractions (except the Bochnia salt mine), however, intend to introduce them within the next two years (by 2014). The same is true with

Table 4.1 ICT use in selected postindustrial facilities/attractions

ICT type	In use		Introduced in 2008–2011	Will be introduced within next 2 years, i.e. by 2014
	NO	YES		
Website		B, W, G, Q		
Multimedia exhibitions		B, W, G, Q	B, Q	
QR (<i>Quick Response</i>) codes	B, W, G, Q			W, G, Q
Audio guides	G	B, W, Q	B, Q	
On-line reservation system	B, G, Q	W		G, Q
On-line shop	G	B, Q, W	B, Q	
Regional information stand (for example multimedia map)	Q	B, W, G	B	
Management enhancing software	B	W, G, Q	Q	
Hot-spots	B, G, Q	W		G
Other	B, G, Q	W		
Audiomarketing	B, G, Q	W	W	

Note: Where: B—Salt Mine and Spa in Bochnia, W—Salt Mine “Wieliczka,” G—Historic Coal Mine “Guido,” Q—“Queen Louise” Mining Museum

the on-line booking system, which will be soon introduced in “Guido” and “Queen Louise.” Hot-spots are used only in “Wieliczka” and only “Guido” intends to introduce this feature within the next two years. In addition, all analyzed attractions declare that in the future they will increase the use of ICT.

Among the main objectives of introducing ICT, the selected attractions most often pointed out are:

- increasing the number of visitors (all attractions),
- existence in the minds of potential buyers (all attractions apart from “Guido”),
- introduction of new techniques of customer service (all attractions apart from “Queen Louise”),
- broadening the offer for foreign tourists (Bochnia, “Wieliczka”),
- revitalization of the attractions (“Wieliczka,” “Queen Louise”).

In addition, attention was drawn to the possibility of improving the quality of the offer (“Queen Louise”) and the creation of new forms of

leisure activities for residents of the region (“Guido”). Taking into account the effects of the implementation of ICT, only two attractions saw positive changes in their sales revenue—“Queen Louise” and Bochnia. Representatives of the attractions also responded to questions about the other effects of using ICT, such as: (1) enabling/enhancing the development of tourism in the region, (2) enabling/enhancing of the attraction on the tourist market, (3) expanding of the attraction’s scale of activity.

“Guido” and Bochnia agreed with all the statements. The representative of “Wieliczka” did not agree with the last statement. With regard to the first statement, the representative of “Queen Louise” found it difficult to agree or disagree—he remained neutral. It can therefore be noted that for the parties concerned there is a link between the use of ICT and their activities on the tourist market and (although to a lesser degree) the development of tourism in the region.

Among the most important ways of financing the use of ICT, in all the cases the companies’ own resources and European Union funds were indicated, and also local, nonrepayable public funds (in the case of “Guido” and “Queen Louise” this is associated with the legal form of these attractions). It is worth emphasizing the importance of the financial aid obtained from the European Union projects that stimulates the implementation of modern technologies in business activities—for example the “European Centre of Technological Culture and Tourism Industry”—the mining museum in Zabrze “Queen Louise” with the aim of the revitalization financed from the Regional Operational Programme or project implemented by “Guido”—and the “Revitalization of industrial facilities Zabrze Municipality for cultural, tourism and education.”

The representatives of the studied attractions were also asked about the origin of their ICT suppliers: whether ICT services are provided by employees of a given attraction or in a form of outsourcing (by local, regional, or transregional entities)? The ICT suppliers in the case of “Guido” and “Queen Louise” are mostly local, or even employees of the company (in the case of the former). However, with regard to the salt mines in Wieliczka and Bochnia, which are operated by private agents, these attractions primarily look for a suitable offer, regardless of the location of the ICT provider.

The staff of all the attractions monitor their web pages traffic, although data for this analysis are available for short-time series only. Activity in this area has been started in recent years. The longest dataset was obtained for the “Queen Louise” (based on Google Analytics).

Respondents also assessed (on a 5-level scale of intensity) the suitability of individual elements of their websites in terms of their own activities and desired outcomes with reference to any increased number of customers or revenues. The evaluation results are shown in Figure 4.1.

Where the websites content is:

1—use of multimedia (e.g., virtual tour, 3D visualization); 2—information for visitors about accommodation, maps, driving directions; 3—booking

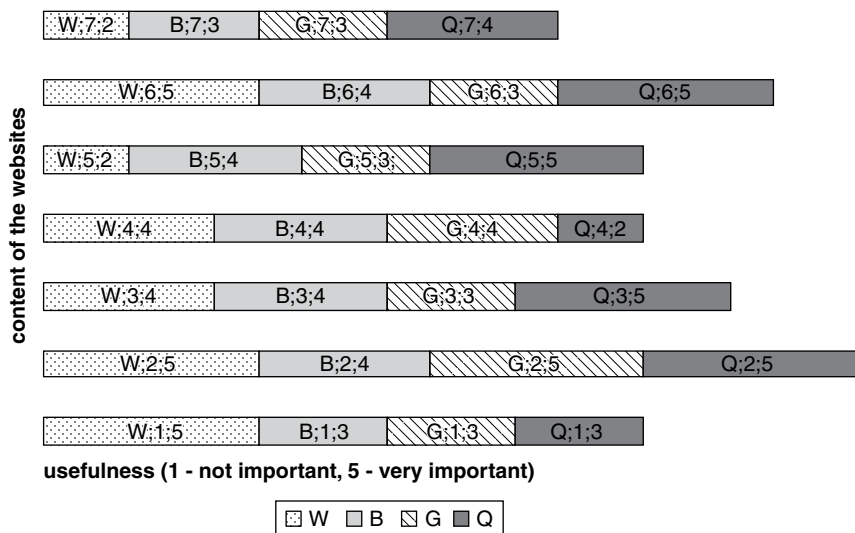


Figure 4.1 The usefulness of the content contained in attractions websites.

on-line, shopping on-line; 4—forums, newsletters, FAQs, presence on Facebook, and so on; 5—links to the accommodation, dining, and so on; 6—foreign language web pages; 7—personalization of the content for regular users.

The usefulness of information about accommodation for visitors (average 4.75), foreign language version of the website (average rating 4.25), and on-line booking of the date tour/ticket/guide, as well as on-line shops (average 4.0) were top-rated. The lowest average scores were obtained in the case of “content personalization” (3.0). Respondents were diversified—in the case of the links to the accommodation, dining, and so on, the average rating was different from the average value as much as 1.3. Given an average rating of all elements of the web page content, their usefulness was assessed the highest by “Queen Louise” (4.14—“important”), while the lowest by “Guido” (3.43).

Ranking of Websites

For evaluation of the websites of postindustrial and historical facilities/attractions in Poland we adopted six criteria that were evaluated with a 4-level scale (1—none, 2—unsatisfactory, 3—sufficient, 4—excellent), namely:

- the use of multimedia (e.g., virtual tour, 3D effects);
- the scope and manner of the presentation of the attraction (e.g., map directions, and so on);

- on-line booking, shops, and so on;
- forum, FAQs, newsletters;
- references to websites relating to accommodation, meals, other attractions in the region;
- foreign-language version of the website.

These criteria and the evaluation scale are derived on the basis of previous studies mentioned in the literature (see e.g., Morrison et al., 2004), wherein the greatest importance was placed on the usability and simplicity of the criteria adopted for the present study. The evaluation of attractions' websites was conducted in terms of the scope and the advancement of the use of the Internet to communicate with potential domestic and foreign visitors. It should be stressed that not only the existence of, for example, on-line booking, a foreign-language version of the website, or multimedia was taken into consideration in the study but also the number of these and their quality (e.g., with regards to the types of multimedia, potential usefulness or the way of information transfer about localization of the attraction or traveling, and so on).

The scope of the study was postindustrial facilities, interesting in terms of tourism, associated with monuments and the history of technology and industry in Poland (according to the list prepared by the Polish Tourist Organization, POT, 2006). There are 32 postindustrial or historical facilities in Poland with their own websites, which were evaluated by the Authors in June 2012. Many of them are associated with mining but there are also for example: a paper mill, railway heritage park, brewing museums, the Warsaw Rising Museum, Gdansk Shipyard Centre, Wolsztyń engine house, and so on.

Based on the 32 surveyed sites it can be stated that the assessment of websites is very different. This is evidenced by the standard deviation, and variability assessment of the websites—the average assessment deviates from the mean value of 0.85, being 39 percent of its value. The average rating of all the surveyed websites was 2.2, which denotes an insufficient use of the Internet in their marketing. The highest average rating of Polish facilities concerns two criteria: foreign language versions of web pages and presentations of information about the attraction (both 2.6). The use of multimedia by all the websites was rated above the average and the lowest score notes were given to forums, FAQs, and newsletters. More importantly, however, we observed a weak interaction of attractions and other service providers in the area—the rating of 2.0 for references to accommodation, meals, or other attractions in the region may be seen to be surprisingly low.

The lowest score (below the average for all 32 postindustrial facilities) was given to “Guido” (1.2, where the maximum was 4.0) and one of the highest scores was given to “Queen Louise” (3.3). This coincides with the conclusions of the assessment of the websites' content conducted by the representatives of the given attractions.

Results of Google Statistics

As mentioned earlier, two types of the statistics provided by Google were studied in the chapter, namely:

- time trends of the number of websites referring to the attractions and cities of their location as indexed by Google between 2007 and 2012;
- time trends of Google searches using the attraction names as keywords provided by “Google Trends” and “Google Insights for Search” since 2007.

The numbers of websites referring to the selected attractions and cities of their location by the date when they were indexed for the first time by the Google search engine as well as the numbers of Google searches were obtained to illustrate the process of the spreading of information on the studied attractions. Naturally the numbers of websites constitute the supply of information, while the number of searches is the demand representative. The numbers were collected for the Polish, English, and German languages to assess the level of internationalization of the interest about the former industrial sites used for tourism and recreational activities. As the Internet is rapidly growing, both the numbers of websites referring to the cities of the location of the attractions and to the attractions themselves are also increasing. Thus, we used the ratio of both to assess whether the yearly increases in the number of websites referring to attractions are high or low. The ratios of English to Polish and German to Polish sites were also calculated.

The results for the selected attractions are presented in Tables 4.2 and 4.3, as well as Figures 4.2 and 4.3.

The data in Table 4.2 shows the increasing ratios of attraction websites to place websites for all sites in 2007–2011, but in 2012 there are decreasing ratios related to “Guido” and “Queen Louise.” This can be perceived as a result of the more intensive increase of place websites comparing to the attraction websites due to the growing importance of this postindustrial area—the city of Zabrze—as a tourism destination.

The highest increase over the period 2007–2011 is reported for the coal mine “Guido” in Zabrze—more than 3-fold and for “Queen Louise”—more than 2.5-fold. In the case of both salt mines (“Wieliczka” and Bochnia) the increase is 1.4-fold. The trend, however, regards only Polish websites. We can assume that the more intensive increase of ratios (in Polish) in the case of the mines located in Zabrze may be caused by the fact that these attractions have provided tourist services for a shorter amount of time than those in Lesser Poland. Thus, there is still possibility to expand the number of websites connected with a given attraction, which is becoming increasingly more popular.

The ratios of websites in English and German decrease during the period—and regarding the websites in German, the declines are much

Table 4.2 Attraction website/place website ratio over the period 2007–2012

<i>Ratio: Attraction website/place website</i>	<i>Language</i>		
<i>Guido mine / Zabrze</i>	<i>Polish</i>	<i>English</i>	<i>German</i>
2007	0.263	0.782	2.524
2008	0.411	0.537	1.984
2009	0.576	0.544	1.642
2010	0.703	0.576	1.907
2011	0.899	0.617	1.841
2012	0.473	0.600	1.773
Increase in 2007–2011	3.414	0.789	0.729
<i>Queen Louise mine / Zabrze</i>	<i>Polish</i>	<i>English</i>	<i>German</i>
2007	0.209	0.341	0.291
2008	0.274	0.245	0.224
2009	0.348	0.232	0.148
2010	0.417	0.271	0.134
2011	0.529	0.270	0.143
2012	0.271	0.245	0.116
Increase in 2007–2011	2.531	0.791	0.489
<i>Wieliczka mine / Wieliczka</i>	<i>Polish</i>	<i>English</i>	<i>German</i>
2007	8.230	4.780	7.083
2008	7.272	4.458	5.075
2009	7.956	4.446	6.756
2010	8.774	4.383	6.042
2011	11.524	4.313	5.017
2012	13.434	4.166	4.413
Increase in 2007–2011	1.400	0.902	0.708
<i>Bochnia mine / Bochnia</i>	<i>Polish</i>	<i>English</i>	<i>German</i>
2007	2.335	2.913	7.828
2008	1.995	2.059	4.059
2009	2.276	2.066	3.116
2010	2.360	2.022	2.260
2011	3.079	1.940	1.906
2012	3.294	1.912	1.658
Increase in 2007–2011	1.319	0.666	0.470

Source: Calculations on the basis of the Google statistic counter.

Note: The percentages are calculated as the fractions of the number of websites referring to attractions in the number of all websites referring to places where the attractions are located; the increase in 2007–2011 is the factor increase of the above percentage values.

larger than in English. Observing the levels of the ratios, it can be seen that the importance of the analyzed attractions within the cities of their location is different. This is an obvious result of the size of the cities hosting the attractions in question—Zabrze with a population of 200,000 inhabitants is much larger than Wieliczka (20,000 population) or Bochnia (30,000 population). Comparing the levels for both the coal mines in Zabrze, it can be seen that although the ratios are comparable in Polish,

the ratios for the coal mine “Guido” are three times higher in English and ten times so in German than the ratios for “Queen Louise”—the coal mine “Guido” is the most internationally recognized historical mine in Zabrze. Not surprisingly, the highest levels of the ratios (in all languages) were achieved by “Wieliczka,” which is a worldwide recognizable attraction—more than 13 percent of the websites created in 2012 about Wieliczka refer to the mine (as well as 4 percent in English or German). The ratio levels for Bochnia are at least two times lower.

The data demonstrates the increasing supply of information as well as the use of the Internet in the communication process with potential tourists/visitors nationally. Contrasting with this is a decline in the websites created in English or German. It can therefore be concluded that the information activities of entities associated with the use of postindustrial sites to provide tourist services and recreational activities are being developed primarily for the domestic market. E-marketing associated with the dissemination of knowledge about emerging, often innovative tourist attractions in Poland does not have great significance internationally.

The demand for information about the attractions counted with the number of Google searches is presented in Figure 4.2.

The data shown in Figure 4.2 regard only two of the analyzed attractions as Google Insights for Search requires a certain amount of worldwide searches to produce output data. The less-known sites—for example Bochnia and “Queen Louise” did not surpass the amount required by Google Insights so the data on searches were not available. The bold black lines (solid and dotted) represent 20-week moving averages for Wieliczka

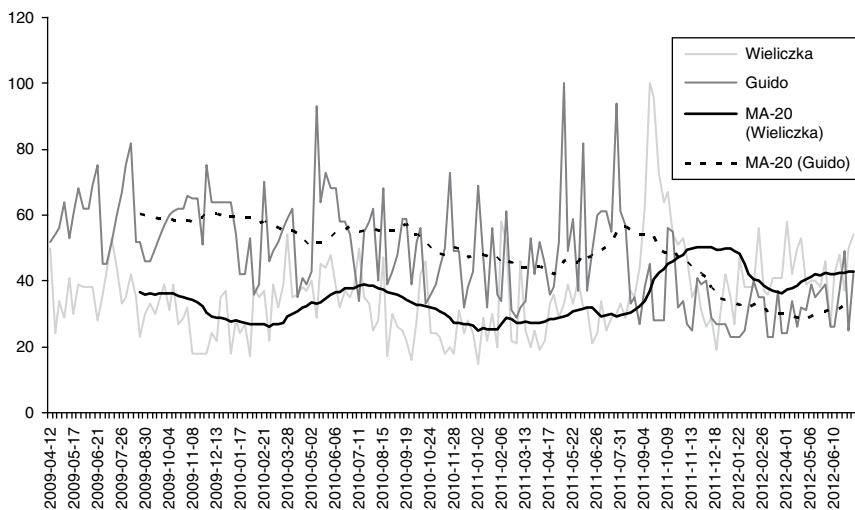


Figure 4.2 The number of Google searches—Wieliczka and Guido in the period of April 2009–July 2012.

Source: Google Insights for Search.

and Guido, respectively. It can be seen that the number of worldwide searches using “Wieliczka salt mine” as a keyword, is relatively stable, with the exception of the Fall of 2011 when the number of searches rose considerably thus increasing the moving average. In the case of the coal mine “Guido” the overall trend is decreasing, with the decline starting in the second-half of 2011. Apart from this both lines fluctuate, showing the usual seasonality of the interest of potential visitors—with increases during summers and declines during winters.

The next step of the research is to conduct a more in-depth case study to determine the factors influencing changes in the interest in the websites of postindustrial sites and its relationship to the e-marketing activities of individual entities. In this chapter, owing to the lack of relevant data, it was only possible here to use the example of “Queen Louise.”

The Results of Google Analytics Reports

The reports that were used in the case study in the chapter were provided by the representatives of “Queen Louise” for the period of 2009–2012.

The number of visits to the website of “Queen Louise” is presented in Figure 4.3 (July 2009 = 100). An upward trend can be seen in the period 2009–2012, with the average index of visits rising from 80 in the second-half of 2009 to 197.6 in the first-half of 2012. The seasonality of visits is also visible—the number of visits rises in springs and autumns and declines during summers and winters. This is due to the fact that the mine is often visited by organized groups of schoolchildren.

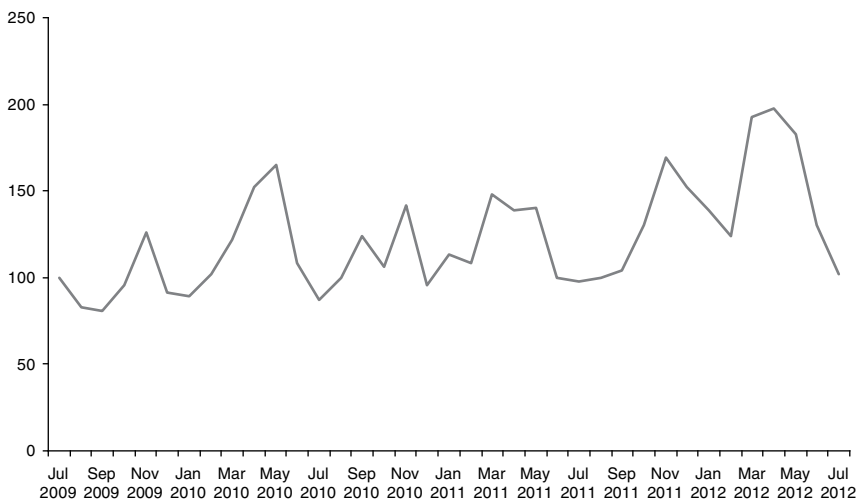


Figure 4.3 The numbers of visits to the website of “Queen Louise” in Zabrze in 2009–2012 (July 2009 = 100).

Source: Google Analytics.

The visits are in a vast majority from Poland—during the studied period the average percentage of Polish users was 91 percent. The rest of users came from neighboring countries—Germany, the Czech Republic, and also France. The most popular language of the visit was Polish, followed by English and German.

The structure of the traffic (see Figure 4.4) resembles quite the usual pattern for most websites, with organic traffic⁴ around 60 percent, although it is worth noting that strong brands (domains) should not have more than 50 percent of the site traffic sent by search engines (the stronger the brand/domain, the more requests are directly typed in command line in browsers).

In terms of the intensity of ICT use, it is useful to check the structure of referral traffic, that is, the structure of other sites redirecting the traffic to the page in question. In the case of “Queen Louise” such websites consist of: Facebook, Wikipedia, regional authority websites, tourist organizations’ websites, and hobbyists’ websites. The structure is presented in Table 4.3.

The data in the table shows that one-third of the traffic is redirected from regional authority sites—these are the sites of the city of Zabrze and the region of Upper Silesia. The second important referral source is the Polish version of Wikipedia. The rest of the types of the referral sites achieved the shares of 13–17 percent. It is worth noting that the Facebook fan page of the mine was created in the middle of 2011 and it quickly increased its share—in 2012, the share of Facebook referrals was 31 percent.

The bounce rate, presented in the last column of the table, is a useful measure of the referrals quality. It represents the percentage of visitors who enter the site and “bounce” (leave the site) rather than continue viewing other pages within the same site. Bounce rates can be used to

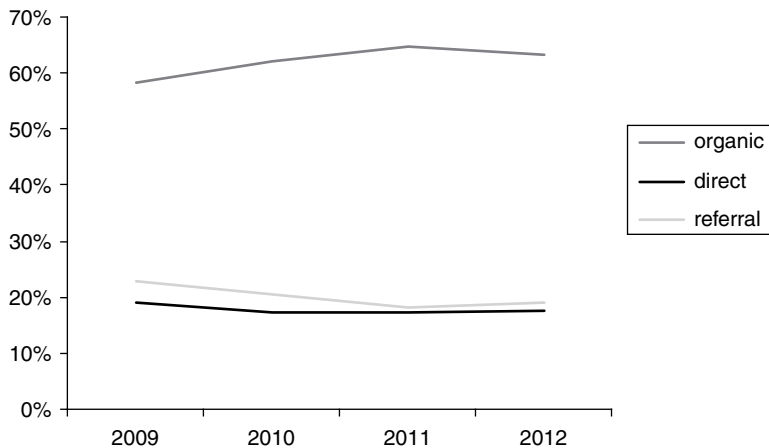


Figure 4.4 The types of website traffic in 2009–2012—percentage.

Source: Google Analytics.

Notes: organic traffic—search traffic from Google and other search engines; direct traffic—traffic from the command line in browsers; referral traffic—traffic redirected from other sites.

Table 4.3 The structure of the referral traffic of the “Queen Louise” website in 2009–2012

<i>Referring site type</i>	<i>Percentage</i>	<i>Bounce rate</i>
Facebook	17.4	65.25
Wikipedia	22.2	31.52
Photographic hobbyists' sites	13.1	66.23
Regional authority sites	31.9	36.92
Tourist organizations' sites	15.4	26.83
Total	100	42.94

Source: Google Analytics.

help determine the effectiveness or performance of an entry page. An entry page with a low bounce rate means that the page effectively causes visitors to view more pages and continue on deeper into the web site.⁵

From the bounce rate point of view the most valuable referrals are offered by tourist organizations' sites—in the case of “Queen Louise” they are mostly guides for hobbyists of historical or technical sights. The other effective and important referring site is Wikipedia, used by many users as a first-look tourist guide. The bounce rates of Facebook referrals as well as photographic hobbyists' sites are very high, suggesting that users view only pages directly linked to these sites. Exceptionally high bounce rates were recorded in the case of a photographic contest in 2012, with a bounce rate of 95 percent.

To sum up the Google Analytics reports study, the users' flow through the pages of the “Queen Louise” website is presented in Figure 4.5. This is the only case study, because only “Queen Louise” fully provided the required data for such an analysis. Therefore, it seems that information about customers and their behavior on the web is becoming more and more important from a business point of view; nevertheless, the question remains if it is fully processed by companies/attractions?

The size of the boxes and arrows connecting boxes reflects the importance of a flow in question. As stated above, more than 90 percent of users are Polish. Almost 50 percent of Polish users and all foreign ones start using the website from the main page. Polish users also access the website starting from: (1) a page containing a short piece of information about the mine, (2) a page of the photographic contest, and (3) a page informing about the European Funds and their role in revitalizing the mine. It is worth noting that users who entered the site referred from the photographic contest or the European Funds information page mostly left the site after a visit to these pages only.

The users who started from the main page at the Iteration 1 could be divided into two groups. The first group is mostly interested in the timetable and pricelist or contact details with the mine; the second group is interested in temporary exhibitions or other content of the pages. It is worth noting that users who were interested in contact data mostly left the

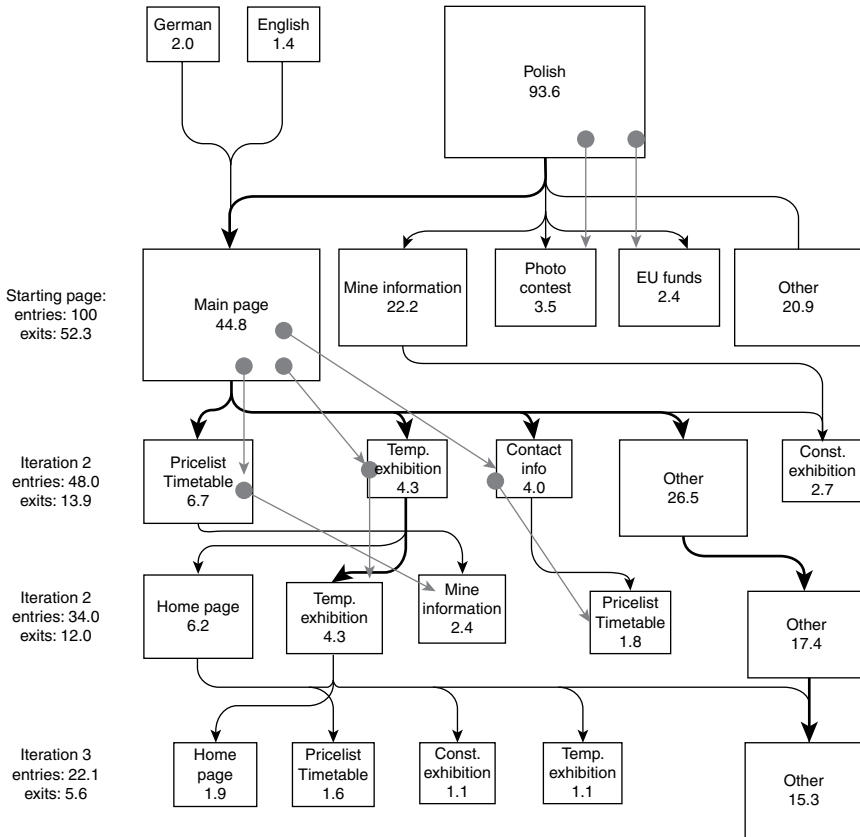


Figure 4.5 Users’ flow at the “Queen Louise” website in 2012.

Source: Google Analytics.

site (or a small fraction of them checked the pricelists)—this means that the users treat the website as a yellow pages book and the details of the visit in the mine will be clarified by other means, for example by telephone. The group of users who checked the pricelist at Iteration 1 did not leave the site—these users read information about the mine or contacted/went to other pages. The other group of users was interested in exhibitions in the mine—they entered the pages of constant and temporary exhibitions or vice versa. These users went back to the main page before checking the contact data or pricelist/timetables.

Conclusions

In this chapter we analyzed the use of ICTs and their importance in the activity of postindustrial attractions. The analysis was conducted both from the perspective of tourist attractions’ suppliers and potential visitors,

with particular emphasis on the use of the Internet and websites as marketing tools.

We find that the process is currently accelerating in Poland as the websites of postindustrial attractions are becoming richer and deeper. All the representatives of the attractions analyzed intend to develop Internet channels of communication but their websites differ substantially with regard to the content. As marketing on the whole can be seen as a self-powering mechanism, active on-line marketing attracts more visits to the website and tempt managers to increase further marketing activity on the Web. Thus we found a relation between the quality and advancement of websites (as we assessed and ranked the websites of 32 postindustrial attractions in Poland) and the importance of on-line marketing tools for managers (based on the results of the survey). It is also worth noticing that postindustrial facilities recognize the relationship not only between the effects of ICT use and their activity on the tourism market, but also between tourism function development processes and even revitalization of an area (this has been revealed during an in-depth survey run in June 2012 in four analyzed postindustrial attractions in Poland—as representatives of those attractions indicated the aims of the introduction or enhancing of the ICTs—use and evaluated the impact of ICTs—use on the market, region, and space). The postindustrial attractions operate using ICTs as a part of broader development projects that are conducted by the local government units.

However, taking into consideration the beneficial role of ICT, it is not easy to gain a competitive advantage with more intensive use of ICT as all sites are “forced” to use the technology. The result is that the ranking of tourist attractiveness does not change comparing to the time before ICT was introduced. From the perspective of the attractions’ managers, the most important role of on-line marketing is to raise the brand awareness among potential visitors and to attract them to pay a visit to the site. On the grounds of our analysis, the intensity of ICT use fails to achieve such goals. Increasing the presence on the Web through activities loosely related to the core product (e.g., Facebook fanpages or photographic contests) are indeed able to increase website traffic, but this traffic poorly enhances the number of visits to the attraction—we observed high bounce rates of such referrals in our case-study Google Analytics data.

The main conclusion of the chapter is that despite the true potential of online marketing, it is not enough to enhance brand awareness in tourism, at least in the case of short-term potential visitors who are conservative and just want to invest their time to visit the most renowned attractions which they “just know about” (e.g., many visits are due to school trips that are often organized to places that were visited by parents or teachers of current schoolchildren). It seems that only over a longer period of time, more sophisticated, can informative or interactive website’s content enhance marketing efficiency. In particular, potential foreign tourists, who know less about the region (are not conservative) may be encouraged to visit the website and then to visit the actual place of the given attraction.

Limitations and Research Agenda

The main limitations of this study are hereby illustrated: a small number of cases taken into consideration and incomplete data obtained from the surveyed attractions—thus a comparative analysis was limited. From the research point of view, it would be beneficial to conduct a full investigation (field study) in the whole group of 32 facilities/attractions analyzed in terms of their use of ICT in their activity on the tourist market.

The results (we have gathered) and conclusions (we have made) based on fragmented and insufficient data should be perceived only as assumptions—a starting point for further in-depth research. Moreover, data obtained from the Internet, in particular on the basis of the Google search engine and Google Analytics reports, are not fully accurate in regard to both the supply of information and the number of searches (the demand for the information). The study should be also supported by a broader scope of data describing the use of ICTs in the context of local ICT providers in order to find out their role in stimulating the development processes in tourism (also through revitalization of the postindustrial sites). Unfortunately, public statistics are not sufficient in this regard. One of the interesting directions for further research on the role of ICT in tourism development processes in postindustrial sites is the possibility to overcome weaknesses or to strengthen opportunities of tourism in Poland by the use of ICT. In particular: (1) ICTs provide a low-cost opportunity to gain the interest of potential foreign visitors; (2) much of the attractions were destroyed and emptied during historic events, thus ICTs can help “regain” the exhibits in virtual form; (3) postindustrial facilities are relatively abundant and well-preserved, thus ICTs can virtually present the historical working conditions in such attractions; (4) ex-military installations are also abundant in Poland, thus ICTs could help visitors to understand their military use.

Notes

1. Along a 1.5-km long route located 200-m underground, film productions showing the work of miners and mine development are shown. The project includes nearly 40 exposures. For its implementation more than 30 multimedia projectors, screens, holographic screens, full HD, strobes, lasers, and video technology mapping were used.
2. For example, in 2011 “Queen Louise” introduced a system of audio guides in four language versions.
3. For example, in 2011 “Queen Louise” introduced a computer system to evidence libraries “Libra 2009” and a computer system to evidence exhibits “Musnet Błękitny.”
4. Organic traffic means search traffic from Google and other search engines. Opposite to organic traffic are: direct traffic (which means traffic from the command line in browsers) and referral traffic (traffic redirected from other sites).

5. The rule of thumb is that a 50 percent bounce rate is average. If it surpasses 60 percent, the webmaster should be concerned. If it is in excess of 80 percent, the referral has no value (www.inc.com, 2011).

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CHAPTER FIVE

e-Reputation Management and Strategic Business Development Using Web 2.0 Tools: The Case of the Hotel Industry

CHRISTEL DOUYÈRE AND FRANCK SOSTHÉ

Introduction

Although the concept of e-reputation is relatively recent, and indissociable from the advent of Web 2.0, the notion of reputation is centuries old, as revealed by a review of the literature. In King Richard II, for example, William Shakespeare wrote: “*the purest treasure mortal times afford is spotless reputation*” (Shakespeare, 1595: 196). Similarly, describing a character in his novel “A Woman of Thirty,” Honoré De Balzac stated: “*He did nothing to forfeit a high military reputation gained by his dashing courage, for he had never been a commander-in-chief*” (Balzac, 1832: 52). Analysis of numerous literature quotes and texts concerning reputation immediately raises a core question: how did the notion of reputation transform into the e-reputation concept? As demonstrated in the first part of this chapter, this change is the result of a historical evolution. Whereas reputation can be considered to have initially involved a static process, the advent of the e-reputation following the development of the Internet, and especially Web 2.0 tools, has introduced a dynamic factor. The reputation of an individual or business is no longer established once and for all but is now subject to change over time.

The first part of our analysis naturally leads to a second question: should this evolution from reputation to e-reputation change the way businesses operate, or can a modern-day company remain indifferent to reputation management?

As will be shown, e-reputation management has become a strategic issue for businesses in general, and for the hotel industry in particular. The last section of our chapter focuses on the various means available for reputation

management in the hotel industry, which appears to lag far behind other economic sectors when it comes to effective use of Web 2.0 tools.

From Reputation to e-Reputation: From a Static to a Dynamic Process

The Historical Evolution of the Notion of Reputation

The word reputation comes from the Latin “reputatio,” meaning assessment. The concept of reputation is thus by nature very complex, because assessment necessarily involves value judgments or opinions that are not always based on observable and quantifiable facts. One of the first quotes about reputation can be found in a fifth-century BC text by Confucius: “For one word a man is often deemed to be wise, and for one word he is often deemed to be foolish.”¹ Even at the time, the spoken word was recognized as a means to create or destroy a reputation.

The various quotes cited so far have one thing in common: they all concern the reputation of an individual. This reputation, which has a significant influence on his or her social position, may be based on facts, usurped or even completely overrated, as in the example from Honoré de Balzac. Both fragile and eminently subjective, this reputation depends entirely on the direct assessment of the author. The individual in question has no way to counter, let alone modify the reputation the author has created for him. The existence of author subjectivity is evident for Etienne De Condillac. Speaking of philosophers in general, De Condillac wrote “they owe their reputation to the importance of the issues they deal with rather than the manner in which they treat them” (De Condillac, 1798: 30). In this example, it is no longer an individual who is concerned by his reputation, but rather a category of individuals (philosophers), yet the situation is the same. Reputation is based on an asymmetric relationship between the author and the individual (or group) for whom the reputation is created. In the Barber of Seville (1775), Beaumarchais went even further. Discussing the question of slander, he described for the first time how a man’s reputation may be voluntarily tarnished by an author. Beaumarchais not only outlined the method for damaging the reputation and honor of a person, he also showed that the reputation of even the most honest men can be affected in an extremely discreet and clever way by spreading a rumor (Kapferer, 1998; Volkoff, 1999). For Beaumarchais, no one is immune from this phenomenon. Anyone’s reputation can be immediately challenged by the words of others, even if there is no malicious intent. Unintentional subjectivity can influence reputation just as much as intentional subjectivity.

At this point in our analysis, no fundamental difference exists in the concept of reputation as depicted in the various examples cited. Reputation concerns an individual or a homogeneous group of individuals, and the author always retains complete control of the reputation process, or, more accurately, the consequences of the reputation he has created. The reader

has no means to counter or change this reputation and must accept it “as is.” This can be explained by the very limited means of information dissemination available in the past. There were no communications network available from which the reader could obtain information about the individual whose reputation was at stake and there was no way to comment on the author’s assessment.

In all of these examples, the result is a one-sided reputation process. The author (or producer) of a book more or less imposes his opinion concerning the reputation of an individual, and the reader is basically reduced to the role of a powerless consumer. Although he conserves his free will, which is intimately linked to his personal history, culture, socioprofessional environment, religion, and so on, the reader remains strongly influenced by the writer’s opinion, which cannot be challenged. This absence of channels or networks for the exchange of views inevitably impedes the emergence of the truth. Once “produced” by the author, the individual’s reputation is virtually permanent. This totally static reputation process is characterized by the asymmetrical nature of the relations between the author and the reader, where the former remains in complete control.

A new dimension in the evolution of reputation was clearly reached with Henry Ford. At the beginning of the twentieth century, Ford is credited with the now-famous phrase repeated by innumerable business management experts: *the two most important things do not appear on the balance sheet of the company: its reputation and its people* (Paone, 2011: 90). This seemingly trivial idea would dramatically transform our approach to reputation. Initially a problem for individuals or groups of individuals, reputation now became an important issue for businesses. Once confined to the fields of culture, sociology, psychology, and communications, reputation entered the world of economics and business management.

Even more than the development of information and communications technologies (ICT), and in particular the advent of Web 2.0, the transition from individual to business can be considered the keystone of the birth of the e-reputation, and the starting point of yet another dimension in the concept of reputation.

The Birth of the e-Reputation

In addition to highlighting the importance of corporate reputation, Henry Ford’s remark announced the new management issues companies would have to face. With Fordism, economic rationality would be developed at all levels and particularly as concerns the organization of production. However, Ford was not just the founder of a mode of economic and business development based on the organization of labor. He was also the precursor of the inclusion of nonquantifiable, intangible elements in evaluation of a company’s economic value and reputation on the marketplace.

This passage from individual to business completely transformed the concept of reputation. In the examples cited previously, reputation

involved three actors: the subject of the reputation, the author, and the reader. As the author had sole control of the process, reputation was exogenous to both the individual in question and the reader. In his business model, Henry Ford reduced the number of actors to two: the company that controls its reputation and the consumer who ultimately judges the company's quality when he decides whether or not to purchase its products. In this new context, the company controls diffusion of its reputation but the consumer has the power to "punish" the company if he is not satisfied. Definition of reputation thus becomes progressively more complex. Whereas reputation previously depended on a single person (the author), the company must now not only define the form and contents of its image but also take consumer perception (Fombrun, 1996) and emotional reactions (Davies et al., 2003) into account.

In brief, e-reputation, that is, the image of a person or a company on the web, can be considered a new component of reputation rather than a new field of study. There is no fundamental conceptual difference between the two and traditional studies on reputation (Balmer et al., 1999 ; Castanon et al., 2006; Hiles, 2011; Lazarsfeld, 1962; Merton, 1997) can be used to define e-reputation. The process is just more complex, in particular because the management of e-reputation is characterized by a number of specific features.

For the company, reputation has become a form of intangible asset, albeit one that is difficult to measure and quantify with traditional indicators. More precisely, corporate reputation can be considered a resource of similar economic value to that of its stock and heritage. One of the company's main goals will therefore be to develop and increase this asset in order to maintain and where possible increase its market share. The risk, of course, is that this reputation may deteriorate over time, the stock may collapse, or the reputation assets of the company may disappear completely (Knott et al., 2003). Reputation must be managed like stocks, but this is complicated because the concept is purely qualitative (Boistel, 2008). The company must convince consumers of the quality of its reputation through marketing and communication measures using traditional media.²

Things are not all that easy for the consumer either. He must form an opinion about the company's reputation when deciding whether or not to purchase its product. His degree of confidence in the company will be based on his personal assessment of their reputation and direct interaction with his environment, friends, word-of-mouth, and so on. As early as 1967, Arndt reported that 66 percent of consumers consulted their neighbors and friends when deciding to make a purchase. In that study, consumers' choices were identical to those of their relatives in 33 percent of cases (Arndt, 1967). At this point in time, before the birth of the Internet and especially Web, the consumer still had no access to means of communication allowing him to share his views with thousands of other consumers. Consequently, while the consumer clearly played a stronger role in this new reputation process, the company was still in control of the game. The question is: for how long?

While the company still controlled the reputation process, the latter had become dynamic. Company reputation was no longer set in stone, as in years past when an individual's reputation was permanently inscribed in an author's book. The consumer now had the power to "harm" or "punish" a business, although to a limited extent. Isolated and unable to confront his opinions or feelings with those of millions of other consumers, he had no way to calculate any type of confidence index for the company in question. At this stage, along with trying to constantly improve their image and maintain their reputation, companies attempted to establish a relationship of trust with the isolated consumer (Chan Ricky et al., 2006). The reputation process had become dynamic, but the consumer still did not have much influence. Exchanges and dialogue now existed between the company and the consumer, but the communication process was complementary rather than symmetrical.³

If the advent of the Internet represents an important step toward the birth of the e-reputation, the passage from Web 1.0 to Web 2.0 can be considered a true milestone. Internet unquestionably balanced the relationship of forces between business and consumers. The company still occupied a privileged position, but its power shrunk day by day. The new tools provided by Web 2.0 have greatly modified this balance of power. Reputation has become a dynamic, totally interactive process involving businesses and consumers. Companies use their website, Facebook page or Twitter to defend their reputation while consumers utilize the same tools, and more specifically blogs, discussion forums, and so on. The speed of interaction between companies and consumers can be considered a main characteristic of the concept of e-reputation. A second feature is the overall empowerment of the consumer that impacts reputation dynamics. More specifically, in the interactive process that now characterizes e-reputations, it is the consumer who occupies a strong position. No longer isolated, the consumer can create, share and diffuse information about a firm and the quality of its products to a vast audience. So long as consumers were isolated, a company could control its reputation, in other words its image. With the advent of the e-reputation, it must now deal with a set of consumers. Implementation of an effective communications campaign no longer suffices.⁴ In fact, with the Internet, propagation of a post or a tweet is multiplied by a thousand compared to other modes of transmission. The extraordinary speed at which consumers' reviews are diffused is one of the main reasons behind the modification of the balance of power between individuals and the company. If the reputation process becomes exogenous to the company, and it loses all control, the roles of the firm and the consumer may actually be completely reversed.

In the early literature examples cited concerning reputation, the writer ("producer") was in complete charge of the game. With today's Web 2.0 tool and the emergence of the e-reputation, the consumer (or, more exactly, consumers) can now impose their views, that is "make or break" a company's image and reputation. Along with the fact that thousands of users can be reached and potentially convinced with a few clicks, the speed of

information propagation plays an essential role in the e-reputation concept. The web user can quickly react to posts and instantly diffuse his own opinion. The Internet, and particularly Web 2.0, marks a turning point in the evolution of reputation, particularly due to integration of the time factor.

As a case in point, the shift from desk-top computers and laptops to smartphones has deeply altered the impact of time in our analysis. Smartphones allow consumers to act and react in real time. The user no longer has to wait to return home to express his opinion and consult the viewpoints expressed by others. Tweets can be sent effortlessly at any moment. The reputation process is no longer sequential but continuous.

In this historical analysis, the e-reputation concept reflects a change in the balance of power between the various actors. Initially, in the literature, the writer (or “reputation maker”) completely dominated the communications process. With Henry Ford and the transition from an individual problem to a company issue, reputation became a dynamic and interactive process based on complementary communication. The advent of the Internet introduced symmetric communication between businesses and consumers (as defined by Watzlawick et al., 1972). Today, Web 2.0 tools have defined the e-reputation concept, affording consumers potentially enormous power over corporate reputations.

This new situation makes company reputations dependent on consumer reviews. As Jeff Bezos, the CEO of Amazon.com, wrote on the company blog: “*If you make customers unhappy in the physical world, they might each tell 6 friends. If you make customers unhappy on the Internet, they can each tell 6,000 friends*”.⁵ In other words, if a business is not careful, its image and reputation are likely to escape its control.

Creation of an e-reputation is a dynamic process because the opinions posted on the web concerning a company are continually subject to change. This means that a company’s reputation fluctuates in response to variations in the nature and number of web posts. e-Reputation corresponds to a constant interaction between company e-reputation management and consumers wherein the latter exert an increasingly greater impact on dynamics if only because of their number. As will be shown in the following analysis, e-reputation management has become a major strategic issue for companies. In fact, survival may depend on it.

e-Reputation Management: A New Strategic Constraint for Businesses

Strategic Issues in e-Reputation Management

As shown so far, the birth of the e-reputation concept has profoundly modified the relationships between companies and their customers. With traditional Internet, that is Web 1.0, the company webmaster retained control of communications and thus the company’s image. Web 2.0 has

given enormous power to consumers over businesses, and we are witnessing the birth of a new actor, defined by Graham as a “*consum’actor*.”⁶ This new actor can read, produce, distribute, and share all types of web content and thus directly participate in the creation of a company’s reputation without even consulting it. With Web 2.0, a company’s online reputation can completely escape its control and become fully exogenous, especially if the firm does not implement a reputation management system. It would therefore seem obvious that no modern-day business can afford to let consumers exercise complete control over their reputation. In order to retain and/or regain at least partial control of its image and reputation, companies must actively monitor the web to analyze and rapidly react to consumer comments, complaints, and reviews. Specifically, a dialogue must be established with the consumer through discussions and exchanges in order to limit the latter’s power to harm its reputation. Along with maintaining a website, companies should sign up on social networks such as Facebook and Twitter in order to post reactions to consumer reviews. While the solution may seem easy to define and implement at first glance, closer analysis reveals a much more complex situation. As the e-reputation concept is based on a dynamic, interactive process, reputation management cannot be reduced to a mere problem of communication. The company must respond with “intention to convince.” If the company’s response does not satisfy the consumer, there is a high risk that the firm will gradually but quickly lose its credibility with the online community. Corporate e-reputation management thus requires not just an analysis of consumer feedback but also implementation of appropriate measures to meet Client expectations. Minor modifications in company operations concerning production sometimes suffice, but in other cases more extensive organizational changes prove necessary. Without going into details, the cost of e-reputation management fluctuates depending on the nature of the issues raised by consumers. The difficulty is even greater when the company in question produces services and intangible assets. This is precisely the case of tourism enterprises in general, and the hotel industry in particular. In this business sector, consumer-perceived quality is at least as important as the intrinsic quality of service, and achievement of customer satisfaction can prompt substantial changes in business operations. Taking the example of a hotel, we can easily imagine that consumers might post negative reviews about the quality of the rooms, even though the main problem is actually the quality of service and staff behavior. Although consumers are increasingly savvy and able to identify a specific problem, the situation is obviously more complex in the case of service production than with material goods. Service companies must be particularly careful when communicating with their clients, who have become more volatile and unfaithful since the advent of Web 2.0. It is no longer the message a company broadcasts but rather its actions that are essential for maintenance of its credibility. For Eisend (2004), the credibility of a business increases when it communicates with its customers, and a well-managed

communications campaign is most effective in service companies. In other words, effective reputation management builds up the trustworthiness and credibility of a company.

As we have seen, although the primary purpose of corporate e-reputation management is to prevent the consumer from doing it in its place, management systems also have impact on company competitiveness, profitability, and, at long-term, survival. Numerous statistical studies in France and the United States have reported strong links between the age of a company and its reputation and between reputation and market value for companies listed on the stock exchange. Concerning the relationship between company age and reputation, a significant difference exists between businesses in France and those in the United States. In France, an average of 130 years is required for firms to acquire a good reputation. In the United States, the average age of firms decreased from 85 years in 2005 to 60 years in 2012.⁷ The reason behind this significant disparity between the two countries appears evident: American companies are more active in e-reputation management and many are young and specialized in the use of ICT. This significantly lowers the average age of the most reputable companies (Microsoft, Apple, Amazon, Google, Facebook, and so on). The overall lesson to be drawn from these statistics is that acceleration of the achievement of an excellent reputation obliges companies to acquire essential e-reputation management tools and to consider this issue a true strategic challenge for company development.

As concerns the relationship between corporate reputation and company market value, reputation represents 5 percent of the market capitalization for French firms in the CAC 40, the French stock market index.⁸ On average, reputation also represents 5 percent of the profits reported by the same companies in France. This means that investors take the e-reputation of a company into account before investing in the firm and deciding whether or not to remain a shareholder (Paquet, 2008). The same is undoubtedly true for banks, where risk aversion policies involve close scrutiny of a company's reputation before granting a loan.⁹

To conclude this overview of the key aspects of e-reputation management, it seems obvious that businesses can no longer avoid this new constraint, despite the potentially high cost of implementing the appropriate measures. e-Reputation is not just about the company and its customer; it also involves investors and banks, whose decisions are crucial to the future of the firm. The remainder of this chapter focuses on the hotel industry, a business sector that appears to lag considerably behind other sectors in the application of reputation management, even though it is particularly vulnerable.

*Tools for e-Reputation Management: The Case of the Hotel Industry*¹⁰

In the context described above, one of the primary reasons a business must be present on the web is to monitor its e-reputation. Some of the

traditional tools available for this purpose are particularly suited to tourism enterprises in general and the hotel industry in particular. Hotels, for example, must obviously pay particular attention to tourism review sites such as TripAdvisor and the travel metasearch engine Trivago. A recent study in France revealed that 68 percent of French Internet users visit these review sites to prepare a stay and/or book a hotel room.¹¹ In addition, 67 percent of users declare that they are influenced by online opinions when they make their choice. In light of these statistics, it appears only logical for tourism enterprises and hotels to keep a watch on these key sites. To establish a reputation on these sites, the hotel must exercise transparency so as to obtain the customer's trust. By replying to client comments, whether positive or negative, the firm can set up an interactive dialogue process that can promote customer appreciation and hopefully prompt the posting of favorable opinions. Customers can even be encouraged to leave their comments after a hotel stay, for example by sending an e-mail. The most relevant remarks can be selected and placed on the official website of the company or hotel. When this approach is used, the company must take care to respond effectively to criticisms and complaints in order to avoid deterioration of its e-reputation.

The second tool available to businesses is discussion forums, two of the best known of which are Lonely Planet and, in France, Le routard.com. In France, 13 million Internet users read the messages posted on these forums (a 10% increase in one year), and 6 million of them post their own opinions on these forums (an annual increase of 8%).¹² Hotels, for example, can target prospective clients by helping them prepare their stay; this can be done discretely by answering queries and pointing out the strong points of the establishment. Participation in these forums also allows hotels to monitor what is being said about them, that is measure their image with its strengths and weaknesses. Overall, participation in these forums is not so much a sales strategy but rather means to provide possible clients with solutions, give advice, and guide them in their choices. For a hotel, the challenge is to highlight its competitive and geographical advantages, that is use the forum to attract customers to the region and, of course, the establishment.

The third tool for the management of corporate e-reputation is the use of video-sharing websites such as YouTube and Dailymotion. These sites are among the most effective tools for creation of a buzz because of the speed of propagation. Specifically, these media-sharing sites have a dual interest: they allow companies to increase the visibility of existing multimedia content on the site, and they can be utilized to promote the business through easy-to-share videos or photos that are particularly attractive for users. Furthermore, the online storage spaces provided to users can be likened to a true advertising support that is a complement to the classic website. For example, a hotel might create a YouTube channel to maximize its visibility at all levels, including Search Engine Optimization (SEO).¹³

Finally, the photo management and sharing application FlickrR can be used to post photos online. A hotel, for example, can select high-quality,

representative photos that can be shared with users around the world who can in turn put them online on their own site. This tool optimizes the SEO process on the Internet provided the photos have a proper caption. When a user types in the name of a city this brings up not only photos of the city but also photos of the hotels listed. Such company visibility and activity on multiple listings is important for company credibility. This type of tool is especially important for hotels faced with strong competition from other establishments because the availability of attractive details such as photos can make the difference.

The last tool for managing e-reputation involves the use of the traditional social networking sites, Facebook and Twitter. Participation on these social networks primarily allows a company to create a community that can relay its messages and participate in the marketing process. By fostering close relationships with customers and prospective clients, the company creates a loyal fan base that can stand behind it should a crisis arise. Social networks serve as an information channel separate from the official company website, allowing communication about topics other than just business activity.

These various tools are not only complementary but also irreplaceable for companies trying to manage their e-reputation.¹⁴ A combination of several tools, such as social networks and media-sharing sites, can be utilized to create a buzz or, more generally, engage in viral marketing. A company can intentionally create a buzz focused on its e-reputation and, if necessary, modify the way it is perceived by the online community. Whether a company uses these tools to reposition its online image or to launch a new product, in both cases the consumer serves as a transmitter for diffusion of information about the company. In other words, the firm attempts to harness the power of the consumer to work in its favor. Today, the Internet user, or potential consumer, is the main actor in the reputational process. He surfs when and where he wants, he leaves opinions and expresses himself as he wishes; he discusses and shares his experiences and opinions, and has more confidence in communities of users than in the firm itself. This quote more or less sums up the magnitude of the task facing companies engaged in the management of their e-reputation. While businesses must act in multiple directions, using different tools, and take considerable risks, any error in the use of these tools can result in what has been called the “reputational risk.”¹⁵ Information placed on the web can never be truly deleted, especially with Web 2.0 and the various tools now available for the propagation of information (Ott, 2008). Even apparently “hidden” information can replicate on e-mails and forums, be multiplied on blogs, and is archived in Google and the Internet Archive. In other words, with the advent of Web 2.0, posted information can no longer be retracted; errors and negligence are sanctioned by consumers through a drop in reputation, that is an increase in “bad” reputation. There is no room for regret on Web 2.0; transparency is essential and firms must fully acknowledge their errors.

While businesses must be visible on the web, all the while being aware of the related risks, mere participation in social networks, forums, blogs, and so on is far from sufficient. As stated previously on several occasions, e-reputation management is a continuous dynamic process. Constantly faced with a continuous flow of information and tweets, a company cannot analyze and respond to everything. In addition to e-reputation management, companies must thus also necessarily engage in business intelligence.

The remainder of this chapter reviews the most frequent business intelligence tools used in the hotel industry. Google searches are an obvious starting point, but are far from sufficient. A 2010 white paper on e-reputation published in France to assist small companies with business intelligence¹⁶ includes guidelines that hotels can follow to better manage their online reputation. Although an interesting initiative, again this is not enough for dynamic e-reputation management. Specialized information and research tools such as Factiva, which aggregate content from traditional media sources plus the most well-known websites, blogs, and forums, have proven especially helpful for firms seeking to monitor their e-business reputation.¹⁷

Along the same line, the website and mobile app Klout is another recent tool for evaluation and monitoring of a company's e-reputation. Klout measures a firm's online social influence using data obtained directly from the various social networks the company belongs to. All comments and tweets about the firm are taken into account and used to calculate its influence score. The higher the Klout score, the more influential the company is considered on the web, and the more likely it is to build a positive reputation. This tool encourages firms to actively participate on social networks in order to improve their influence and increase their visibility.

Finally, the social network game Empire Avenue has proven to be an excellent means for companies to manage their online reputation and to practice business intelligence. Empire Avenue analyzes all of the social networks a firm belongs to and assigns points based on the level of company activity on these sites. For example, a post on a social media site that is well appreciated by the online community earns points for the company, which sees its rating increase on the web.

Concluding Remarks

With the passage from reputation to e-reputation over time, companies have had to face the increasing empowerment of users which, if allowed to go unchecked, can even result in the decline and ultimate disappearance of a firm. In this new context, companies have resorted to a number of strategies to at least partially tip the balance of power in their favor. The hotel industry was particularly slow to awaken to this new situation.

While hotels increasingly feel compelled to react, they are not always truly aware of the urgency of management of their e-reputation. This is not really surprising because e-reputation management requires a firm to scrutinize all aspects of its operation, that is internal organization as well as external communications. The necessary profound modifications in operations may thus require a company to institute a true quality control system.

Given the complexity of the process, e-reputation management has clearly become a domain for specialists, a point underscored by the emergence of new professions such as community manager, revenue manager, and SEO analyst. While most business sectors have invested in this new activity, including most tourist enterprises, the hotel industry (especially in France) has lagged behind and remains quite vulnerable, particularly concerning competitiveness.

This just goes to highlight a particularly paradoxical aspect of the problem. As powerful as they are, Web 2.0 tools ultimately remain controlled by man, as attested to by the development of new occupations (community manager, revenue manager, and so on). Web 2.0 tools themselves cannot solve everything and specialists are required for them to be truly effective.

Notes

1. Confucius, *Livres des sentences*, IX, 3, Ve Century BC.
2. From a historical standpoint, this was the twentieth century, before the birth of the Internet and especially Web 2.0.
3. Terminology proposed by Watzlawick et al. (1972) when defining the five axioms of communication, which include the distinction between symmetrical communication (the agents have the same level of power in exchange) and complementary communication (one of the agents dominates the exchange).
4. According to Clow et al. (2008), the firm must defend its reputation and credibility on three essential criteria: attractiveness, reliability, and expertise.
5. Bezos, J. Amazon.com, quoted on the French website: sensduclient.blogspot.com, May 1, 2007.
6. This term was created by Paul Graham, founder in 1995 of the company Viaweb, acquired by Yahoo in 1998.
7. These figures are based on data from the “Observatoire de la Réputation,” established in 1994 in France (www.obs-reputation.org) and Piotet (2006).
8. See again the Observatoire de la Réputation, on www.obs-reputation.org.
9. See “Le risque de réputation effraie les risk managers” on that point, <http://tv.argusdelassurance.com>, published on February 7, 2012.
10. These tools are representative of the various means available for the management of e-reputation. Some are specific to the hotel industry (Trip Advisor, Trivago, Le Routard, etc.) and have been cited solely to describe our approach; the examples mentioned are by no means exhaustive.
11. Raffour Interactif 2010, a French marketing research firm specializing in tourism (www.raffour-interactif.fr).

12. Médiamétrie Study 2009, see www.mediametrie.fr.
13. C. Douyere (2011) used the example of the Eden Hotel in Cannes, France, which opened a YouTube channel to increase its visibility and ranking and to improve its competitive position. In the region of Nice and Cannes alone, the hotel faces competition from more than 700 hotels.
14. The various categories of tools we have described for e-reputation management concern the hotel industry in general, based on a generic and homogeneous approach. Obviously, depending on the size, type, and class of a given establishment (small family-owned inn versus a multinational chain of hotels, for example) management must select the most appropriate and most effective tools for its individual needs.
15. For a detailed analysis of reputational risk, see Cailleba (2009).
16. White paper on e-reputation, coordinated by Jdey, A. available at:http://portail-des-pme.fr/ressources/Livre_Blanc_ereputation_portaildespme.pdf, March 2010.
17. For more details on Factiva, see Douyere (2011: 64).

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CHAPTER SIX

Segmentation of Repeat Visitors with the Help of Passive Mobile Positioning

ANDRES KUUSIK AND MARGUS TIRU

Introduction

Since the 1980s the emphasis of marketing strategies has shifted to long-term relationships (Gummeson, 1999). The increasing number of destination alternatives and thus competition for market share requires also destination managers to think about customer retention and how to encourage customers to keep returning. The study by Wang (2004) revealed that repeat visitors spend more money than first-time visitors. Oppermann (1999) has added that having knowledge of the amount and type of loyal tourists helps to forecast total demand, design infrastructure, and create positioning strategy. Several authors (Buttle, 2004; Oppermann, 2000; Petrick, 2004, etc.) have pointed out that repeat visitation indicates a customer's positive attitude, which leads to positive word-of-mouth (WoM).

The segmentation of repeat visitors should improve the effectiveness of destination marketing strategies and lead to the creation of new products and services facilitating the growth of the tourism industry (Albert, 2003; Beane and Ennis, 1987; Bolton and Myers, 2003; Buhalis, 2000; Dibb et al., 2002; Kumar et al., 2009). Therefore, the aim of this chapter is to create a framework for the segmentation of repeat visitors using passive mobile positioning (PMP) data. PMP data is concerned with the location of call activities of mobile telephones in network cells that is automatically stored in the memory of service providers.

While repeat visitation could be treated as a behavioral expression of customer loyalty in the destination marketing context, the first part of the chapter is focused at the examination of the concepts of customer loyalty and destination loyalty. We also propose how different types of visitors could be divided into the loyalty segments. Until now, mainly because of the absence of necessary data, repeat visitors have mainly been treated

as one homogeneous segment by different authors. We present different characteristics and measures required for the identification of loyalty segments and propose a list of characteristics, which are observable with the PMP method and could therefore be used for the detection of loyalty segments or visitor types. Finally the presentation of some first empirical results and discussion about the possibilities of the proposed framework of segmentation follow.

Repeat Visitation as a Kind of a Customer Loyalty

Systematization of the Concepts of Customer Loyalty

Loyalty has received scant attention in philosophical literature compared to the attention it has experienced in the literature of more applied fields of marketing, psychology, sociology, political economics, and so on (Ladd, 1972; Kleinig, 2008). Altogether, philosophical treatments of loyalty leave quite a lot of room for interpretation. Loyalty could be treated as a feeling or sentiment (Fleming, 1963; Schaar, 1972) or as a practical disposition or thoroughgoing devotion (Kleinig, 2008; Royce, 1908); as a heart of all virtues and as the true willingness (Royce, 1908) or as a result of rational choice (Kleinig, 2008; Schaar, 1972) or even of an obligation (Schaar, 1972).

Customer loyalty has received a remarkable amount of attention in literature since the pioneering work by Copeland (1923) was published. Over time there have been behavioral, attitudinal, and composite concepts of customer loyalty used in the literature by different authors (see Table 6.1).

Until 1970, theories of behavioral loyalty dominated, highlighting the primary repeat buying behavior. These approaches did not explain the reasons for behavior; they offered only operational definitions of customer loyalty. During the late 1960s the popularity of behavioral models waned and deterministic views on loyalty (attitudinal or composite) became more popular. In the attitudinal definitions, loyalty is treated as a presumption of the repeat behavior—as a desire to rebuy. But actually the act of repeat buying was not presumed to take place as proof of the loyalty. As Table 6.1 shows, there are three dominant aspects related with attitudinal approaches: constancy of preference, commitment or attachment, and willingness to sacrifice.

Day (1969) introduced the two-dimensional concept of brand loyalty, which stated that loyalty should be evaluated with both behavioral and attitudinal criteria. There are two dominating and most-often cited works in this field. The most widespread supported definition of customer loyalty in marketing literature is proposed by Jacoby and Kyner (1973). The second very influential approach was proposed by Dick and Basu (1994).

One could say that there exists no one universal definition of customer loyalty. For example, if one adheres to the most cited customer loyalty definition proposed by Jacoby and Kyner (1973), one should believe that

Table 6.1 Some authors who used behavioral, attitudinal, or composite concept to define or measure customer loyalty

<i>Loyalty as a behavioral concept</i>	<i>Loyalty as an attitudinal concept</i>	<i>Loyalty as a symbiosis of attitudinal and behavioral constructs</i>
Function of the share of total purchases (Womer, 1944; Cunningham, 1956; Farley, 1964; Carman, 1970)	Constancy of preference (Copeland, 1923; Guest, 1944; Chaudury, 1955)	Day (1969) Jacoby and Kyner (1973) Dick and Basu (1994)
Function of buying frequency or buying pattern (Tucker, 1964; McConnell, 1968; Sheth, 1968)	Commitment or attachment (Assael, 1987; Oliver, 1999; Djupe, 2000; Park et al., 2010)	
Probability-based theories (Kuehn, 1962; Harary & Lipstein, 1962; Wernerfelt, 1991; Yim & Kannan, 1999)	Willingness to sacrifice (Morgan & Hunt, 1994; Reichheld, 2003) Other concepts: Fournier (1988)—partnership Rundle-Thiele (2005)—allegiance Gambetti and Graffigna (2010)—engagement	

the attitudinal definitions proposed by Oliver (1999) or Dupe (2000) are incorrect, because they do not demand the occurrence of real repeat behavior as claimed in the definition proposed by Jacoby and Kyner. To get an universal approach to loyalty, we propose that the definition proposed by Jacoby and Kyner (1973) and the approach proposed by Dick and Basu (1994) should be modified. As an improved universal definition of customer loyalty we propose the following definition: *Customer loyalty is the (1) biased, (2) behavioral response (primary or secondary), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternatives and (6) is a function of a psychological (decision making, evaluative) process.*

Compared to the initial definition, conditions 1, 3, 4, and 6 remained unchanged—loyalty is a biased behavioral response, which is expressed over time by some decision-making unit and despite being either a feeling or rational choice it is always a function of (affective or cognitive) psychological process. The first significant difference occurs at the second condition, which in initial version excluded purely attitudinal approaches of customer loyalty. Now it continually requires a behavioral response but not exclusively only in the primary form. Therefore if a customer somehow expresses to others' his/her very positive attitude, psychological identification, allegiance or commitment toward something, one should say that he/she is loyal. This also conforms to the philosophers' view, which treated loyalty as a feeling or sentiment of devotion.

The second significant difference is concerned with condition 5, which does not require the existence of an opportunity to choose among

alternatives any more. Kleinig (2008) asserts that a third party is not always needed in order to be loyal to something but there should be a cost or challenge related to it. Schaar (1972) pointed out that totalitarian states of the twentieth century have demanded of their subjects a degree of concentrated loyalty toward national political leaders, institutions, and policies. Therefore customers can be committed to one thing even if there is no alternative and if customers are forced to behave loyally—there exists forced loyalty. Additionally, the specific object of loyalty is not brought up any more. Indeed, in the literature the term *brand loyalty* is used often but according to the Dupe and the philosophers' definitions mentioned above, it is possible to be loyal to anything.

On the basis of the proposed renewed definition and previously described approaches of customer loyalty it is possible to point out several types of customers. First of all they could be *forced to behave loyally* if the poor financial status of the customer limits his or her selection of goods (Grönholdt et al., 2000), there is no alternative brand, or there are exit barriers created by the supplier (Buttle, 2004). Secondly, in the case of *an inert loyalty* customers do not switch because of comfort, habit, and low involvement (Wernerfelt, 1991), if the customer believes that the existing brand is better than another (Oliver, 1999), or if the customer feels that the risk of choosing other brands could be worse than the existing one (Hofmeyr and Rice, 2000). Thirdly, in the case of *functional loyalty*, the customer has a very rational reason to behave loyally. For example Wernerfelt (1991) points out cost-based loyalty. Lewis (2004) and Kivetz, Urminsky and Zheng (2006) have shown how repeat behavior is determined or influenced by rewards.

By the treatment set out by Oliver (1999), in the case of *affective loyalty*, the customer has some positive feelings aroused toward the brand. If a customer has an inner urge aroused to prefer a concrete brand it is called *conative loyalty*. This bond is much stronger than in the case of affective loyalty. *Active loyalty* is the case where a customer has an inner urge to prefer a concrete brand and he or she is ready to overcome any obstacles to get this brand. It's an enduring desire to maintain a valued relationship. Finally, in the case of *latent loyalty* (Dick and Basu, 1994) the customer has positive feelings toward the object but expresses it through secondary behavior rather than through repeat buying. In Figure 6.1 all the previously mentioned loyalty types are combined.

Dick and Basu's treatment forms the basis of this figure with two axes showing the strength of attitudinal or behavioral loyalty. Instead of relative attitude, we used the strength of the positive attitude on the vertical axes. As mentioned before, Kleinig (2008) has pointed out that there is no third party needed for loyalty.

The location of different loyalty types in Figure 6.1 is relative. They are somewhat differentiated by the strength of attitude but not differentiated by the extent of repeat behavior—with the exception of latent loyalty all are located on the right-hand side of the figure. Different authors have

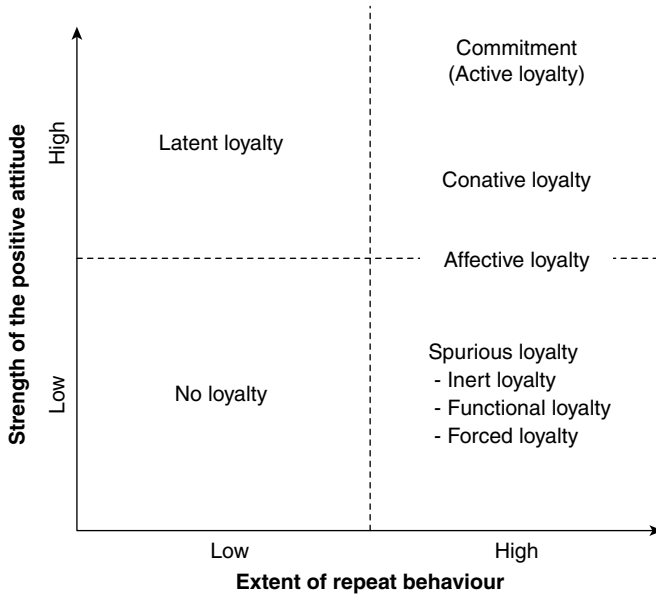


Figure 6.1 Typology of loyalty.

not specified the extent of repeat behavior in the case of different types of loyalty.

Segmentation of Repeat Visitors Based on Customer Loyalty Types

As with definitions of customer loyalty, approaches of destination loyalty are also divisible into three categories: attitudinal, behavioral, and composite (see Table 6.2).

According to Table 6.2, in the literature numerous authors treat destination loyalty as an intention to revisit the destination, which relates to the above-mentioned attitudinal loyalty. Other group of authors has, similarly to Dick and Basu (1994) used a multidimensional concept, combining psychological attachment and behavioral consistency as dimensions of loyalty. Finally, some researchers focus only on repeat visitation, investigating the antecedents and the factors leading visitors to return to the same destination or the consequences of repeat visits.

We propose a new definition of destination loyalty as follows: *Destination loyalty is the (1) biased (2) repeat visitation or secondary behavior, (3) expressed over time (4) by some decision-making unit related to inbound traveler(s), (5) with respect to one or more geographical area or other type of destination and (6) is a function of a psychological (decision-making, evaluative) process.*

As destination loyalty is one sort of customer loyalty, this definition is comparable with the definition of customer loyalty proposed by authors. Owing to the term “inbound travelers” used in the definition, this definition

Table 6.2 Definitions of destination loyalty

<i>Attitudinal definitions</i>	<i>Composite definitions</i>	<i>Behavioral definitions</i>
Intention to revisit (Kozak, 2001; Petrick et al., 2001; Jang et al., 2007)	Interest to revisit and likelihood of revisit (Milman & Pizam, 1995)	Repeat visitation (Fuchs & Reichel, 2011; Niininen et al., 2004)
Willingness to recommend (Chen & Gursoy, 2001)	Psychological attachment and behavioral consistency (Baloglu, 2001; Niininen & Riley, 2003)	
Willingness to recommend and intention to revisit (Morais & Lin, 2010)	Lifelong returning caused by liking (Oppermann, 1999; 2000)	

enables to treat visitors more broadly, covering all useful segments for the destination (see Figure 6.2). Although officially the term “visitor” covers quite a lot of traveler segments (UNWTO, 2010), looking from the place marketing point of view it is not broad enough and does not cover several useful segments for the destination, for example workers, students, potential new residents, and so on. Therefore, following proposed definition, all inbound travelers’ segments that are somehow useful in the place or destination marketing context are treated as (inbound) visitors in this chapter.

In the following, all loyalty types presented in Figure 6.1 will be converted to the destination loyalty context and the following classification of repeat visitors will be proposed by the authors.

Commitment, Conative, and Affective Loyalty

Oppermann (2000) has stated that destination selection and trip planning are highly involved decisions and therefore spurious loyalty is unlikely to occur. This statement is supported by research carried out by Kaplanidou and Vogt (2007), which revealed that the loyal behavior is determined strictly by attitudinal loyalty or by the intentions to revisit. Oppermann (1999; 2000) divided loyal visitors based on visitation frequency into three subsegments: somewhat loyal, loyal, and very loyal. As Oppermann (1999) linked the frequency of revisits to attitude, it is possible to draw a parallel with Oliver’s (1999) approach and treat very loyal visitors as committed, loyal visitors as conatively loyal, and somewhat loyal visitors as affectively loyal customers.

Spurious Loyalty

Oppermann (1998), Mitchell and Greatorex (1993); Milman and Pizam (1995), Gitelson and Crompton (1984), and Baloglu (2001) have found that one reason for repeat visitation is familiarity with the destination. This is related to risk avoiding behavior—an even slightly dissatisfied tourist could come back to the same destination because it is still less risky than

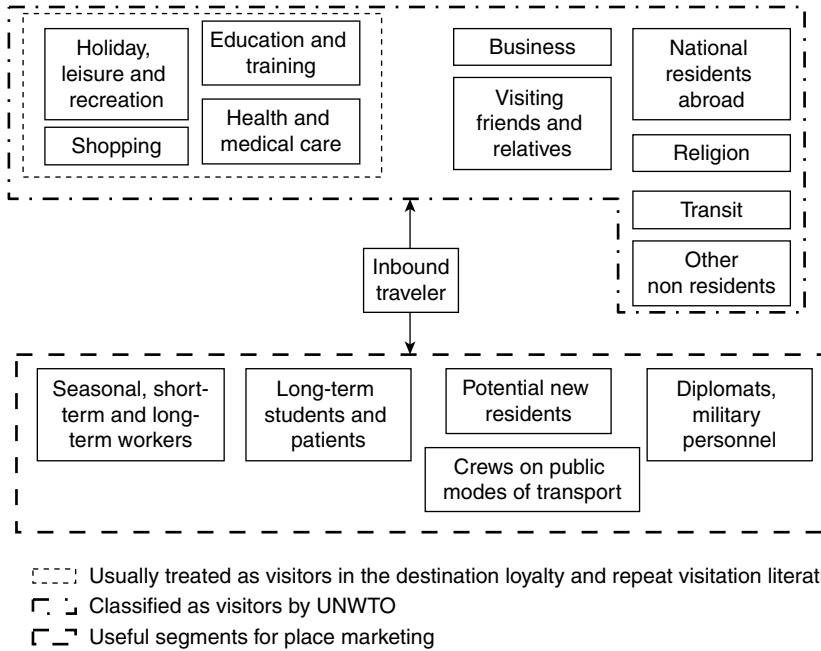


Figure 6.2 Segments treated as visitors in this study.

going somewhere else. According to this, and the approach by Hofmeyr and Rice (2000) presented above, the appearance of the repeat visitation should be expressed as the existence of *inert loyalty*.

We propose that those described as *functionally loyal* could be visitors who have a certain reason to revisit the destination (country) while at the same time having no considerable positive attitude toward the destination. For example, they could revisit a country due to certain regular events they are interested in or due to shopping trips they undertake with certain regularity, or business travelers who regularly have business to do in a specific country. *Forced to be loyal* could be for example some very special types of workers—long-distance lorry drivers or sailors, for example. It is very likely that repeat visitations of this segment are not associated with a positive attitude.

Latent and No Loyalty

Oppermann (1999) has divided people who exhibit no repeat visits into the following groups: nonpurchasers, disillusioned, unstable, and disloyal. The first group also covers latently loyal visitors. The others are related to not loyal visitors. To conclude, the different loyalty segments of repeat visitors are presented in Figure 6.3.

By combining the segments presented in Figure 6.3 with those presented in Figure 6.2, the following consistency of loyalty segments are revealed (see Table 6.3).

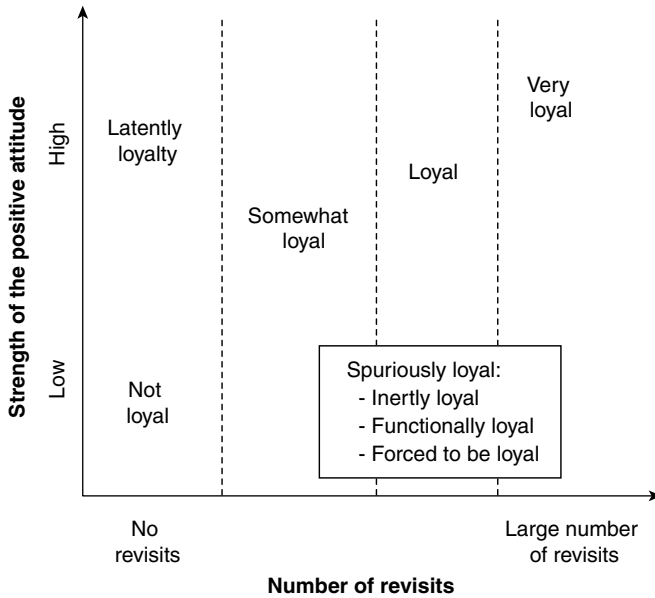


Figure 6.3 Segments of visitors based on loyalty.

Table 6.3 Allocation of visitors into loyalty segments

<i>Loyalty segment</i>	<i>Visitors type</i>
Very loyal	Holiday leisure and recreation
Loyal	Other nonresidents
Somewhat loyal	National residents abroad
Inertly loyal	
Latently loyal	
Not loyal	
Functionally loyal	Education and training
	Shopping
	Health and medical care
	Business
	Visiting friends and relatives
	Religion
	Potential new residents
	National residents abroad
	Seasonal short and long-term workers
	Long-term students and patients
Forced to be loyal	Transit
	Crews on transport
	Diplomats military personnel

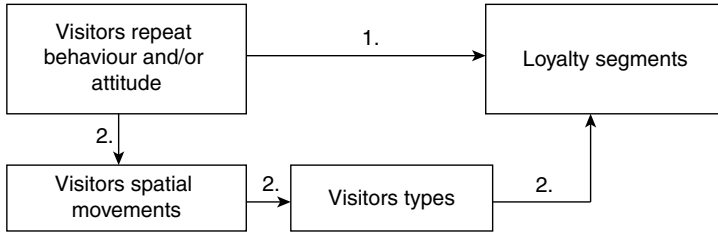


Figure 6.4 Direct (1.) and indirect (2.) ways of determining loyalty segments.

The allocation presented in Table 6.3 is not without problems and certainly needs improvement in future research. There could also be other smaller and more specific groups of repeat visitors that are not presented in the table. Therefore, we propose two ways of determining the destination loyalty segments (see Figure 6.4).

In the case of direct determination (labeled with a (1.) on Figure 6.4), different behavioral and attitudinal variables to measure destination loyalty should be used for identifying loyalty segments. In the case of indirect determination (labeled with a (2.) on Figure 6.4), first based on the repeat behavior and spatial movements data, the types of visitors will be identified and after that based on Table 6.3 those belonging to the certain loyalty segment will be deduced.

Methodology of the Segmentation of Repeat Visitors

Using Mobile Positioning Data

Characteristics of Repeat Visitation for Detecting Destination Loyalty Segments

There are plenty of methods that can be used to measure loyalty (see an overview in Jacoby et al., 1978). Jones and Sasser (1995) have proposed three measures of loyalty; the first one measures behavioral and other attitudinal loyalty:

- customer's primary behavior—recency, frequency, and amount of purchase;
- customer's secondary behavior—customer referrals and spreading the word (WoM);
- customer's intent to repurchase—is the customer ready to repurchase in the future.

In tourism literature, several authors have adopted a similar approach to Jones and Sasser (1995). Oppermann (2000) measured the number of revisits. Petrick (2004) measured the number of revisits, WoM, and

intention to revisit. Kozak (2001), Petrick et al. (2001), and Jang and Feng (2007) measured an intention to revisit the destination. Morais and Lin (2010) have used revisiting intention or willingness to repeat visits and willingness to recommend a destination as measures of a visitor's loyalty.

Owing to the difficulties in measuring attitudinal loyalty (it usually presumes costly and complicated inquiries), behavioral measures are generally utilized more often to measure loyalty (Petrick, 2004). Oppermann (2000) proposed two characteristics: the number of visits and the frequency of revisits to measure destination loyalty. He presumed that since destination selection and trip planning are highly-involved decisions, spurious loyalty is unlikely to occur and therefore most behaviorally loyal visitors are emotionally loyal at the same time. As a conclusion, the following behavioral indicators could be used as measures of loyalty:

- number of revisits (Oppermann, 2000; Petrick, 2004);
- frequency of revisits (Oppermann, 2000);
- sequence or pattern of visits (Oppermann, 1999);
- length of stay (Li et al., 2008);
- recency of revisits (Jones and Sasser, 1995).

For indirect determination, some spatial movement indicators could be useful for detecting visitor types. Lew and McKercher (2006) have proposed different territorial and linear path models of tourist behavior in local destinations. Territorial models show variations in the distances that tourists venture from their place of accommodation. Linear path models show different types of paths that visitors take within the destination. Therefore, the following spatial indicators could be used as attributes of visitor types:

- size of the visited area;
- points (areas, events, places, attractions) visited within the destination;
- type of path of the visit;
- the origin of the visit (nationality).

By combining behavioral and spatial indicators it could be possible to detect visitor type and thereafter come to conclusions about the loyalty segment those visitors could belong to.

Characteristics Enabled by PMP

PMP is data, which is automatically stored in memory or log files of mobile operators. Any active use of a mobile phone (calls and SMS messages in and out, GPRS, etc.) is deemed call activity (Ahas et al., 2010). PMP data is historical or real-time proximity data concerning the location

of call activities or handovers of mobile telephones in network cells (Ahas et al., 2008).

We used the data from Estonia's biggest mobile operator EMT (Estonian Mobile Telephone). EMT covers nearly 99.9 percent of the total land area of Estonia (Estonian Mobile Telephone, 2010). The database used in this study consists of a spatial and temporal register of call activities of foreign mobile phones using EMT's roaming service. Roaming service means that mobile phones registered in countries other than Estonia can be used on the Estonian network. Owing to privacy issues, the database is anonymous and does not contain any back-traceable personal information about the user of the phone. To recognize a person, which is essential in order to analyze repeat visits and loyalty, a randomly generated unique ID number is assigned to every phone. The ID generated by the mobile operator enables the identification of the calls made by one person during the study period.

In conclusion, the PMP method provides a large variety of the loyalty and spatial movement indicators for determining different loyalty or visitor segments. Traceable indicators offered by PMP could be the following:

- number, frequency, and recency of revisits;
- sequence or pattern of visits;
- length of stay;
- size of the visited area;
- points (areas, events, places, attractions) visited within the destination;
- type of path of the visit;
- the origin of the visit (nationality).

Some Empirical Results

In the following the results of the two studies are presented. In the first study (Tiru et al., 2010) the main task was to find out how long the gap between call activities should be, to be sure that the visitor had left the country. This was required for the detection of single visits and for the separation of repeat visits. It revealed that the majority of calls were made within an interval of 24 hours. There is a small increase in the number of gaps that are 168 hours long (see Figure 6.5).

Therefore, the low point (154 hours) before the peak of the seven days long gaps was used as a separator of visits. It means that if the person had not used his or her phone during seven days, we assumed that he or she has left the county. Based on this rule it revealed that during the period from 23 April 2005 to 31 January 2009 the percentage of repeat visitors was about 30 percent of all visitors and they made about 64 percent of the total number of visits (they came back several times).

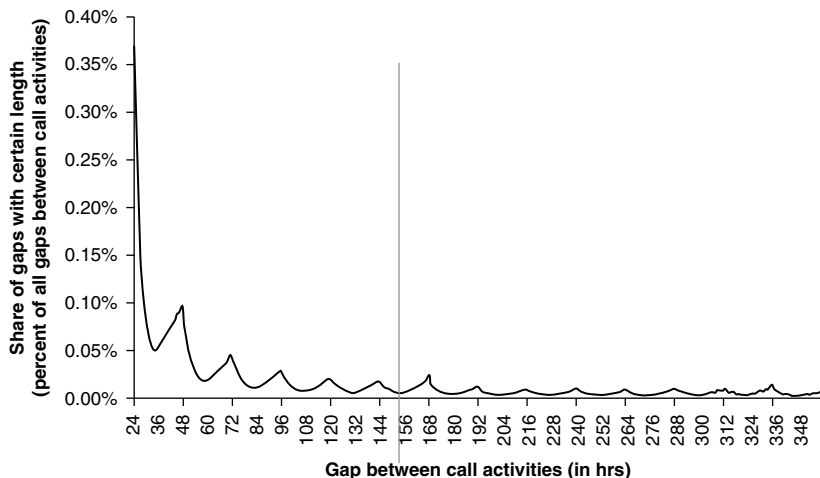


Figure 6.5 Distribution of gaps between call activities of foreign visitors.

In the second study (Kuusik et al., 2011) the aim was to detect different segments of repeat visitors. Therefore the call activities of 2.38 million visitors of Estonia during the time period from April 23, 2005 to September 30, 2009 were analyzed. Characteristics used for the detection of different loyalty segments are shown in Table 6.4.

The study revealed that combining different characteristics of visits and visitors allows for the identification of certain segments from the whole mass of visitors. The results are presented in Figure 6.6.

Based on the number of revisits it was possible to distinguish one-off visitors (68.8%) from repeat visitors (30.2%). This method does not allow for the identification of latently loyal visitors, therefore all one-off visitors were labeled as latently or not loyal visitors. Then the segment of forced to be loyal visitors was detected. Combining the length of the stay, points visited and the type of path as criteria (according to Table 6.3), it was possible to distinguish transit visitors (around 9.3% of all visitors). For that reason main transit areas were identified. The duration of transit visits tend to be between 3 and 24 hours. Diplomats and military personnel are not detectable with the use of PMP data. They could probably appear as a part of the workers' segment.

The functionally loyal segment is also not directly detectable. For that reason, long-term visitors (approximately 1.9% of all visitors) who could be workers and students were detected. Repeat visitors were classified as long-term visitors if their average length of the stay was more than four weeks.

Single-day visitors (without transit visitors and crews) are likely to be shopping tourists or business visitors (0.5% of visitors). It is difficult to distinguish business visitors from shoppers because both visiting patterns to Estonia are alike.

Table 6.4 Methods for detecting loyalty segments in the second study

<i>Loyalty segment</i>	<i>Visitors type if indirect detection</i>	<i>Characteristics used for detection</i>
Repeat visitor	N.N.	Number of revisits
Forced to be loyal	Transit visitors Crew on transport	Length of stay, points visited, type of path
	Diplomats Military personnel	N.A. N.A.
Functionally loyal	Long-term students Long-term workers Business visitors Shopping visitors	Length of stay Length of stay, points visited, size of the area, frequency of visits
	Loyal to events	Length of stay, points visited, sequence of visits
	Other segments	N.A.
Somewhat loyal	N.N.	Frequency of visits
Loyal	N.N.	Frequency of visits
Very loyal	N.N.	Frequency of visits

N.N.—not needed; N.A.—not available

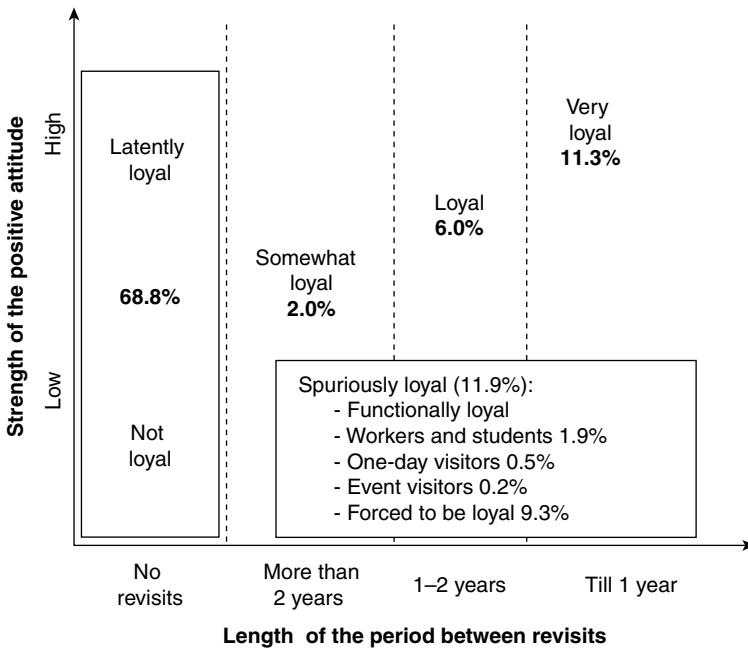


Figure 6.6 Distribution of visitors of Estonia into the loyalty segments.

A very special functionally loyal group is visitors of events. Their timing of visits is always related to some certain event taking place at the same time (pattern of visits), the areas they visit are related to the location where events take place (points visited), and the duration of their visits match the duration of events (length of stay). Comparing the time and location of different events with the time and location of repeat visitations it revealed that 0.2 percent of visitors are those who always visit certain events when revisiting Estonia.

After the exclusion of functionally and forced to be loyal visitors, only committed and inertly loyal repeat visitors should remain. The PMP method provides data about the frequency of visits, which could be used as a separator of somewhat loyal, loyal, and very loyal visitors. There were clear peaks seen to distinguish repeat visitors whose average periods between visits are shorter than 52 or 108 weeks (one or two years). Therefore those who visited Estonia on average at least once a year (around 11.3% of visitors) were labeled very loyal visitors. Those who visited Estonia on average at least once every second year (6.0% of visitors) were labeled loyal and those who visited Estonia on average every third year or less (2.0% of visitors) were labeled somewhat loyal visitors. It is not possible to distinguish inertly loyal visitors from committed visitors through the use of PMP data.

Discussion of Results and the Practical Implications

The definition of customer loyalty offered in the current study embodies different concepts of loyalty and allows us to distinguish between different types of loyalty. This broader definition of customer loyalty was embedded into the destination loyalty context. We renewed and extended also Dick and Basu's (1994) two-dimensional treatment of loyalty. This classification was later used as the basis for classifying repeat visitors.

The most disputable aspect of the developed methodology is the separation of visits. The task was to discover the optimal length of the gap between call activities to be sure that the visitor had left the country. This is a totally unique approach and therefore there was no reference point from previous literature for that. Six days and ten hours was chosen as a separator of visits because on one hand it is very unlikely that there would be no calling activities at all during such a long time and from the other side it enables us to count weekly visits. Of course it is possible that some very frequent visits remained undetected.

In order to detect segments of repeat visitors, several characteristics of visits and visitors were defined. The empirical results clearly indicate the high potential of the use of the PMP method in order to improve the quality of data about tourism flows in Estonia. The PMP method enables the observation and measurement of the duration, timing, density, seasonality, and dynamics of visits. It allows us to distinguish between

repeat visitors. Repeat visitors could be segmented by their countries of origin, frequency of visitation, seasonality, and so on. In addition the local destinations and events most highly regarded by repeat visitors, their movement trajectories could be also identified. The rich dataset provided by PMP allows for the implementation of a proposed more detailed classification of segments of repeat visitors. Therefore, governments can focus different activities more exactly on different segments. Governments can also measure the impact of these activities more exactly. Results reveal that the situation in Estonia is not very good—about 70 percent of visitors will not come back after first visit. One possible way to increase repeat visits is to focus on functional loyalty and to organize different events. We can also see that the share of forced to be loyal segment is quite big—about 9 percent of visitors. It is possible to create activities to motivate these visitors to create positive WoM and to come back as tourists with their friends and families. With knowledge of the size and spatial movement of particular segments, several service and transport enterprises can also minimize risks associated with the creation of new services or the opening of new service points for them.

Conclusions

The visualization of the framework created for the segmentation of repeat visitors using PMP is presented in the central part of Figure 6.7. This framework is surrounded by the three levels of context. The basis of the framework is the conceptual context (the outer layer in Figure 6.7), which specifies the nature of customer loyalty and destination loyalty and brings out different loyalty types. Then comes the strategy context (the second layer in Figure 6.7), which specifies the goals and targets for the segmentation as a link between conceptual and methodological levels. The segmentation of customers is a strategy-driven process and should rely on the goals set by strategy makers. Places can't behave only as destinations for tourists. They have other target markets too, covering also seasonal or short- or long-term workers, students, potential residents, investors, and so on. Therefore, in the proposed definition of destination loyalty, visitors are replaced with inbound travelers. Clearly the targets and goals of both place and destination marketing have influence over the criteria and methods used for the segmentation. And finally, based on the conceptual and strategy principles, the methodological context (third layer in Figure 6.7) specifies the criteria and methods of segmentation.

After building the framework for the segmentation of repeat visitors using PMP data it was also tested on empirical data. As an outcome, visitors to Estonia were divided into the loyalty segments. It revealed that 68.8 percent of visitors were latently or not loyal (single-time visitors). From repeat visitors 36.1 percent were identified as very loyal, 19.2 percent as loyal, and 6.5 percent as somewhat loyal; 8.5 percent of repeat

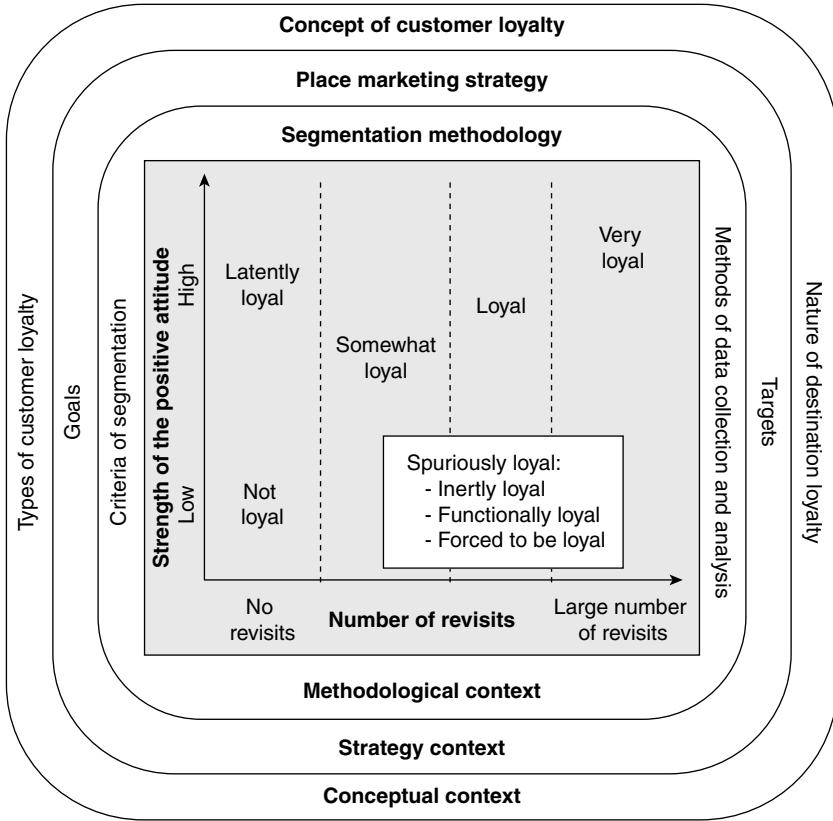


Figure 6.7 The framework for segmentation of repeat visitors using PMP.

visitors were classified as functionally loyal (workers, students, events visitors, business and shopping tourists) and 29.7 percent as forced to be loyal (transit visitors). For Estonian government it is possible now to focus on different activities, more exactly on different segments, and also measure the impact of activities more exactly. Even though the empirical data is based on visits to Estonia, the proposed framework could be generalized and used irrespective of the country or region under the investigation.

There are four alternatives for future research: first, different criteria could be combined to extract more specific visitor segments. Second, field questionnaires could be used in addition to PMP to get more insight and give support to the conclusions made so far. Third, it is possible to perform post hoc segmentation with a positivistic approach with the use of cluster analysis in order to find new loyalty segments among repeat visitors. And fourth, the positivistic approach should provide statistical support for the existence of those segments of repeat visitors already detected.

Acknowledgments

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PART II

Tourism Systems and Networks

CHAPTER SEVEN

Network Structure and Performance in the Tourism Industry

WOJCIECH CZAKON

Introduction

Tourism industry has been attracting a growing academic interest especially in the last decade. A bibliometric indication of both the breadth and the growth of attention paid by researchers could be the number of hits in Google Scholar for the keyword “tourism”: from about forty one thousand in the year 2000 to more than eighty two thousand, ten years later. The economic and social relevance of tourism industry is increasingly recognized by scholars. Yet, this fast growth is also an indication that the field remains far from theoretical or methodological maturity, typically achieved when the number of publications stabilizes over time. Consequently, a number of approaches are adopted by researchers or implemented from other fields of study such as regional development, sociology, or management in order to contribute to our understanding of tourism and related fields. Those inspirations offer opportunities of applying established ideas as well as emerging threads of scrutiny to the distinctive empirical setting of tourism. However, it is advisable to identify peculiarities, pitfalls, or dead-ends, which have already been detected elsewhere, in order to advance tourism research.

Recently, researchers increasingly acknowledge that conceiving tourism as an industry drives attention only to actors—hotels, travel agencies, restaurants, service centers, attraction operators, or public institutions (Terhorst and Erkus, 2009). Yet, the interplay between those actors is crucial for the performance of firms involved by means of positive interorganizational collaboration, clustering, or complementarity (Pyo, 2010). Hence, the tourism industry entails sets of interactions and interdependencies between actors, which suggests that a structural view of interrelationships as networks holds promise of substantial explanatory power. We adopt in this chapter a broad view of tourism networks

viewed as: “*interaction fields populated by autonomous but interdependent actors, where alignments of interests institutionalized through formal collective actors and informally through issue-based nets criss-cross the established order of economic exchange relationships*” (Araujo and Brito, 1998: 29).

The aim of this chapter is adopt a network perspective to explore how their structural analysis can shed light on tourism phenomena and processes. To a considerable degree this endeavor extends prior literature on knowledge-sharing in tourism (Baggio and Cooper, 2010) by taking a broad management perspective on network research in tourism. While adopting the same starting point, which is a still relatively small number of network application to tourism, this chapter contributes to tourism research by expanding the scope of variables used and suggesting their hypothetically curvilinear association with performance. The tourism literature involving networks is claimed to have been largely descriptive, with limited considerations of the effectiveness of governance (Beaumont and Dredge, 2007) or structures. More specifically, performance has been very seldom used as dependent variable in tourism literature (Pyo, 2010), contrary to broad management. Interestingly, recent studies on local tourism developed a list of good local governance parameters, which however do not include performance at individual or network level (Beaumont and Dredge, 2007). Furthermore, this chapter examines structural independent variables typically used in network studies in broad management literature: size, density, heterogeneity. By doing so we explore structures at network level of analysis, as opposed to more common in tourism studies individual level of analysis, described by centrality measures (Cooper et al., 2009). While tourism studies show mostly positive effects of networks, prior findings in broad management literature suggest that a curvilinear relationship is rather to be expected between structural variables and performance. By analogy, a research agenda emerges for tourism studies focused on explaining the rationale behind curvilinear relationships and providing managers with insights on how to find the network structure, which can best serve their purposes.

This chapter is organized in four sections. First, we provide an overview of networks drawing on the most often-used approaches: as structures, as governance, as organizations. Thus we are able to unveil the multifaceted nature of networks and identify theoretical frameworks coupled with methodological approaches. Next, the structural approach will be examined in detail by comparison of tourism research contributions (Cooper et al., 2009) with broader management literature. Size, density, and heterogeneity are examined one by one and help set some research directions for tourism research.

The Three Facets of Networks

The starting point for network studies in management is quite typical to systems theory. Organizations are seen as sets of elements connected to

each other and to their environment. Systems of tourism destinations are identified as composed of three basic elements (Pyo, 2010):

- actors, such as hotels, bed and breakfast, travel agencies, restaurants, tour operators, service centers, and so on;
- resources, including knowledge and capital;
- relationships.

Considered from a production system perspective, tourism displays a technical complementarity of goods and services, with a significant increase of utility when goods and services are consumed in the same time (Terhorst and Erkus, 2009). However, it is only recently that researchers have noticed “no business is an island” (Hakanson and Snehota, 2006) and suggested to seek a network model of strategies. Network strategies reside upon distinctive assumptions: (1) network contingencies shape firm’s behaviors; (2) relationship interactions shape the exchange process; (3) capabilities are relevant in the network context; (4) organization performance is conditioned by the whole network, not only direct connections.

Networks as context, stemming from sociology, constitute a very strong assumption for tourism management. Seen from the embeddedness of economics action in social networks perspective, there is a structure of preexisting relationships between actors, each of them having its own objectives, its own resources and capabilities. Firms thrive within networks, and remain under the influence of other members. For instance, the flagship firm concept captures a mutual interdependency, by suggesting a purposeful creation of a network around a large firm, which benefits both the central firm and the many partners around (Rugman and D’Cruz, 1997). Similarly, effective network interactions between suppliers have been found to foster the competitive advantage of the central firm and the whole network (Dyer and Hatch, 2004). Also, in the tourism literature a growing interest is attributed to network generation, conceived as a central tool for individual firm’s development process (Bras et al., 2010). Tourism studies explored how to establish a network composed of large hotels and well-known restaurants, together with smaller bed and breakfast in New Orleans (Preston, 2012). All parties involved have been found to achieve improved income and profit during the low season.

The second assumption of network strategies relates to the structure of relationships itself, described by the metaphor of ‘channels and conduits’ for resource exchange (Owen-Smith and Powell, 2004). This metaphor suggests that resources are not perfectly mobile over the market, and that organizations do not have unlimited access to each other’s resources. In fact, transactions follow a network structure of connections between firms, limiting the number of potential actors involvement and framing access paths as well. More than that, knowledge diffusion patterns studied in tourism networks simulation models suggest that structured networks display far better innovation diffusion, than unstructured ones (Baggio and

Cooper, 2010). Seen from this perspective the environment as a general, or open concept is replaced by the network, and so is the market. Tourism destinations may be considered as settings for interactions between firms, which generate the total tourism product (Pyo, 2010) in a mutual interdependency (Zehrer and Raich, 2010). In this view, a tourism network is a set of formal and social relationships that shape collaborative actions between various actors, such as the government, the tourism industry, and the general public (Atkinson and Coleman, 1992).

The third assumption refers to the strategic fit. This concept (Zajac et al., 2000) captures the widespread and intuitive assumption that firms are required to match environment contingencies. It is therefore necessary to properly identify the organization's environment, adapt to it, or shape wherever possible. Strategic management literature has developed a number of techniques aimed at this objective. Mutual adaptation takes place within the network (Doz, 1996), and is relative to other network members, but not to every possible other organizations. Hence, capabilities are not universally useful, but embedded in a specific network context. The distinctiveness of capabilities becomes an interorganizational concept, as the advantage possible to earn is not absolute, but relative to other capabilities embedded in the network. Also changes in the broad environment do not impact organizations as long as the network itself does not evolve.

As a consequence, the last assumption claims that firm's actions in the network are being conditioned by the whole network. Organizational performance stems both from their direct network interactions, as well as third-party interactions. One stream of tourism literature examines tourism, destinations, and market niches as a system of interrelated components. The morphology of the network and the relationships between the nodes have been found to be a crucial determinant of the functions the system performs (Baggio and Cooper, 2010).

All in all, both the interdependent nature of tourism industry and recent developments in management theory converge to focus on networks. The definition of networks adopted here following Araujo and Brito (1998) draws attention to three facets: structure, governance, and organization.

The structural facet of networks refers to patterns of recurring relationships between actors (Wasche and Woll, 2010). Those patterns usually differ for different networks, that is members are connected in an idiosyncratic structure. For instance, a tourism chain is a pattern in the way tourists interact with a destination (Pyo, 2010). A strong thread of research links the exploration of structural variables such as size, density, to performance of organization in networks. A conviction that there is an optimal structure of the network, which leads to best performance underpins the structural thread of network research.

When network governance is in light, researchers typically address the coordination mechanisms involved in framing exchange between actors (Beaumont and Dredge, 2010) and scrutinize governance variables to see which combination provides best network performance. The diversity

and institutional complementarity of governance modes make tourism systems more or less cohesive (Terhorst and Erkus, 2009). Traditionally, the transaction cost economics approach is to unveil the conditions under which hierarchy, market or clans provide the lowest transaction costs (Jones et al., 1997). Network researchers recently explore how organizations purposefully shape the mix available coordination mechanisms (Poppo and Zenger, 2002), and adapt them to life-cycle contingencies (Czakoń, 2009) in order to best serve strategic performance of the whole network and the firm within them.

The third facet of networks is organizational. If hierarchies are not the only way to describe networks, and if power is distributed among autonomous firms, networks become interorganizational structures researchers need to understand (Cravens et al., 1996). Lately, a substantial effort has been focused on the role of central actions in order to identify the function and sources of influence within the network organizations (Dhanaraj and Parkhe, 2006). Recent studies in tourism underline that despite clear advantages from cooperation between firms, tourism destinations studied in Bulgaria displayed a lack of foundation, shared vision, or even common goals for joint action (Shtonova, 2010). In line with this argument a study in New Orleans tourism industry shows that organizations that form a network need a “superordinate goal” (Preston, 2012), which brings them together and enable collaboration. A clear need for network organizer function emerges in order to design, recruit, and successfully operate the tourism network.

The three facets of networks refer to three distinctive theoretical frameworks: structural analysis, transaction cost economics, and strategic management. However, the underpinning assumption is shared—networks can be a useful lens for exploring performance variation among different networks. The theoretical implication is a quest for network morphologies that are optimal in performance terms. In managerial terms this suggests that networks should be purposefully shaped and exploited to achieve higher performance levels. In this chapter we focus on the structural facet from a broad management perspective in order to pinpoint inquiry threads of relevance to tourism research. However, it is important to note the two other facets of networks, as they hold for a portion of the network performance explanation.

Structural Variables in Network Studies

Structural variables use has a long history: three centuries in mathematical data analysis, a hundred years in sociology, and a more recent interest in management (Baggio and Cooper, 2009). In a broader philosophical view structuralism is the quest for understanding human culture (Levi-Strauss, 1963) through a system of interrelations. Networks diversity can be described according to different characteristics, or success factors, yet

a majority of those are difficult to quantify (Bras et al., 2010). The network structure analysis combines the structuralist epistemic stance with the available quantitative methods of analysis focused on relationships configurations or actors positions within networks. From the available mathematical apparatus developed in social network analysis, management studies predominantly use a limited number of measures to study the network: size, density, and heterogeneity.

Size

Network size refers to the number of nodes involved in interorganizational relationships. Size is a variable that positively impact network performance as it gives the opportunity to pool resources, and synergies arising from economies of scale or complementarities (Dyer et al., 2008). The rationale behind resource pooling refers to a key assumption in the resource-based view of the firm, that no organization possesses all resources it needs to create value for its customers. Gaining access to resources held by other organizations alleviates this resource imperfection, and allows for value creation. Resource pools have also the merit to benefit all network members. For instance, clusters of firms tend to impact the labor and capital markets, which makes these resource comparatively more available for firms within the network as compared to firms outside the network. The demand generated by a number of firms makes qualified labor attracted, mobile, and therefore available. This local resources pooling is one of the key advantages attributed to clusters and industrial districts since A. Marshall (1890) first described them. It is important to note that resource pooling is recognized to have a double positive impact on performance: one because firms can use resources it would not have otherwise, the other because their competitive position toward firms outside the network is strengthened.

More than that, network size enhances the possibilities to generate synergies (Dyer et al., 2008). A logic of complementarity explains that resources in vast networks are likely to increase the value for the customer, and therefore attribute the role of complementors to such actors involved in value networks (Brandenburger and Nalebuff, 1996). Another benefit arising in large networks is scale. Studies of clusters in the Italian furniture industry show, that even small and medium enterprises can achieve economies of scale through network collaboration, and reach for a global competitive advantage (Parrilli, 2009). The same holds true for tourism, where small and medium enterprises clearly dominate in numbers, and have been shown to strive for scale economies through networking in extant literature.

While network size alleviates resource constraints and fosters effective value creation, it generates also negative effects connected mainly to coordination costs. This challenge refers to the ability to generate expected common benefits in the network through effective control mechanisms.

The larger a network becomes, the more costly control systems and structures are hypothesized to grow. However, evidence from the banking industry does not support this transaction-cost economics-driven assumption (Hirtle, 2007). Instead, data show that mid-sized networks may be at competitive disadvantage, compared both to small and large. A u-shaped relationship between size and performance appears here. Also, in industrial settings, the moderating impact of size on the power-performance relationship has been unveiled (Terpend and Ashenbaum, 2012).

All in all, management scholars have mobilized the resource-based-view arguments to explain network size benefits, while the transaction-cost economics framework has been applied in order to understand the limitations of network size. Empirical findings suggest a curvilinear relationship between size and performance. It is important to note that two different frameworks do not have combinative potential. There is a limited number of empirical studies testing each of the assumptions in tourism, and furthermore testing the joint impact of negative and positive effects connected with network size on its performance.

Density

Networks can also be described in terms of relationship density. This measure refers to the number of existing connections against the total number of theoretically possible connections. Density values range from 0, which indicates a loose set of actors and no connections between them, to 1 which captures a fully connected network. Both theoretical situations are unlikely to be found in real business settings, for both totally disconnected actors and completely connected actors are extremely rare.

Network linkages form the structure of information transfer and productivity. Thus network density has been a variable typically adopted in knowledge management studies in networks. Interestingly, network density has been found to be positively related to research and development teams productivity (Reagans and Zuckerman, 2001). This effect is explained by the rich and frequent information transfer in dense networks, which fosters creativity. However, network density is expected to decrease with network size. In other words while it helps to enjoy rich interactions, the number of these interactions may become harmful and therefore is purposefully limited by the network actors. High density also helps innovation diffusion, increasing the speed of information transfer and the mimetic pressure on all actors to align (Bohlman et al., 2010). A study of Australian hotel manager's network has demonstrated that density fosters best practice diffusion in the industry, with the result of improving the performance and the profitability of hotels (Ingram and Roberts, 2000).

Beyond the general rule it is interesting to note some network specific effects explained by density. For instance, locally lower densities provide

the actors with an advantage as compared to other actors. Structural holes (Burt, 1992) connect actors to others, and thus may provide a unique connection between networks. Such actor has the capacity of expanding networks but in the same time it controls information flows between them. A privileged position in the network can be expected to yield above-average returns.

Another peculiarity in network density is the core-periphery issue. More dense cores do have a comparatively better access to resources, knowledge, and strategic options than those loosely connected. Tourism literature shows that core individuals have more frequent exchanges and at the same time exclude others from participating in the decision or policy development (Cooper et al., 2009). Some studies have expanded the scope of variables in order to explore the type of knowledge that is available through networks, depending on density. Interestingly for tourism local transfers of knowledge display very different features than global ones. Dense local networks favor frequent information exchanges, informal, spontaneous, and loosely connected to business (Barthelt et al., 2004). Beyond a clear social inclination, the local buzz contributes to knowledge spillovers, that is, unintentional transfers of valuable knowledge over the network. While spillovers have been found to foster innovation and knowledge exploration at network level (Owen-Smith and Podolny, 2004) firms experience difficulties in protecting critical knowledge from leaking to others. In tourism literature, local partnerships observed in Antalya are generally occurring between: hotels in order to cope with overbooking and facilitate strategy formulation; travel agencies and local tourism associations with the purpose to align advertising and develop infrastructure; municipalities in aim to develop infrastructure (Terhorst and Erkus, 2009). The local buzz also exerts mimetic pressures on firms. Frequent information exchanges, social interactions, and spillovers may lead to cognitive and behavioral convergence, followed by strategies and routines (Huggins and Johnston, 2010). Interestingly, the mimetic pressures are not accompanied by selection mechanisms. Firms converge regardless of performance, they may adopt high-performing strategies or low-performing ones, just because a significant proportion of other members in the network already did.

On the other hand global transfers of knowledge are clearly focused on technology, know-how learning, and codified knowledge (Lam, 1997). One explanation might be that firms are reticent in sharing their key knowledge with local competitors, and instead opt for knowledge sourcing from geographically distant network nodes.

Similarly to the effects of network size, network density displays both positive effects and dark sides for the firm. Network morphology can therefore be optimized through purposefully shaped topology (Baggio and Cooper, 2010). Among the positive effects researchers have found increased trust (Reagans and Zuckerman, 2001), opportunistic behavior propensity decreases (Svaminthan and Moormann, 2009), alliance

formation (Lazzarini, 2008) leading to increased efficiency. However, negative effects have been identified as well. Network density and resulting information transfers may lead to saturation, yielding a vast amount of information irrelevant to managers and dispersing their attention. A negative impact of density on product quality has been found in project management (Colazo, 2010). Control over information flows in dense networks is also a challenge, critical as far as knowledge protection is concerned. Diversity breeds epidemics, so innovation diffusion is increased (Baggio and Cooper, 2010), yet also under-performing routines may be adopted more easily in dense networks. Further research on network density in tourism might explore the u-shaped relationship between density and performance in order to identify optimal levels for different purposes, but also to point out to other variables such as capabilities, size, or behaviors that interact with density.

Heterogeneity

The diversity of nodes and linkages is captured by the concept of heterogeneity. This variable can be attributed a significant explanatory potential in tourism studies as the value chains or destination networks are diverse—composed of specialized firms. Similarly to network size this variable has been examined from a resource-based-view perspective so far. The underlying assumption is that heterogeneity breeds complementarity and strategic flexibility, while homogeneity feeds scale effects and resource control. Broad management literature provides evidence on positive relationships between network heterogeneity and competitive advantage (Beckman and Haunshild, 2002), performance (Goerzen and Beamish, 2005), or innovation (Lazer and Friedman, 2007). There is evidence from some industries that low and high heterogeneity yield better results than middle values. This would be in line with the need to grant consistency between strategy and structure, as indicated in the banking industry (Hirtle, 2007). Interestingly a u-shaped relationship has been found between alliance network diversity and performance—both for homogeneous and very diverse networks performance is significantly higher than for medium degree of diversity.

However, those empirical results are ambiguous. Along with positive heterogeneity effects a number of drawbacks have been identified, which make the positive impact rather curvilinear. For instance, too much heterogeneity in the network raises significant troubles for managers to cope with information available (Mors, 2010). For tourism research heterogeneity poses a crucial challenge to identify the impact of diversity on performance. For instance, heterogeneity breeds complementarity, and may become source of competitive advantage in marketing tourism destinations. Inversely, when the firms in tourism networks become homogeneous, competition between them may hamper collaborative endeavors and reduce the likelihood of positive outcomes for the networked firms.

Also, bearing in mind that structural variables are not stand-alone explanations, further research on capabilities required, network organization, power centralization together with heterogeneity would greatly contribute to our understanding of tourism networks.

A curvilinear relationship between network structure and performance has been indicated and explained from several stances in other industries than tourism. Yet, the mechanisms beyond the shape of relationship do not seem to be industry-specific. A number of factors hindering positive developments have been recognized in the literature: structural holes, exclusion of important actors, dominance of cliques in networks (Wäsche and Woll, 2010). Hence, it is justified to expect studies focusing on finding a balance between negative and positive effects of structural variables in tourism networks.

Conclusions

The network approach has the merit to focus attention on the interorganizational relationships observable in the tourism industry. Researchers attribute explanatory power to the structure of relationships, among other less quantifiable variables such as governance, trust, member participation, or organizational structure (Bras et al., 2010). Prior research thread on tourism networks has been to a significant extent exploratory and descriptive, seldom examining the relationship between network structure and performance. Moreover, a clear inclination to point out to the positive impact of networks is visible in the tourism literature. Yet, broad management literature has been exploiting the network approach for a number of years now and its findings may be useful in further studies of tourism network.

First and foremost, the relationship unveiled between structural variables and performance in management appears as curvilinear. There is evidence that the u-shape is to be expected, as the size, density, and heterogeneity provide networks with both positive and negative effects. Hence, further research in tourism networks does not need to confirm positive effects of networks on performance, but rather to identify both the advantages and the associated drawbacks of network operation. Also, it is of high managerial relevance to point out to optimal values the network variables should adopt to best serve firm's purposes. A linkage between strategic objectives and network structure can be explored as well.

A second lesson turns our attention back to the multifaceted nature of networks. All facets describe networks at the same time, and consequently all sets of variables have an impact on performance, but on each other as well. For instance, structure does not exist without governance. Also, governance does not exist without behaviors. This might encourage further studies to test more sophisticated models, involving the institutional, structural and behavioral variables. One reason why structure remains

in a curvilinear relationship with performance is that a causal ambiguity exists—the same variable explains both negative and positive effects. But another explanation of the curvilinear relationship calls for involving moderating variables between structure and performance, or that structure moderates the relationship between other variables and performance.

A third lesson from management studies of networks to tourism research relates to the theoretical frameworks adopted. In order to explain why firms collaborate at collective level, the vast majority of studies uses the resource-based view of the firm. Then, to explore the governance modes or costs associated with network collaboration the transaction cost economics are mobilized. In turn for a large number of studies knowledge flows are examined from a behavioral stance. While each of these frameworks is established and allows for rigorous studies, the fragmentation of results makes it very difficult to integrate empirical findings into a coherent body of knowledge. Perhaps network structural analysis may contribute to avoid this pitfall and contribute to network theory at large.

All in all, tourism emerges as a promising field of network studies because of its inner features. High interdependency of many and various actors, value chain fragmentation, complementarities, spatial dispersion, and size variables feed structural considerations. By adopting a combined view of structures and governance dynamic studies would be favored, and help develop our understanding of the processes underlying performance in tourism industry.

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CHAPTER EIGHT

Cooperative and Coepetitive Practices: Cases from the Tourism Industry

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Introduction

The current business environment is characterized by a number of trends that cannot be easily portrayed just by leveraging on the traditional concepts of pure competition or pure cooperation. Instead, it seems that coepetition, namely the coexistence of competition and cooperation (Bengtsson and Kock, 2000; Dagnino and Rocco, 2009; Mariani, 2007), is becoming the most suitable framework to illustrate the day-to-day activities and relationships of organizations in the marketplace.

In the tourism sector, globalization processes are bringing about not only intensifying competition among companies and destinations (Karlsson et al., 2010) but also new opportunities for collaboration (Baggio and Mariani, 2012; Baggio et al., 2013; Mariani et al., 2014). As a consequence, coepetitive relationships are becoming progressively more relevant for co-located companies. By co-location, we refer to close geographical or spatial location of actors who often interact either unintentionally or intentionally (Kylänen and Rusko, 2011). Tourism destinations offer a good empirical setting to study these trends as competing, co-located companies in a specific region typically have also to cooperate for destination marketing purposes, in order to improve the attractiveness of the destination among stakeholders in general and tourist in particular, thus increasing inbound tourism flows and tourist receipts (Kylänen and Mariani, 2012; Kylänen and Rusko, 2011; Mariani et al., 2014).

Coepetition can be achieved either intentionally or unintentionally (Kylänen and Mariani, 2012; Kylänen and Rusko, 2011; Mariani, 2007; 2008; 2009). To date, the ever-escalating debate on coepetition has mainly focused on purpose-oriented strategies overlooking the emergent and contingent every-day aspect of coepetition (Mariani, 2007). Our

analysis tries to bridge this gap and calls for a sociocultural perspective where the focus is not only on a rational managerial perspective (Dagnino and Mariani, 2010) but also on a sociocultural one (Reckwitz, 2002).

The purpose of our study is to disentangle interorganizational practices of spatially competing co-located actors in tourism destinations. Hence, we aim to understand the dynamics through which cooperative and co-competitive arrangements are formed and maintained. As we focus both on the processes and their institutional features, we base our approach on practice theory through which we are set to understand organized human activities (Geiger, 2009; Reckwitz, 2002; Schatzki, 2005; Whittington, 2007).

Our empirical analysis is situated in two European tourism destinations, namely the Riviera Romagnola in Italy and Lapland in Finland, over a long span of time (8 years).

The chapter is structured as follows. In the next section we illustrate our theoretical background that combines strategic management, organization, and tourism studies. In the section following this we offer a description of the methodology adopted after clarifying our epistemological perspective. The ensuing section provides a picture of the business cases. In the next section we elaborate on our cases in order to identify specific co-competitive practices and characterize them according to time and seasonality. The section thereafter contains a set of implications for business practitioners and policy-makers. The last and concluding section highlights the limitations of our study and a further itinerary for co-competitive research in the tourism and service sectors.

Theoretical Background: Co-competitive Dynamics in Tourism Destination Management

We approach the co-competitive dynamics in tourism destinations from three theoretical perspectives: (1) interorganizational relationships (IORs) and co-competition strategy, (2) practice-based theoretical approach, and (3) tourism destination management and destination product development.

IORs are a hardy perennial in the strategic management field. Within the IORs debate, the choice of a cooperative strategy has been connected with the achievement of a superior competitive advantage (e.g., Garcia-Canal et al., 2002; Håkansson and Snehota, 1995; Powell et al., 1996). Another angle of reasoning has underlined the achievement of a shared purpose among partners (e.g., Barnett et al., 2000; Dacin et al., 2007; Reur and Ariño, 2007). IORs might involve cooperation among competing organizations (Brandenburger and Nalebuff, 1996; Brandenburger and Stuart, 1996). Accordingly, co-competitive relationships can be described in terms of an interplay of hostile and friendly business behavior (Bengtsson and Kock, 2000). Indeed, co-competition consists of conflicting and common interests that are simultaneous. However, the empirical research

on coopetition is still in its infancy (Dagnino and Rocco, 2009; Luo, 2005) and the debate seems to have lacked a process and practice-based analysis of day-to-day coopetitive behaviors and relationships (Baglieri et al., 2008; Kylänen and Rusko, 2011; Mariani, 2007; 2008; 2009; Walley, 2007). In contrast to traditional approaches of IORs, such as transaction-cost analysis (e.g., Williamson, 1975), resource-dependency (e.g., Pfeffer and Salancik, 1978), exchange relationships (e.g., Håkansson and Snehota, 1995), and institutional theory (e.g., Powell et al., 1996), we focus on IORs from the viewpoint of processes and practices. IORs have only recently been approached with a practice lens (Gherardi 2009; Vaara and Whittington, 2012). Hence, we analyze how the individuals and organizations involved produce, maintain, negotiate, renegotiate, resist, and transform values and meanings (Du Gay et al., 1997; Sydow and Windeler, 1998). We are inspired, for instance, by the balanced and holistic approach of Sydow and Windeler (1998) who focus on interorganizational practices and, simultaneously, consider the interplay of actions (actual processes) and institutions (signification, domination, and legitimization of IORs).

This study stems from a strategy-as-practice (SAP) perspective, whose aim is to shed light in the procedures and routines of strategy-making and into the role a variety of practitioners hold in everyday strategizing. Accordingly, we consider coopetition strategy not as something an organization possesses but as something organizations do (see e.g., Chia, and MacKay, 2007; Göbel et al., 2012; Järvensivu, 2010; Whittington, 2006). Indeed, inspired by Chia and MacKay (2007; see also Vaara and Whittington, 2012), a compendium of everyday strategy practices arises from habituated tendencies, rather than from purposeful goals set by managerial individuals. Building on the SAP perspective, this chapter focuses on the ways interorganizational practices enable the practitioners—in our case, for example the tourism entrepreneurs and public officials—to make decisions and take actions (Vaara and Whittington, 2012).

Tourism destinations represent a fertile setting to analyze and discuss coopetitive dynamics. Extant literature has identified a shift from a competition-based way of working to a more cooperative approach (Baggio et al., 2013; Fyall and Garrod, 2005; Mariani and Kylanen, 2014; Wang and Krakover, 2007) as destinations are promoted, marketed, and sold as synergetic wholes (e.g., von Friedrichs Grängsjö, 2003; Kylänen and Mariani, 2012; Kylänen and Rusko, 2011; Mariani et al., 2014; Wang, 2008). Accordingly, small- and medium-sized enterprises competing against each other to become the best service provider of the destination should also work together to differentiate the destination product. Traditionally, destinations have been considered as passive physical essences in which changes just occur due to external causes. However, more recently destinations have become understood as socioculturally constructed entities that actively take part in their own change processes (see Baerenholdt et. al., 2004; Saraniemi and Kylänen, 2011; Shaw and Williams, 2004). As a result, tourism destinations and their organizing

take distinct discursive forms and practices across diverse spatial and temporal contexts (Saraniemi and Kylänen, 2011).

Hence, the destination product can be considered as a “storehouse of meanings,” (Snepenger et al., 2004; Snepenger et al., 2007) for customers, residents and also for service providers.

Indeed the latter ones give meaning to the destination on the basis of their framed expectations and experiences. The way how entrepreneurs, public officials, and other important “facilitators” of the customer experience interact during their everyday activities have an impact on how destination products and network are formed and maintained through cooperative practices.

Data and Methodology

Case Study Methodology and Research Design

This analysis builds on a qualitative approach as our aim is mainly descriptive and exploratory (Eisenhardt, 1989; Glaser and Strauss, 1967; Miles and Huberman, 1984; Strauss, 1987). More specifically, our research data have been collected systematically over the last eight years in two tourism destination areas of Lapland, Finland, and Riviera Romagnola, Italy. We have conducted longitudinal analyses (Pettigrew, 1990) and observation of managerial practices (Hammersley and Atkinson, 1995) for a number of businesses in the hospitality and tourism sectors (namely hotels, restaurants, activity services, etc.) that have allowed us to reconstruct case studies. The case study approach, complemented with ethnographic field work and action research, was preferred over other research methodologies as we did not know much of the phenomenon in consideration, and empirical analyses on the topic are scant (see Eisenhardt, 1989). Moreover the case study analysis was chosen as we intended to answer to questions related to “why” and “how” of the phenomena of interest (see Eriksson and Kovalainen, 2008).

Empirical Setting

Presentation of the Cases

The cases analyzed in this study include the hotel cooperative *Promozione Alberghiera* and other relevant public and private stakeholders in the Romagna region (Italy), and the *Pyhä-Luosto* tourism destination in Lapland (Finland). Consistently with our exploratory aim and in line with the case study and ethnographic approaches, we have adopted research techniques spanning from thematic and semi-structured interviews, company visits, participatory and nonparticipatory observation, workshops, and content analysis in order to gain a better picture of the ways cooperative and cooperative practices gets understood, accounted for, and acted upon

(see e.g., van Maanen, 1979; Nason, and Golding, 1998). Additional data from the websites (www.pyha-luosto.fi and www.promozionealberghiera.it) have been used.

Overall the business cases have been organized by focusing on (1) the history of the network/destination; (2) the overall organizational features and how the business relates to relevant stakeholders; and (3) the description of the formation and development of interorganizational (cooperative and coopetitive) practices between the actors involved. These features have also played a role in choosing these specific empirical cases for a further study. The Finnish destination represents a typical fell-based tourism destination in Finland (and Nordic countries) for its operational logic, sphere of tourism related business, and international networking. However, it also has uniqueness in terms of its organizational angle and its history as two separate fells. The Italian case of a cooperative arrangement also represents a sort of a trademark case. Promozione Alberghiera is considered the largest hotel cooperative in Italy at the moment. The family hotel network is both a solid case of small-business networking and also an example of how a network of competitors can develop over time. Also, we were able to gather data on a long period of time from these two specific cases.

Interviews

Interviews of the Italian case have been conducted in Emilia-Romagna, Italy, whereas the Finnish interviews have taken place in northern Finland. In the former context, 27 semi-structured thematic interviews have been conducted with key personnel, for example the top management, middle management of the chosen companies, and officials of the Riviera di Romagna destination. In the Finnish context, nine thematic interviews were conducted with key personnel, for example entrepreneurs, owners, and managers of tourism companies and tourism associations and officials of the Lappish destination. The interviews lasted from 40 minutes up to 4 hours. The interviews were organized around major themes and included questions related to the way company do business day-by-day, how they consider their operative environment and how they compete and cooperate. During the interviews we also focused on structural, attitudinal, and historical differences potentially able to generate challenges and tensions to competition and cooperation and we specifically decided to take into account both strategic decisions and operational processes. The interviewees were also asked to describe their business practices, decision making, every-day activities, and what kind of meanings they give to them.

Archival Data

Another relevant source of data examined was archival data, published information, and sector studies released by the relevant local tourism policy-makers, administrators, and officials (namely the Assessorati al

Turismo at various levels of government in the Riviera Romagnola and the regional council in Lapland), as well as a number of documents produced by tourism associations. Moreover, press releases, leaflets, pamphlets, and materials generated by local public authorities and private companies were analyzed. Further information was also extracted from the annual reports of relevant organizations.

The documents were analyzed in order to complement and enrich the interviews, but also to bridge the gap between the “saying” and the “doing.” For example, when we were asking questions about the cooperative practices in marketing activities or in dealing with seasonality we decided to double check if the marketing material and the seasonality operational tactics used were in line with the comments and answers of our interviewees. A further strategy that was used was to analyze what was written in the documents and to identify what was left uncovered.

Observation

In order to complement the interviews and the archival data, we decided also to carry out both participant and nonparticipant on-site observation in the two destinations under study. Observation has taken place in almost 60 official and unofficial meetings and events, informal get-togethers, product testing occasions, and customer encounters, which actually involved local companies, municipalities, governmental organizations, and other stakeholders. The duration of the meetings could last from 15 minutes up to 4–1/2 hours covering both strategic and operational activities in the areas of product development, marketing, with an emphasis on interorganizational practices. The observation method revealed particularly useful as our aim was to study socially organized groups with their specific business practices inside an institutional setting by taking into account the saying/doing gap in situ (see e.g., Hammersley and Atkinson, 1995).

Cases

Hotel Cooperative Promozione Alberghiera

The organization Promozione Alberghiera is in the present day the largest hotel cooperative in Italy, gathering more than 200 hotels belonging to different categories/types such as luxury (e.g., Grand Hotel¹), international hotel chains (e.g., Best Western), boutique hotels, and family-run guest houses. The geographical scope of activity of Promozione Alberghiera includes the province of Rimini from the municipality of Torre Pedrera down to the municipality of Miramare.

The cooperative was founded in 1968 as a collaborative partnership of 11 tourism companies but it has dramatically increased the number of its members over time. The rationale behind the creation of this partnership was originally to develop a network of companies able to collaborate on

a number of activities including destination marketing and branding, in order to increase and strengthen the capability of individual hotels to successfully face national and (later) international competition in the hospitality industry.

In more detail, *Promozione Alberghiera* exerts a general strategic role, by leading and controlling the companies that are under its umbrella. It deals with promoting the following:

1. Total quality of the tourism product offered by the Riviera Romagnola, by leveraging the motto “*A tutela dell’ospite*” (“for the guests’ sake”) whose objective is to offer high-quality services and facilities able to suit the guests’ most demanding requirements.
2. National and international image of Rimini as a tourism destination consisting of products, services, cultural and enogastronomic initiatives that are part of the tradition of the Riviera.
3. Interaction with other tourism businesses of the Riviera di Romagna, such as bars, restaurants, libraries, museums, theme parks, outdoor recreation centers.
4. Interaction with a number of public and private stakeholders promoting tourism in the Rimini area, including public conference organizers, hotel managers’ education services, operational companies dealing with central booking activities, and companies for the territorial development ranging from arrangement of fairs to airport facilities to destination marketing.

As it stands in the description above, one of the major tasks of *Promozione Alberghiera* is not only to pool resources of a number of co-located hotel businesses in order to improve the effectiveness of promotional activities for the cooperative as a whole, but also to bring together a myriad of different economic actors in the destination. This is discussed by one hotel manager member of the cooperative by highlighting the customer’s viewpoint and interaction between service providers:

“We need a number of services that make their (the customers’) stay a real experience. It’s not just about sleeping in a bed and having breakfast. They want to go to restaurants, to the beach, to the museums, to theme parks and they want excursions. We don’t just say ‘go there’ but we recommend companies that we trust and that have collaboration with *Promozione Alberghiera* members. If we suggest a good colleague then the customer will be grateful to us and maybe come back.” Interviewee #8

Apparently the mechanism of recommendations and suggestions is not only just relevant among businesses that cooperate vertically along the value chain of the tourism industry, but it is important also among hotels (i.e., horizontal collaboration among different hotels) especially when the

activity is lower due to a situation of recession or simply the seasonality cycle. Two hoteliers of the cooperative emphasize the value and process of interaction:

“You know, until 10 years ago even during the low season (from October to April) most of the hotels were open and everyone tried to get the maximum amount of guests they could. Now with the financial crisis we have far less tourists around here and many hotels simply close during the low season. The ones that stay open try to collaborate with each other, and without the PA we wouldn’t have got together in the first place.” Interviewee #10

“Without the Russians this winter we could have closed all the businesses and hotels in Rimini. It is becoming tough here to survive because margins are lower and part of the reason is the careless competition among hotels that in recent years has been caused by tour operators, eager to block book entire hotels at ridiculous rates. We should think about this and be more cooperative if we don’t want to run at financial losses—I am thinking to share some operations with one of my colleagues.” Interviewee #9

Another hotelier affiliated with the cooperative underlines the customer as the core of continuous tourism product development:

“For me the financial crisis was kind of an opportunity. I know my work and my stuff and my restaurants allowed me to make money and I have bought last year the [XY] hotel. It is not going bad especially because I send my hotel guests to the restaurant which is just 80 meters away. And then I am one of the few to be open also during the fall and the winter and all of my friends of PA send their guests to my restaurant. So far I should say that the volume of activity has increased but just because I do well my work and because many other restaurants went bankrupt.” Interviewee #15

Clearly it seems that while the seasonality cycle determines over time sporadic moments when cooperative practices are strengthened, the economic/financial downturn represents instead a key driver to challenge uncertainties through information and knowledge sharing. A member entrepreneur sheds light on the contextual interaction practices:

“Currently there is a lot of uncertainty and every season something changes and companies go bankrupt or are acquired. We need to talk to each other and to share information about who is doing well and who is doing badly. Recently I have learned that a member hotel had financial difficulties. I have talked to two other members and we will help him or maybe buy him.” Interviewee #7

Indeed during our interviews, one of the top managers of Promozione Alberghiera has underlined the idea that Promozione Alberghiera itself is playing a very important role not only for fostering cooperation among co-located hotel businesses, but it is also becoming more and more useful as a forum for discussion of the issues facing the tourism sector and tourism professionals in the Riviera Romagnola in this phase of contraction of the destination.

“Some time ago there was competition between individual hotels and the scope of competition was Rimini. Today competition is played between tourism destinations globally and now we speak with each other more effectively and react to international competition.” Interviewee #4

Moreover, as specified by another manager of the business tourism branch of Promozione Alberghiera, tourism is changing dramatically over time and, more specifically, this calls for constant search of new development paths.

“The age of mass tourism is over in Rimini. We have many forms of tourism ongoing nowadays, every and each of them targets a specific niche of tourists, but there is no more an idea of mass tourism such as the one we had in the 90s. Now we are investing in business tourism.” Interviewee #2

The importance of cooperation for tourism product development is emphasized also by a member of the local Destination Management Organization APT Emilia-Romagna when he states:

“The cooperative of hoteliers is working very well with two other groups of businesses in the area: the owners of the restaurants and of the shops. They are trying to develop novel integrated products with reference to the enogastronomy and shopping tourism respectively. These are products that strongly rely on our tradition: Italian cuisine and Italian fashion and design.” Interviewee #13

These words are echoed by another hotel manager specialized in the Russian market emphasizing the customer value and product development (see also Mariani, 2013):

“The people who arrive are so fascinated by our tradition and culture. At the beginning, I was not paying attention at the shopping attitude of the Russians but then after a number of requests, I had to start a partnership with one transport company to take my tourists to fashion outlets. They are so happy when they come back after their trip to the outlet.” Interviewee #19

Furthermore, under the umbrella of *Promozione Alberghiera* work the local tourism offices whose aim is to collect data on tourism flows in the Romagna coast. More specifically there is one office active year round that is located in Rimini and five seasonal offices (open just during the summer) located respectively in Torre Pedrera, Viserba, Piazza Tripoli, Miramare, and the Airport. Moreover, there are offices linked to events that are located at the Congress Center (Fiera), the *Palacongressi*, and *Castel Sismondo*.

The information generated by these offices (mainly related to demographic statistics of tourism flows) has been recently organized in a medium called *Rimini Media Center*. This kind of information gives the entrepreneurs interesting insights and food for thought about the geographical origin and the consumption preferences of the tourists coming to Rimini. Also, it provides a database with a real-time access by the members of the *Promozione Alberghiera*.

What *Promozione Alberghiera* mainly does, is to coordinate the tourism offices of the *Riviera Romagnola* coast, with a threefold objective: (1) homogenizing the procedures, (2) sharing unique digital platforms, and (3) examining conjoint initiatives of municipalities interested in being promoted as part of the Rimini destination. Accordingly, *Promozione Alberghiera* has played (and is playing) a paramount role in bringing together the efforts of many tourism businesses' owners interested to promote the destination as a whole. As one of the hotel owners pointed out:

“At the beginning we did not really perceive the importance of being part of this cooperative venture as it was not a proper DMO, but later we realized it was beneficial especially to ourselves and not only for the destination.” Interviewee #7

These words are significant because they illustrate that *Promozione Alberghiera* is an entity that not only helps promoting the destination (with overlapping goals with the relevant destination management organizations (DMOs)) but it is also very close to the interest of the local hotel owners. Accordingly, it tries to integrate the promotion of the Rimini destination with the promotion of individual hotel operators and fosters relationships between the last ones and other tourism businesses such as theme parks and promoters of cultural and entertainment activities and initiatives (dance, music events, and exhibitions).

Interestingly, the development of interorganizational and cooperative dynamics among the hotels members of *Promozione Alberghiera* was an incremental process that gained momentum in the late 1980s and 1990s and was to a certain extent even backed by the local DMO. As another hotel owner observed how the interaction has proved its value:

“Hotel owners that originally were suspicious about the cooperative, later became convinced that being part of it could mean enlarging

their business opportunities and this is what explains the exponential growth of the numbers here.” Interviewee #8

Pyhä-Luosto Tourism Destination

Pyhä-Luosto is a middle-sized tourism destination in the Finnish Lapland. It is formed by two more or less self-supporting but complementary fell resorts situated about 25 km from each other. Fell Pyhä has long traditions in domestic slalom tourism and after-ski. Its break-through period was during the rise of “young yuppie” culture and when alpine skiing became livelier in Finland. Organizationally speaking, Pyhä has a tradition of one big flagship operator that runs a hotel, slopes, and ski-lift business. This has had an impact on the decision-making culture in the resort. On the contrary, Fell Luosto resort has been more oriented to international nature activity markets, cross-country skiing, activity programme services, and spa services. Instead of young urban culture, Luosto has an international image of “typical Lappish.” In the Luosto resort, there are many smaller operators who have been able to make many mutual decisions together. The differences of the two once-competing resorts have been noticed by the entrepreneurs as well, but they have also been able to turn that into an advantage from the angles of interaction, customer and tourism product development.

“It (cooperation between the two Fells, Pyhä and Luosto) sounds good. But we’re talking about pretty diverse regions here. I mean the reasons why people come to Pyhä or why they decide to visit Luosto differ quite a lot. The clientele of the fells is different. For instance, I wouldn’t go to Pyhä with my family...that’s just my image. However, recently we have got together with new business partners, also from Pyhä’s side. It is starting. From our point of view, it’s in its early stages.” Interviewee #3

“I think it is a good thing—to have two different resorts nearby. They can offer something extra to each other’s customers. People visiting Luosto can also experience Pyhä, and vice versa tourists at Pyhä can expand their holiday with the things Luosto has to offer. I think it’s a complementary thing, here. From my viewpoint, to my company, this has paid off—it has brought more customers to me.” Interviewee #9

The two resorts, Pyhä and Luosto, have competed against each other for decades, but in the turn of the millennium they decided to combine forces in the field of marketing, communications, resource allocation, and branding. Their goal is to create a unified, more significant internationally operating tourism destination. In addition to its international attractiveness the Pyhä-Luosto operators seem to share an ideology of “quality over volumes” and sustainable development. Their aim is to be the fifth biggest

international fell destination in Finland. The enforcement of cooperative attitude and action has been on the local agenda already from the 1980s, but it took about 20 years to walk the talk. Particularly, joint development guidelines for the customer's sake have been identified as the glue between the actors involved.

“I'm not sure if we have really considered some key themes or attractions we wish to exemplify or demonstrate as a whole, as a Pyhä-Luosto. However, as part of our strategy work in 2001–2003 we came up with a slogan ‘more experiences together’. Thus, for us as Pyhä-Luosto, active participation of the customers and nature-based experiences are the key theme. After all, we have the Northern lights, the national park, cultural events and so on, and most importantly, the nature is right next door here.” Interviewee #2

The development of cooperation between Pyhä and Luosto has been a three-step process. The earliest phase took place in the turn of the 1990s with a public-funded accessibility project. The second project between years 1997 and 1999 aimed at ensuring transportation and feeder traffic possibilities. In this project also the local entrepreneurs started to see benefits in the idea of working together, and it was not only a public initiative. Interestingly, one of the first and probably eventually key actions was to make a better road between the two resorts of Pyhä and Luosto. After accessibility-, infrastructure-, and place-related factors were taken care of, a path for more natural and unreserved interaction between the key persons involved was opened.

Also, as a member of the regional association points out, the cooperation has its roots, but they are not necessarily economic ones or production-oriented. It is the person-to-person interaction that has kept the motor running. Interaction is a matter of giving and taking—if you are not committed to the common goals or do not take part in the meetings, it is much harder to get your ideas through. The entrepreneurs seem to value mutual trust that is based on interaction and getting to know people, as indicated below. Also, customers are considered as the source and impulse in working together.

“Surely, the economic issues were involved, but I don't believe they were the main ones, as such, to the companies involved. The point in initiating the cooperation between Pyhä and Luosto was the fact that we are able to serve the customer much better, no matter whose customer, when we pool resources.” Interviewee #2

“We operate as a supplier for a bigger enterprise I own together with my business partner. Marketing-wise it is easier to sell the entire activity complex, a more holistic product. And in fact, the impetus to all this came from our customers, as they were the ones to inquire

about different possibilities. That's why we have decided to invest on this bigger whole." Interviewee #7

"I think that we have now learned to consider the neighbouring fell as a resource and as a partner, we have learned to know each other much better. We know what do they look like and we know them personally and we meet and get together every once in a while. This takes away dispensable fear, or so, and creates a forum for working together. To know what kind of companies there are makes it easier to recommend them to our customers, too. Also, in our company (a cultural site, an attraction), we have this principle that every employee working in the region can visit us free of charge. This gives them more background to tell about us to their own customers then, too." Interviewee #5

The Pyhä-Luosto level cooperation was formalized in the third project in 2001 when three interconnected, influential events took place. The first one was about municipality-driven land use and zone planning, particularly the preparation of an internationally standardized Master Plan.² In 2002–2003, key persons of key companies spent time together intensively to declare a joint voice and targeted goals for the new tourism destination of Pyhä-Luosto. The destination got its own development strategy where the two resorts were considered as complementary ones. As the third and operationally and organizationally most concrete action, the tourism destination got its own administrative structure in 2003. A destination management organization (DMO, also destination marketing organization depending on the tasks), Pyhä-Luosto Tourism Association, was established. About 95 percent of the local companies, the national park authority, and also the three municipalities are members in the DMO. Indeed, the area is located within three municipalities: The City of Kemijärvi, Sodankylä Municipality, and Pelkosenniemi Municipality. The DMO is responsible for coordination of cooperation in the destination.

Together Pyhä and Luosto share for instance an amethyst mine that is the only open-access gem mine in Europe, 17 slopes, ten ski-lifts, 8000 beds, several restaurants, shops, and so on, many programme service companies, a reindeer farm, a reindeer and husky park, a spa, Nordic Fitness and Sports Park, and music festivals. Also, the Pyhä-Luosto hosts an easily accessible national park with multiple trails for hiking/skiing. This provides a special resource as is the case among other nature-based tourism destinations in Finland.

In 2009, Pyhä-Luosto had 156,006 registered overnights, and in 2010 the figure dropped down to 141,527, of which about 30 percent are from foreign tourists. In 2011, the figure was about the same, 142,908 registered overnights with a 6 percent market share in Lapland. The share of foreign tourists was about 32 percent in Pyhä-Luosto. In 2012, Pyhä-Luosto had 137,295 registered overnights, of which nearly 52,000 by foreigners.

Pyhä-Luosto is included in the top ten of fell resorts in Finland; their aim is to reach the fifth position.

There are versatile cooperative relationships in Pyhä-Luosto. First of all, it covers cooperation and competition between the two fell resorts. Also, there is cooperation between hotels, between hospitality (accommodation, restaurants, and catering) and activity (safaris, events, sites to visit) companies, interfirm cooperation (in particular small- and micro-sized companies), three municipalities involved, on a regional and province level, academy–industry relationships, between local people and the industry representatives, and cooperation with and between international tour operators.

An example of a more extensive cooperation where the joint product has been extended even beyond Pyhä-Luosto, is the network with a competing destination, the city of Rovaniemi, which holds the biggest market share of foreign tourists in Lapland (28%, in 2011), and incorporates in total nearly 500,000 registered overnights per year. Bus and rail road connections as well as interfirm cooperation to Rovaniemi, with a 1.5 hour drive, are very important, since Rovaniemi is the capital of Lapland and it hosts the nearest airport. This shows how the product seems to extend and grow in scale and geographically depending on the markets, in particular in the case of international tourism. Hence, the service providers, even on a destination level, can stretch their perception of the tourism product on the basis of cooperation.

“As a Pyhä-Luosto destination we have also strengthened cooperation towards Rovaniemi, also one of our competing destinations, due to public transportation and flight connections. In fact, we have come together with a joint product where our tourists get a ‘day in the city’ and Rovaniemi-based tourists can also experience the fell and the wilderness nature.” Interviewee #2

The extended product comes into picture also when planning the destination marketing. For instance, during a marketing campaign, a group of entrepreneurs in a marketing board meeting were finalizing their brochure to be prepared for a travel fair. In the middle of choosing the main picture for the brochure cover, after an ardent exchange of words, one of them stood up and asked “What is the product we are selling here, after all?” This indicates that the focus in destination marketing is commonly more in the marketing communications and formulation of key messages instead of a focused destination product development.

Cooperation of competitors is also connected to learning. Indeed, cooperation may lead to mutual learning as service providers located in the Fell Pyhä and the operators surrounding the Fell Luosto have diverse strategic profiles. They are connected with differing markets and can exchange ideas in joint forums (see also Kylänen and Rusko, 2011). However, learning

takes place on a smaller scale, too, in the case of specific company networks that deal with a joint product.

Also, I must add that the expertise gets better in the companies when we can do things together. For instance, we have gained good results with our trainings, as the participating entrepreneurs and personnel have got to know each other a bit better and learned to trust one another more. The initiative force, originally, was the visionary minds of the ‘municipal fathers’ of ours, and they convinced the entrepreneurs that one should not go further than the sea to fish.” Interviewee #2

“Well, even in the case of simply two companies cooperation requires quite a lot. It’s not just a matter of contracts, in black and white, you know. For instance, we are involved in a co-product with—well, normally three, but during the Christmas season four partners. We have a company responsible for the transportation, an international tour operator, and the specific cultural site where people visit, and our expertise, too. It works very well, as each of us brings their own specific expertise in the joint pool—And the customers sometimes ask us these type of packages directly, but, hey, it’s not our core business. We don’t package. We don’t have the expertise ourselves for that.” Interviewee #3

“Well, traditionally Pyhä has been a very strong player in the domestic ski destination markets, but Luosto has been more experienced in the international tour-operated markets. First, this was seen as a challenge, but more recently we have realized the possibility to learn from one another. That’s synergy.” Interviewee #2

In the case of activity programme services, which often represent small- or micro-sized enterprises, the spirit and attitude toward the neighboring companies is supportive and open. The creation of new—be it more local, unique products or introducing an entirely new season—calls for cooperation. An interesting insight in the regional coopetition is the value of the entrepreneurs’ home base, whether they come from Luosto or Pyhä originally (see also Kylänen and Rusko, 2011). Altogether, coopetition comes down to delivering good customer service. Sending the customer away to another place, to a competing destination, is considered as the worst case scenario.

“Personally, I wanted to bring in such themes in the regional offerings we somehow seemed to lack. I thought that if I’m missing something, maybe there are others, too. We all should find our own specific area of expertise.—Also, we should be more courageous in networking, especially towards the small villages nearby. That is how we could offer more unique and versatile services stemming from local culture

and regional peculiarities.—It is amazing that there still are companies that do not realize the clue of the tourism business, like, what is the product here. It is not about the cheap hotel room in the summer time. It is the region as a whole.” Interviewee #1

“Cooperation has become better both between competing small businesses and within the entire industry. The small activity service providers have shown the way in mutual lobbying. Also, the local hotels have mutual products and co-pricing, such as a hotel package that includes ski lift tickets (run by another hotel, in Pyhä and in Luosto) and spa tickets (located in another hotel, in Luosto). Here, the customer gets the same benefits no matter staying in Pyhä or Luosto. Also, as we are in the middle of a low-season right now, two hotels are balancing with the opening hours. There is no point in keeping both restaurants open all day.” Interviewee #2

“In my opinion, a unifying thing is definitely the fact that we are all Luosto-based entrepreneurs here (on this side of the resort). It’s a bit like a brother–sister thing.—But I don’t think we have these different camps, or anything, I believe that we have figured it out that we have to get along and be friends with Pyhä-based people, too. You can’t manage alone nowadays! When together we are just the right size.” Interviewee #9

“Obviously, if you have 50 snow-mobiles and another entrepreneur has 80 snow-mobiles, and the one having less gets 60 customers one day. Then, it is pretty damn good that the other operator has those 80 snow-mobiles—as probably one can then spare the 10 extra vehicles, you know. You don’t have to search for them further away.” Interviewee #5

“Also, we sell services across and recommend each other.—It shows the customers that we care about them no matter whose customer it is. It’s not just about my company! We are in the same boat trying to have more customers. And it’s about our shared reputation. A good service also deals with knowing what the neighbouring company is providing, and that’s bad service if we run out of stock.” Interviewee #9

Indeed, the seasonality plays a role in balancing competition and cooperation. The first steps in extending the seasons, in addition to destination marketing campaigns, have demanded hard work and concrete actions ranging from joint product development to more attitudinal “agitation.” A social peer pressure is generated against those who have closed just before the start of the low-season and held their business open only during the peak seasons.

“Well, it’s criticized a lot, as there are some who just want to cream off without paying anything in return—they just keep the doors closed after the high-season, and have a holiday, I don’t know. That

is a hell of a bad strategy, you know. It is a light-year away from this year-round thing. If you don't have supply, it's pointless to call for demand! Let's take us, for example. We have been here since the mid-90s; open daily in the summertime. At the beginning, it may have been so that on Mondays no one came, and the rest of the week was even quieter . . . And little by little the folks around here learned that 'go there, it is always open'." Interviewee #5

"In fact, the activity service providers have not only clarified their own product portfolios but have positioned their business profiles more complementary. Particularly, in the low-season they have agreed to share responsibilities. For instance, it may be pointless to be 'on duty' on a number of fronts all day long, but with a weekly programme the companies can share that 'ok you take Tuesdays and we take Thursdays'. Then the customers are directed to certain places on specific days. However, obviously, when it is the high-season going on, and there are plenty of customers to all, every company wishes to have its entire offerings available." Interviewee #2

"We have built ski bus transportation between the Fells Pyhä and Luosto. It is based on the connecting bus lines operating from the Rovaniemi airport (a 1.5 hour drive from the destination). During the high-season, we have this feeder transportation four times a day via Luosto to Pyhä. Also, our regional association has bought and compensated taxi transportation, and it works depending on the month and time of day. This offers the customers a possibility to swap between Pyhä and Luosto, if they like." Interviewee #2

The customer is also used as a counter-argument in Pyhä-Luosto to draw the borders of the destination. In board meetings, new memberships were occasionally on the agenda. Once, the specific company was located in a somewhat remote place from the center of the resort, and this was considered a drawback from the customer's point-of-view, in addition to the idea of a "functional and appropriate" destination product.

As said, Pyhä and Luosto also have some significant structural, attitudinal, and historical differences that create challenges and tensions to coopetition. However, an entrepreneur opens up the clue in all cooperation and mutual trust-building below. He values dialogue and interaction. Most importantly, unofficial meetings are of high importance, and they are not limited to low-season only, but also during the high-season.

"We should maintain the culture of sharing information. The flow of information is very important since we are dealing with people's business. But of course, when everyone is in the middle of the busy season—and we have a lot of people involved—no one has time to familiarize people with each other. This is where these unofficial events come into the picture. Together with the activity service

providers, we have tried to arrange these get-togethers, to have an occasion to share ideas and 'testcase' products." Interviewee #5

However, in addition to seasonal changes, also the location and profile of the company frame its cooperative practices. It is also notable here that in particular small business entrepreneurs constantly weigh the value of participation in the DMO and common supervision of interests. The size of the companies seems to have a connection to the decision time-frames, too. The smaller companies may be very flexible, but they expect rather quick results for their investments. However, they may weigh the value of participation for a longer period of time. The big ones can often take faster decisions in general for their better resources, but they may have a longer time-span in their expectations for return of investment. However, some service providers consider cooperation and competition as a source of innovation.

"As we operate in Luosto, and a bit off the hot spot, we have been asked if it pays off to be involved in the association. But yeah, after all, it is about tourism and the entire region of Pyhä-Luosto we are talking about here. I do know that there are some similar types of entrepreneurs in other destinations who have decided to opt out of the DMO. After all, you can still get the overall benefits, don't you think. We have considered that we, also, have to carry our share nevertheless we are a small one." Interviewee #3

"I feel that it is ourselves who set the pressures and challenge ourselves. We have our goals and our own quality standards. We don't want to get stuck in a rut by offering the same year in, year out. We want to be lively and proactive." Interviewee #1

Last but not least, the size of the company is also connected to the way how one gets considered in the region; the big ones seem to play a bigger role both rhetorically and strategically than the smaller ones. Some of the service providers are named as "key-actors" over others.

"The commitment towards our strategy...well, at least the key actors in the area—they are very committed. Probably, it's the smaller companies who...well...it may be about lack of information, too. I'm pretty sure that there is nothing in the strategy that couldn't be followed, you know, but maybe they are lacking key information." Interviewee #2

"Probably we could call it a lack of commitment. Maybe it's harder to attach oneself to a larger whole, you know. It's not that it wouldn't be important, no, but for a small company, it doesn't concern us—it's the big ones who decide." Interviewee #3

Identifying Cooperative and Coopetitive Practices

This section is organized in three subsections. In the first one, based on the empirical evidence collected, we highlight the reasons why cooperation and coopetition practices are relevant for actors embedded in tourism destinations. In the second subsection we provide a typology of the practices detected in our qualitative research. In the third and last subsection we include the practices in an overall framework that also incorporates the seasonality effect and the overall state of the business.

The Relevance of Cooperative and Coopetitive Practices Embedded in Tourism Destinations

On the basis of the analysis carried out, we can identify several major reasons why cooperation and coopetition practices are relevant for tourism destinations and the actors operating inside them:

1. Cooperation is necessary in building integrated products and staging comprehensive experiences (Pine and Gilmore, 2011) that might effectively meet the needs and wants of the customers, possibly increasing the differentiation of the single services and holistic destination product. On the supply side this is achieved when two or more companies decide intentionally or unintentionally to pursue coordination through cooperative practices on one or more portions of their value chains. Coordination is particularly effective in generating an integrated product or a comprehensive experience whenever cooperation practices involve portion of the value chains of different businesses, which will be able to carry out an effective division of labor.
2. Cooperative and coopetitive practices among actors operating in a tourism destination are relevant as they trigger organizational changes that could contribute to tourism product development and innovations in staging tourism experiences.
3. Cooperation and coopetition practices can increase the amount of business knowledge shared by the companies operating in a tourism destination, thus, making their operations more efficient and effective. Moreover cooperative practices can improve mutual understanding among companies and learning about the business activities.
4. Cooperative practices can corroborate the cross-referral attitude among the tourism businesses operating in a specific destination in both low and high season. This contributes to a better balance between supply and demand by contrasting capacity issues and harmonizing occupancy rates across service providers.

5. Coopetitive practices lead to better customer experience by securing a smooth and customer-oriented service delivery.
6. Cooperative practices can help per se the DMO to improve its marketing efforts both externally and internally.

A Tentative Typology of the Coopetitive Practices
within Tourism Destinations

On the basis of our data, we can now draw a tentative typology for coopetitive practices among tourism destinations. More specifically, we have identified several intertwined practices that contribute to shape the coopetitive settings over time. In more detail we can distinguish four sets of practices: *interaction practices*, *customer practices*, *key actor practices*, *tourism product development practices*.

The *interaction practices* include a rather vast set of routinized ways of behavior that take place on one hand in destination management and marketing activities and decision-making and on the other hand in marketing activities of the individual companies in a destination. Depending on the amount of time allocated, the decision-making process can range from a one-minute phone call to an informal get-together at a bar or restaurant to a formal official board or team meeting to a structured planning work lasting several months or even years. Also, the locus of decision-making and power may change over time.

Apparently while the most common form of decision-making for destination marketers and municipality officials is carried out through official board or team meetings, in many relevant cases decisions involving private businesses and entrepreneurs are made with informal get-togethers among a fairly small number of operators. The regional associations, entrepreneurial network, or other coordinating forces in the destination hold their official meetings about once a month (while informal meetings can be much more frequent) where they have a rather common assembly procedure. A group of company representatives and representatives of public authorities (entrepreneurs, marketing managers, municipality officials) form a decision-making organ for the entire destination. Also, informal get-togethers and one-to-one appointments play a role in the interaction patterns of destination development. The international tour operators and nonregional operators (be it the government, businesses, or development projects) also take part in the interaction practices. Obviously, it is difficult and time-consuming to involve every possible operator in the decision-making, and for instance in strategy work some forums are arranged to gather regional opinions and to enhance polyvocal development work.

The customer is used as rhetorical and functional “glue” among the key actors in legitimatizing cooperation and coopetition dynamics inside the destination: as a consequence *customer practices* become salient in many situations. First, the customer chooses the services to be used—that

interestingly shape the tourism product and the eventual destination experience. Indeed, the destination may cover different features on the basis of the services used, routes taken, places visited, and events attended. The destination, thus, is not necessarily defined on the basis of a geographical location, a map, or municipality borders, but on the basis of emotional and sociocultural experiences and co-creation of meanings, hence a temporal-spatial experience. The awareness of this state of affairs has pushed destination marketers in both Lapland and Riviera Romagnola to invest in new tourism products (e.g., the significant investment in promoting agritourism and enogastronomic experience in the Riviera di Romagna). Secondly, the board members can use the customer experience as an argument for and against synergetic objectives such as broader offerings: in the Finnish case for example, the talking about Pyhä-Luosto has replaced the idea of separate fells of Pyhä and Luosto as reference concepts; the “A tutela dell’ospite” philosophy has become a credo for the Promozione Alberghiera members, also contributing to direct their strategic efforts. Moreover, the customer experience can be used in order to grant or deny access to new companies to become involved in the joint marketing activities of the region as this may disorient the customer due to long distances between the company and the destination center. This event took place in a board meeting at the Pyhä-Luosto tourism destination, and a membership was at that point denied with the argument of leading the customer possibly astray, as the company involved was located tens of kilometres away from the core village. The customer practices also come into picture when the companies weigh the value of cooperation and/or competition from the angle of the specific company or the destination as a whole (see von Friedrichs Gränsgjö, 2003).

Key actor practices can be seen as the third routinized way of behavior that we can observe in coopetitive settings. This stands for the way through which some companies, public and semi-public organizations, and even single persons become “nominated” as the key actors of the specific destination. Interestingly enough, the role, the line-up and the activities of the key actors seem to change contextually and over time depending on the issue or the process at hand. On the one hand, to name and frame some operators as key actors over others (i.e., being “more key” than others) may boost the entrepreneurial, operational, and strategic identity of the actor and have an impact on the overall performance of the tourist destination and the individual businesses operating in the destination. On the other hand, the key actor practices may derive from diverse events, and eventually they may cause inequality and frustration among those “not so key” actors. For instance, to become a key actor may be based on exceptional effort for the destination, a long history in the area or a significant expertise in some specific field of tourism, business or marketing, or simply good networks and personality. Obviously, interpersonal relationships and mutual trust are a good ground to build on in cooperative activities, but it may also lead to favoring of some over others,

and hence to a more competitive atmosphere within the region. Also, the key actor practices are apparent on a larger scale, when planning regional tourism strategies beyond one specific resort or a theme park, for example the tourism strategy of Lapland (where Pyhä-Luosto became one key area for further development and allocation of EU development funds due to recent cooperation).

Last but not least, the *tourism product development practices* include a set of processes through which entrepreneurs and professionals identify the features and characteristics that a product should incorporate. The development can occur at three different levels: an individual company (i.e., a single company deals with the development of a tourism service or experience), a network of companies (i.e., a number of firms through horizontal, vertical, and diagonal cooperation develops a bundle of services), and the destination (i.e., a DMO coordinates the production of a service, which is carried out by a myriad of actors and actions) (see also Garcia-Rosell et al., 2007).

Time, Seasonality and Coepetitive Practices

In previous work (Kylänen and Mariani, 2012), the authors have pointed out that time plays an important role in coepetitive and cooperative practices. We have identified four different set of situations depending on the fact that cooperation and competition could be either short- or long-term. On one hand, long-term cooperation is often achieved when the public sphere creates the conditions and the incentives for private companies to collaborate. On the other hand, when we refer instead to coepetitive practices, we are mainly dealing with the set of situations where short-term cooperation is ongoing often in an informal way.

Typically the practices that we have identified in the previous subsection (interaction, customer, key actor, tourism product development) are influenced by the (a) seasonal changes (low vs. high season) and (b) the overall state of the business/economy in the destination (expansion vs. contraction).

As far as the high-season/low-season trade-off is concerned, in the Pyhä-Luosto case restaurants have been able to agree upon more complementary hours and other operational logics (e.g., a restaurant may host the breakfast and cafeteria, while the other may focus on lunch) during low-season. At the destination level, when it is low-season companies have to cooperate (e.g., in a marketing campaign or low pricing) to get at least some amount of customers in the region, in the first place. However, also more egoistic attitudes can be identified, when during low-season one wishes to survive by rising upon other's shoulders. During peak season companies seem to pay less attention to cooperation for everyone's doing quite well anyway, and they are also rather busy. This contributes to the creation of a situation where intermittent cooperation and competition go on.

As far as the expansion/contraction trade-off is concerned, whether the business is going down or well, it plays a role in formulation and adoption of the cooperative practices. For instance, when the business is going well, in general, most of the companies have enough of customers. This makes them busy, though, and lack of time may lead to lower cooperation. However, a motive for cooperation among the competing companies during the high-season and in the times of successful business is the fact that they do not want to run out of stock and sell the customers to a competing destination (outside the Pyhä-Luosto region; or other than Promozione Alberghiera network-related hotels).

Overall, the intensity of cooperative practices in tourism destination can be exemplified with the following matrix, which takes into account the seasonality (high vs. low season) and the state of the business/economy (expansion vs. contraction) in the destination.

Figure 8.1 illustrates that the intensity of cooperative practices increases the more we head toward the low season and the more the opportunities of business contract. As a consequence, quadrant C includes all the situations where cooperative practices are stronger mainly due to the fact that also cooperation practices (namely interaction, customer, key actor, and tourism product development practices) are stronger.

For example, customer practices among competing businesses become more oriented toward cooperation in a context of low-season and slow economy as the overall volume of activity is relatively reduced and therefore companies need to act cooperatively in order to gain a sufficient amount of tourists.

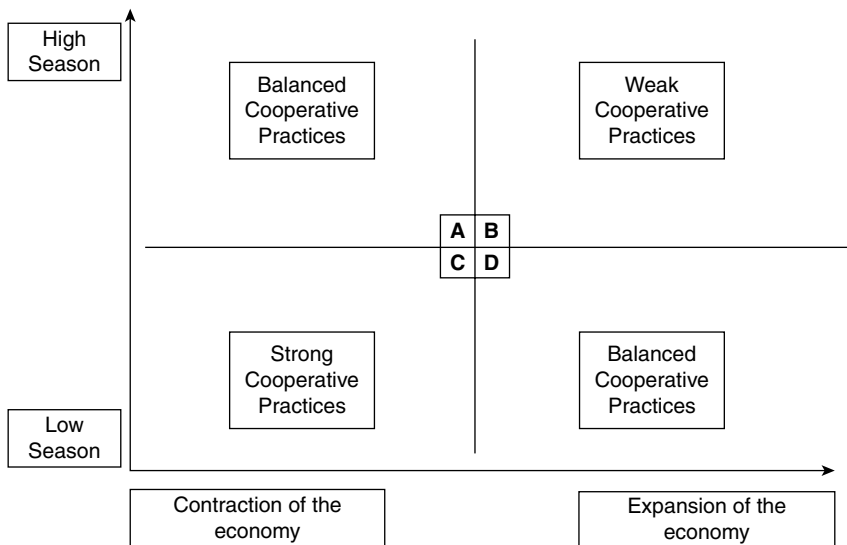


Figure 8.1 Seasonality, state of the economy, and cooperative practices.

Managerial and Policy-making Implications

In this study we have disentangled interorganizational practices of spatially competing co-located actors in the tourism sector. More specifically, we have analyzed the dynamics through which cooperative and coepetitive arrangements are formed and maintained over time.

On the basis of our three-folded theoretical framework and our empirical cases from Italy and Finland, we have tried to fill in the gap of a socio-cultural analysis of IORs in the tourism sector.

Our study has allowed us to achieve three key results. First, it appears that coepetitive practices are inevitable in interorganizational arrangements in general, and they deeply characterize the tourism industry. In addition to challenges, coepetitive approaches produce significant advantages in terms of performance, learning, and solid, seamless customer experiences. Secondly, we have identified four types of coepetitive practices (interaction, customer, key actor, and tourism product development practices) that not only frame the behavior of entrepreneurs and managers but also are maintained and conflicted through interpersonal co-creation of meaning. As the third key result of this study, we have identified a solid connection between seasonal changes taking place in tourism destinations, the overall economic and business situation, and the way how coepetition is practised—that is formed, and maintained. Hence, our study provides significant implications to network coordinators, the tourism destination and official policy-makers, as well as managers in the tourism sector. Additionally, we believe that our approach and categorization offer fruitful avenues for academicians for their upcoming studies.

To begin, the institutional setting is of great importance in developing tourism on a regional or a network level (see Kylänen and Mariani, 2012; Kylänen and Rusko, 2011). In the case of Pyhä-Luosto a big part of the success of the site comes down to a strong public and semi-public support (that goes beyond economic initiatives) experienced by the busy and strong-minded, determined entrepreneurs. However, it is not enough to have only municipal officials or governmental bodies involved in tourism development, but also business masterminds should be involved. For instance, the *Promozione Alberghiera* case shows that the availability of small networks of firms who are clearly willing to cooperate on the basis of mutual trust is vital for the development of the destination/network itself and this allows for homogenizing procedures that might lead to common managerial practices especially in the promotion area. Overall coepetitive practices can represent a fruitful way to improve conjoint promotional efforts for the destination.

Secondly, and related to the first point, the formation of IORs within a destination is often the by-product of contrasting attitudes and forms of behavior of “company first” versus “destination first” (von Friedrichs Grängsjö, 2003). The tourism policy-makers can create a framework that could be more supportive of either of the aforementioned elements, by

deciding to give more or less emphasis to the destination if compared with individual companies. The decision-making attitude of tourism policy-makers would evolve over time, impacting on managerial practices that could therefore be either more company-oriented or more destination-oriented according to the policy objectives and their interplay with economic-rational vs. value-emotional imperatives. A recommendable step to be taken—either initiated by the coordinating force or more unreservedly a group of enthusiastic entrepreneurs—is to balance the traditional destination marketing planning and design of distinct campaigns with concrete destination product development. This would open up discussion among the network about joint products and integrated offerings—and eventually it would lead toward a more consistent image among the potential customers and a destination brand that credibly walks the talk.

Thirdly, mutual learning can be gained via coopetition, but it calls for natural, day-to-day interaction on both official and unofficial forums. Learning is facilitated by mutual trust, but trust-building is based on knowledge-sharing and open-mindedness. From a coordinator's point of view it demands hard work, sharing of tasks, and prioritization. From a participating entrepreneur's viewpoint, it is important that a coordinating body arranges the meetings, since particularly in the high-season the entrepreneurs are very busy in their business activities. Most importantly, the forums should not be limited to official board meetings but include more open get-togethers on a number of levels. This will clear the path for further business meetings that can enhance a more solid, unreserved cooperation between companies, and eventually lead to concrete contracts and joint products.

Fourthly, as indicated by a rather clear saying/doing gap among the entrepreneurs, the primary motive for cooperation with competing companies is, surely but sadly, the ability to exploit them in making a difference on a company—not so much on a destination—level.

This tendency is clear when we look at pervasive coopetitive practices in response to seasonal changes and the deterioration of the economic situation. In this sense, a cooperative logic between co-located competitors should be adopted more extensively and unconditionally than in “special occasions” such as low season or a downturn of the economy. Indeed, if the companies and other key actors lack emotional and sociocultural bonds toward the destination-level benefits and regional development, the cooperative actions remain sporadic (e.g., marketing campaigns with a collage of logos), superficial (sharing of financial resources in the short-term) and opportunistic (to rise on one's shoulders for the company's short-term benefits instead of the destination's long-term development and attractiveness). For instance, it is common found that destinations attend the travel and tourism fairs as professional exhibitors by bringing destination brochures in the stands and exhibition areas—instead of co-creating a unified and seamless illusion of the destination among the customers.

The fifth implication that also strengthens the argument for the importance of the recommendations presented above is the changing business environment. The tourism sector is not just about delivering a service but properly staging memorable and engaging experiences for guests (Pine and Gilmore, 2011). The more relevant is the cooperative attitude among companies in a destination, the better would be the experience staged for the perspective guests. In other words, a destination where businesses cooperate or coopeete can better showcase the variety of its assets to external stakeholders (and visitors) providing them with a multifaceted experience characterized by a strong theme and a number of positive cues that are properly harmonized (Pine and Gilmore, 2011). Additionally, a destination where cooperation is ongoing can help internal stakeholders to gain awareness of the fact that they are dealing with a portfolio of assets that should be leveraged to create memorable experiences. This may also lead to important status-building toward the policy-makers.

To conclude, the analyzed coepetitive practices seem to occasionally take the form of an emergent action. Overall, coepetitive practices seem to be partly entirely designed, partly entirely emerging, partly in flux, and partly mixing an intentional and unintentional nature (cf. Dhanaraj and Parkhe, 2006; Levina and Vaast, 2005). Thus, we support the idea that coepetition can be the by-product of a sociocultural construction, and can display a contingent and complex nature. This connects interestingly to previous research dealing with complexities of networking (see e.g., Baggio 2011; Baggio et al. 2010).

As our cases of a hotel cooperative/network (Promozione Alberghiera) and a tourism destination (Pyhä-Luosto) show, the practice-based approach makes visible that coepetitive practices (such as interaction, customer practices, key actor, and tourism product development practices) are dependent on individual attitudes, local processes, even incidents, and on broader institutional issues that create the setting for the decision-making. Also, it is notable in our analysis that by understanding the everyday activities of destination operators we can sketch how these activities contribute to the reproduction of social and institutional frames, the context in which these companies operate. This also underlines the importance of re-conceptualizing the interaction between designed and emerging coepetition. To sum up, DMOs and other regional co-organizations that coordinate coepetitive practices in tourism destinations should not consider systematic strategic planning and contingent, contextual actions as mutually exclusive.

Limitations and Research Agenda

The analysis carried out on cooperative and coepetitive practices in the tourism sector has generated several interesting preliminary findings so far, but still there are a number of questions that are left unanswered.

First, we have studied a limited amount of cases in two selected destinations. The low number of cases is somehow physiological in exploratory qualitative analyses whose data collection is particularly time-consuming and also driven by the real opportunities to get access to confidential data and key stakeholders. In order to increase the external validity of our study we plan on collecting further data from other businesses and destinations.

Second, we have crafted a typology of interorganizational practices that does not take into account the potential for some practices (e.g., the *interaction practices*) to behave as meta-practices in cooperative situations (for instance having an impact on customer practices). In other terms, future research should clarify if and to what extent there is a hierarchy among different types of interorganizational practices and how the relative position in the hierarchy can be influenced by seasonality and the state of the economy.

Third and finally, it appears that learning by doing takes place in co-competitive contexts where cooperative practices are adopted. We believe that this theme is worth more attention in upcoming studies.

Notes

1. The most important luxury hotel in Rimini celebrated by the local director Federico Fellini in his movie *Amarcord*.
2. Pyhä-Luosto destination area has been developed for almost 15 years according to international standards. The Pyhä-Luosto Master Plan, a holistic zone planning and land-use strategy, was prepared by a renowned Canadian agency Ecosign Mountain Planners Ltd. in 2001.

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CHAPTER NINE

Public and Private Sector Specificity as a Determinant of Cooperation in a Tourist Region

KATARZYNA CZERNEK AND
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Introduction

This chapter introduces the problem of cooperation between the public sector (represented by local government) and the private sector (represented by private, profit-motivated entrepreneurs) in a tourist region. The problem is significant because of the complex nature of a regional tourist product. Not only public but also private entities are responsible for its elements. From this point of view both sectors are complementary and cooperation between them is essential to satisfy the different needs of tourists staying in the region and to assure the region's competitiveness.

However, cooperation may face many obstacles, stemming from the different specificities of both sectors. Although these sectors' specificities have been studied for many years, their significance for cooperation in a tourist region has been analyzed relatively rarely. Therefore, the authors' intention in the chapter is to fill in the literature gap by analyzing separate features and rules of functioning of the public and private sector as a determinant of public-private cooperation in a tourist region. In relation to that, and based on the results of previous research, a conceptual framework classifying basic differences between both sectors was worked out. On the basis of both—the framework and a case study, the aim of this chapter was achieved: the differences between the two sectors were identified and their meaning for cooperation in the tourist region was presented.

Literature Review

In this chapter, cooperation is understood as a form of voluntary action in which autonomous stakeholders engage in an interactive process, using shared rules, norms, and structures to act and decide on matters concerning tourism development in a region (Wood and Gray, 1992). This definition is relatively broad because it does not determine the extent of the formality of cooperation (oral/written, with the partnership structure possessing or not possessing legal personality) or its duration. Thus, apart from such partnership structures as Destination Marketing Organizations (DMO), Local Activity Groups, and so on, it includes different forms of cooperation of ad hoc nature, for example, mutual organization of events promoting the region or participation in tourist fairs.

As mentioned by Dredge (2006), the knowledge and understanding of the differences in both sectors' functioning is extremely important for inter- and intrasectoral cooperation. The lack of such understanding may cause negative stereotypes about the other sector's representatives, which does not hold well for their relations (Baldwin, 1987; Boyne, 2002).

As it was mentioned before, in literature there is a lack of studies, which are wholly devoted to the analysis of the specificity of a public and private sector and their consequences for cooperation in a tourist region. There are, however, papers that are more or less connected to the problem. In some of them, the authors analyze the functioning of the public and/or private sector taking into consideration its specific features, but this analysis occurs not necessarily in the context of cooperation between the representatives of the sectors, and with no reference to tourism (e.g., Baldwin, 1987; Boyne, 2002; Rainey et al., 1976; Ring and Perry, 1985). In other works, the researchers analyze sectoral specificities in the context of cooperation as such but not necessarily in tourism (e.g., Axelrod, 1984; Johnson 1984; Koźuch, 2004). Case studies devoted to tourism constitute another group, in which different aspects of public-private cooperation are analyzed, including the specificity of one or both sectors. However, the problem does not take much space and is frequently analyzed as if accidentally (e.g., Araujo and Bramwell 2002; Bramwell and Sharman, 1999; Machiavelli, 2001; Mariani and Kylanden, 2014; Novelli et al., 2006; Weeb, 2005).

Therefore the most important differences between the two sectors should be presented with reference to the general literature and the literature in the field of tourism. In the first one most attention is paid to the differences in the aims of the representatives of both sectors. For private sector entities the aim is to preserve and develop through the profit generation. On the other hand, the main aim of the public sector is to satisfy social needs. Thus, according to Baldwin (1987) and Ring and Perry (1985), the aims of the public sector are more frequently vague and ambiguous. Simultaneously, because public sector's aims should serve common good, they are more numerous than the ones of the private sector (Ring

and Perry, 1985; Whorton and Worthley, 1981). As presented by Kearney et al. (2009), public sector's aims are characterized by a bigger diversity. Public entities have to aim at satisfying needs of many stakeholders, who often have conflicted expectations (Baldwin, 1997; Boyne 2002; Ring and Perry, 1985). Moreover, because of their complex and ambitious nature, public sector's aims can be achieved only in the long term. However, this time may be still limited by the authorities' terms of office, employee rotation, legal or political requirements that may result in discontinuation of activities (Baldwin, 1987). On the other hand, in the private sector, the presumptive time limitations in the scope of aims achievement stem mainly from the market situation (Ring and Perry 1985). Baldwin (1987) also notes that, while in the private sector one can deal with specific aims, which are easily measurable (e.g., to achieve the target sales volume), in the public sector there are less measuring instruments (e.g., social aims are difficult to measure), which makes it more difficult for the public sector to rate actions' efficiency.

The differences in activity aims of both sectors are also often highlighted in the literature regarding tourism. As a result, the differences in aims concerning undertaking cooperation (e.g., Reid et al., 2008) are stressed. Economic aims of cooperation (e.g., possibility to gain funds from external sources of financing) are important for both sectors (March and Wilkinson, 2009; Palmer and Bejou, 1995); however, in the public sector and in contrast to the private one, cooperation aims of a social nature play an essential role as well. They are connected with the willingness to improve the welfare of residents (Palmer and Bejou, 1995). However, the fact that private entities consider the economic criterion as the most important one has certain consequences for cooperation. Since participation in each project involves specified direct costs, the most crucial consequence is reluctance to enter into partnership initiatives (Bennett, 1998).

The differences between the public and private sector are also visible regarding cooperation benefits (tangible/intangible, individual/collective) and their time horizon. In the literature concerning tourism, attention is paid to the fact that the private sector is interested in tangible benefits (Roberts and Simpson, 2000), which occur relatively promptly from the moment of undertaking cooperation (Araujo and Bramwell, 2002; Machiavelli, 2001). The public sector, on the other hand, on account of the specificity of its activity, accepts more easily the necessity to wait longer for the results to be of collective benefit. Thus, the fact that the private sector does not accept that the potential benefits of cooperation are of collective and often long-term nature may be an important barrier for public-private cooperation (Bramwell and Sharman, 1999; Selin and Chavez, 1995) and may contribute to explain the low commitment of the private sector to cooperation (Dredge, 2006).

To achieve the aims of both sectors, specific values have to be respected. In the literature, it is stressed that the representatives of the public sector have to adhere to values such as: justice and social solidarity, equalization

of opportunities, impartiality, and public responsibility (Woźniak, 2002). On the other hand, in the private sector, the individual profit is the overriding value and other values and actions revolve around it.

The literature regarding cooperation in tourism refers indirectly to the differences in the mentioned values. These differences are analyzed especially in the works referring to cooperation toward sustainable development (Robinson, 1999; Timothy, 1999). Then one ought to treat values connected with economic, social, and ecological aims equally. The values respected by the public sector, such as social justice, equalization of opportunities, public responsibility, and so on, serve undoubtedly to achieve not only economic aims but also social and ecological ones. The situation in the private sector looks different. In the literature it is stressed (e.g., Bramwell and Lane, 1999) that the subordination of values and actions to economic criteria may indicate some kind of egoism on the part of private sector representatives, which may evoke mistrust to the private sector and influence negatively its relations with the public one.

Another area, mentioned in the literature, where differences exist between the public and private sector is the environment. As opposed to the private sector, the public one pays more attention to the greater complexity of the environment influencing it. The public sector must be also more open to this environment and must respect its influence to a greater extent (Boyne, 2002; Kożuch, 2004). The society formulates greater expectations since it believes that public institutions belong to the society (Rainey et al., 1976). Additionally, as mentioned before, the public sector is often under political pressure (Eskildsen et al., 2004). Therefore, public organizations have to make decisions that are continuously evaluated by the society. Unlike the public sector, private sector representatives may select from a variety of entities the decisions and actions they are going to include in their activity (Ring and Perry, 1985). On the other hand, in the public sector (in comparison to the private one) there is a smaller pressure by competitors (Boyne, 2002).

In the literature regarding tourism it is stressed (Bramwell and Lane, 1999; Bramwell and Sharman, 1999; Parker, 2000) that in tourist regions there are numerous interest groups, which may hinder the public–private cooperation. The public sector, on account of its functions, frequently has to be a mediator between these groups (e.g., between the entrepreneurs and the environmental groups). Siding with one group usually results in dissatisfaction on the part of the others (including entrepreneurs), which impedes the public–private relations.

Another area of differences concerns procedures. In the public sector an excessive attention is paid to regulations and procedure abidance instead of concentrating on the results (Kożuch, 2004). This bureaucracy may result in external mistrust toward public sector. In turn, for its representatives, the bureaucracy is often used as an excuse for lower efficiency (the so-called inferiority complex of the public sector toward the private sector) (Whorton and Worthley, 1981).

In the public sector the autonomy of managers is lower; relations based on subordination tend to dominate, which derives from the more bureaucratic organization structure (Eskildsen et al., 2004; Kearney et al., 2009). On account of the limited possibilities to evaluate public sector employees, there are smaller possibilities to enforce their work and to punish them for performing their work improperly (Rainey et al., 1976). In the case of the public sector it is less perceptible to translate individual actions into success for the whole organization (Boyne, 2002). On the other hand, private entities, thanks to the lack of bureaucratic procedures, can be motivated more easily, especially with the use of financial benefits, for example, in the form of shares or higher wages depending on the results (Boyne, 2002; Kearney et al., 2009). Also because of the procedures, the public sector is less flexible and less prone to take risk. This results in delays or in the stagnation of particular processes (Klijn and Koppenjan, 2000), which in turn results in discontent within the private sector.

The significance of procedures for the public–private cooperation is also stressed in the literature referring to tourism. Lee et al. (2010) note, for instance, that in the public sector one deals with a high degree of authority centralization and little flexibility of actions resulting in the extension of the periods for executing ventures (including those connected with cooperation). It stands in contradiction to entrepreneurs' willingness to promptly achieve the aims, which is facilitated by greater flexibility and independence while making decisions. Palmer (1996) points out the lack of understanding of public sector's specificities by the private sector and acknowledges that this is the reason why public authorities are perceived as ineffective or inactive in their actions.

Conceptual Framework

The literature review enabled the authors to distinguish the most important areas of differences between the public and private sector. These are: aims, values, relations with the external environment, and procedures. These differences may but do not have to occur always and in all conditions because their existence depends, for instance, on the type of public institutions in question. However, these areas constitute the preliminary conceptual framework (Figure 9.1), which is the basis for further research.

It has to be stressed that the presented classification of differences between both sectors is simplified and was built in order to ensure the clarity of research. The authors perceive the existing relations among the elements (aims, values, relations with the external environment, and procedures), which cannot be analyzed separately. For instance, public sector's aim to satisfy public needs can be achieved only by respecting specific values, for example public responsibility. Also according to the procedures, local authorities act under control of local community, thus procedures influence relations with the environment. In the private sector, for example,

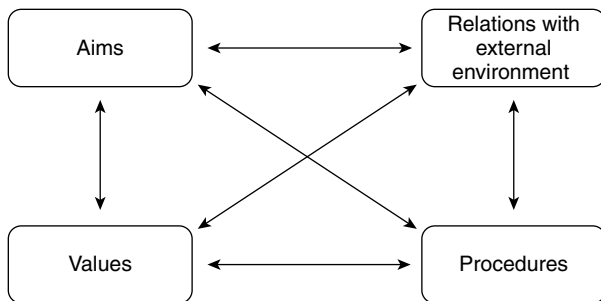


Figure 9.1 Areas of differences between the public and private sector.

Source: Own work.

satisfying clients' needs serves a company's competitiveness (its relations with the environment) and vice versa, and so on. On the other hand, the lack of bureaucratic procedures makes it easier to achieve economic aims, that is profits. Despite these interrelations, the proposed division was carried out to help understand how the particular factors educed in these groups may affect cooperation in tourism.

Method

Criteria for Selecting a Region for the Research, and Its Characteristics

The research was of a qualitative-exploratory nature. It was not aimed at testing any hypotheses since it had a descriptive rather than verifying character. This kind of exploratory research is fundamental when the researcher steps into a new area so it is particularly suitable for studying little-known phenomena. It also gives a comprehensive look at the complexity of the analyzed issue.

The authors exploited the multiple case study methodology (a few municipalities that create one region were selected). Cases were selected to create better analytical (theoretical), not statistical, generalizations (Stake, 2009). It means that the goal is to draw some general conclusions by uncovering patterns or theories that help explaining a phenomenon rather than generalizing about the population based on a sample (Miles and Huberman, 2000).

In choosing the region the authors fulfilled the criteria proposed by Miles and Huberman (2000) for selecting a sample for qualitative research: the sample enables examination of the conceptual framework; the phenomena the researcher is looking for (in this case—cooperation) are present in the sample; analytical generalization is possible; the sample is likely to generate reliable descriptions and explanations of real-life phenomena; and the research is possible with limited resources.

Using the above criteria, a region located in the south of Poland and comprising five municipalities (Brenna, Istebna, Szczyrk, Ustroń, and Wisła) was selected. The region is situated in the Beskidy Mountains thus it is well known as a mountain tourism destination. It has a unique natural mountain landscape as well as many anthropological tourist and cultural attractions.

In 2004, the public authorities of the five municipalities signed a cooperation agreement referred to as “Beskidzka 5.” Its aim was to promote the region as an attractive tourist destination. Concurrently (2005–2007), another collaboration platform, known as the “Tourist Network in Beskidy,” was launched. The project was to integrate private sector entities and form a tourist cluster in the five municipalities. It led to formation of “Beskidy Tourism Organization” (BOT) that was intended to act as the Destination Marketing Organization. Since some activities of the two projects overlapped, the BOT members proposed joining “Beskidzka 5” and BOT. However, the municipal authorities who formed “Beskidzka 5” refused to sit on the BOT board. The analysis of the parallel developments of those two initiatives, with some other forms of cooperation (e.g., verbal agreements with respect to minor matters), allowed to gain profound insight into the sector-specific approaches to tourist cooperation.

Criteria and Methods of Selecting Interviewees

In the research, an unconstrained and in-depth exploratory interview method was employed. The researcher had instructions to it—an open list of information needs. The research was iterative and lasted from July 2008 to October 2010. Additionally the observation and document analysis were performed. The analyzed data included: local governments’ data, the partnership structures’ data (strategies, reports, etc.), legal acts, the Central Statistical Office’s data and some online resources. Therefore, the research involved the so-called triangulation, which links several methods in order to raise the level of accuracy of the research (Mason, 1996; Silverman, 2008).

The interlocutor selection was purposeful, connected with the snowball technique (collecting information from a few—easily identified—members of a population and asking them to indicate other potential interlocutors (Babbie, 2008)).

Altogether 66 interviews with 63 interlocutors were conducted. Ten interviewees came from the public sector, representing local government units responsible for tourism development in each of the “Beskidzka 5” municipalities, and the mayors of the five municipalities. Thirty-six interviewees represented the private sector. The research covered both groups of entrepreneurs—providing strictly tourist services (accommodation with complementary services; tourist attractions; souvenirs; inbound

tourism intermediaries), and related businesses (mainly different types of catering firms). The remaining interviewees were representatives of non-governmental organizations, directly or indirectly involved in tourism development. Three interlocutors were at a later time interviewed again to see how the situation in the region changed six months or a year after the first contact. The interviews were taped. The average interview lasted about one-and-a-half hours.

The Method of Data Analysis and Presentation

The analytical process of interview data followed the approach consisting of three concurrent flows of activity: data reduction, data display, and verification (Miles and Huberman, 2000). Data reduction consisted in its transcribing and creating case cards for each of the interlocutors. Subsequently, appropriate units of analysis were defined and sorted into relevant categories describing broad groups of cooperation determinants concerning public and private sector's specificities (aims, values, relations with environment, and procedures). Before that, properties of each category were defined. To code interviews the Atlas.ti v. 5.0 software application was used.

Results

The conducted research showed how the differences between the public and private sector in the scope of aims, values, relations with environment, and procedure abundance affected cooperation in the tourist region. This is presented in Table 9.1. It proved that the lack of knowledge on how to cooperate under conditions of such differences frequently hindered cooperation.

Activity Aims

The differences in activity aims between the two sectors were translated into the different perception of cooperation aims and consequently of its benefits. The fact that such cooperation (e.g., in the scope of regional promotion) often generates collective, long-term benefits that are uncertain and difficult to measure was very important here. The public sector was more prone to accept the broad and long-term aims and benefits of such cooperation (unlike the private sector). Its representatives were also more likely to accept the absence of any calculable and tangible economic effects of such cooperation for a long period. They also declared that cooperation was the natural mechanism to achieve aims in their daily activities (on the contrary to the private sector for which competition was the basic mechanism).

Table 9.1 Differences between public and private sector in the context of cooperation

	<i>Public sector</i>	<i>Private sector</i>
Aims	<p>The acceptance of a cooperation aiming at satisfying public needs (economic, social, and ecological aims)</p> <p>The higher degree of the acceptance of cooperation's aims and benefits of an:</p> <ul style="list-style-type: none"> • idealistic, • uncertain, • collective (therein unequal), • complex, • diverse, • difficult to measure, • long-term nature. <p>Cooperation as a basic mechanism of the sector's regular functioning that facilitates cooperation undertaking.</p>	<p>The acceptance of a cooperation aiming at satisfying individual needs of economic nature</p> <p>Aiming mainly at the cooperation targets and benefits:</p> <ul style="list-style-type: none"> • pragmatic, • highly probable, • individual (selective—the problem of a “free rider”), • higher (or at least equal to other entities) benefits, • less complex and less diverse—referring only to the business organization, • relatively easy to measure (tangible), • generating effects preferably in a short time. <p>Competition, not cooperation, as a basic mechanism of the sector's regular functioning, which hinders the cooperation undertaking and its course.</p>
Values	<p>Respecting values such as social justice, social solidarity etc., as a condition to undertake cooperation. Their abidance involves:</p> <ul style="list-style-type: none"> • long social consultations including the mediations among the interest groups, • long process of making decisions, • rejection of the postulates of some interest groups, • concerns about the delegation of tasks to the private sector not understood by this sector; it created the negative atmosphere for cooperation, prevented from its undertaking or hindered its process. 	<p>The possibility to generate profit (detailed evaluation of the relation of individual benefits to the cost of cooperation) as a condition to undertake cooperation; a subsidiary role of the values respected by the public sector.</p>
Realtions with the external environment	<p>The complexity of the environment (the different groups the local community is comprised of) and the necessity to respect this impact as factors increasing concerns about making decisions (by the public sector) involving also cooperation; it hindered cooperation or creating negative atmosphere for it.</p>	<p>The lower complexity of environment impact (mostly the influence by customers) as a factor hindering the understanding public authorities' attitudes and deepening the negative stereotypes in perceiving the second sector; it hindered cooperation, or creating negative atmosphere for it.</p>

Continued

Table 9.1 Continued

	Public sector	Private sector
	Lower outside pressure on the part of the competitors enabling the public sector to concentrate not only on the economic but also on the more general social benefits of cooperation.	Greater outside pressure by market competitors forcing the private sector to concentrate mainly on the economic benefits of cooperation, with no full understanding by public sector representatives.
Procedures	<p>Problem-solving and decision-making process more formalized (bureaucratic model) foreclosing or hindering the cooperation and eliciting the aversion of private sector entities toward cooperation with public ones.</p> <p>Seen by the private sector lower public managers' autonomy (including the scope of decision-making in reference to cooperation) and lower possibility to enforce public sector work, negatively affecting the image of this sector.</p> <p>Relatively greater concerns regarding the cooperation risk (mainly because of the strong influence played by the environment).</p>	<p>Problem-solving and decision-making process, regarding also cooperation, less formalized.</p> <p>Greater manager autonomy (in the scope of decision making in reference to cooperation) and bigger possibilities to enforce their work.</p> <p>Relatively smaller concerns regarding the cooperation risk.</p>

Source: Own work.

Unlike the representatives of the public sector, entrepreneurs demanded fast, clear, highly probable, and individual (selective) benefits from such cooperation. Hence all forms of cooperation whose aims and benefits were of broad, long-term, and difficult to measure nature were not attractive to them. The statements made by one entrepreneur confirmed that:

This cooperation . . . if people don't see the direct, fast and tangible benefits, then their interest in such cooperation is very low. People expect that if they do something, the results must occur very quickly.

Additionally from the results of such cooperation benefited not only entrepreneurs directly engaged in cooperation and bearing expenses connected with it (e.g., membership fees in the Destination Marketing Organization) but also the so-called free riders—other private entities, which did not participate in the costs. It also discouraged entrepreneurs to cooperate in this form. Moreover, they were discouraged when their individual benefit–costs relation was in their opinion less profitable in comparison to the accrued benefit–costs relation of other entrepreneurs. The words of one entrepreneur confirmed that:

There is too big a competition against private entities for us to act together (. . .). The work and knowledge input is going to be different and the expected benefits are going to be equal for everybody—this is unfair and that is why I prefer not to become involved.

The difference of opinions between both sectors' representatives in the scope and type of desirable cooperation benefits (collective and individual) was also observed during discussion about the municipalities' presumptive entry into BOT. The mayors of the municipalities agreed to enter into the organization on the condition that it was going to promote all enterprises located in the "Beskidzka 5" region and not only BOT members (it involved the necessity to respect by the public sector specified values, which are going to be discussed further in the chapter).

Such attitude of local authorities caused concerns among entrepreneurs that their individual benefits deriving from cooperation will be marginalized by the public sector—thus their participation in the partnership structure would not be as profitable as they expected. They were eager to promote the whole region, even though they loudly declared that the most important thing in cooperation was the possibility to generate individual profit first.

On account of this, the entrepreneurs seeing a radical difference in the functioning of their own organizations and in that of public sector entities, complained about the lack of understanding that hindered the cooperation:

They are officials, not entrepreneurs and they do not frequently use the business language and digits, that is profit and the entrepreneurs do not do it [cooperate—authors' note] out of sheer love to the place but out of desire to make a profit quickly.

The Values

The research proved that the differences and lack of understanding between both sectors representatives referred also to the problem of respected values. Private entities, as one interest group, often expected that the local government would take actions that are beneficial to them in the short term. Usually it was impossible, because, according to public sector representatives, it would have violated their values: justice, impartiality, or social responsibility. Those values demanded that local authorities had to take into consideration the interests of different sides and mediate in the case of difference in opinions. It caused discontent on the part of the individual interest groups, including entrepreneurs, also because it extended the decision-making process. A good example was the situation in Brenna where some private entities wanted to cooperate to build ski lifts, to which some citizens, environmentalists, and other social organizations objected.

Also in order to respect the rule of social responsibility, the representatives of the municipalities were afraid to delegate some of their duties, mainly those concerning tourist promotion, to the private sector. This was justified with the concerns that private sector entities would not perform these tasks correctly and that they—the public authorities—would bear the consequences of that. Such attitude did not find understanding among private sector representatives, who believed that mayors did not want to share a part of their authority with the private sector, did not trust it, or did not see the potential for action in this scope. As a result, when the public sector performed single-handedly many tasks, which according to entrepreneurs, could have been executed more efficiently together, the private sector perceived the local authorities as ineffective and unenterprising. It hampered cooperation and caused unjustified competition between the sectors (e.g., in the organization of events in the municipalities).

The budget limits, within which the public sector had to make decisions, also had a negative impact on cooperation. Municipal funds spent irrationally according to local authorities would be inconsistent with the rule of public responsibility, thus it was impossible to make some decisions and take some actions concerning cooperation. This was often not understood by the entrepreneurs who frequently proposed impossible or difficult (from the financial point of view) solutions. The words of one of the mayors confirmed that:

They took this irrational structure [the organizational structure of BOT—authors' note] as if each municipality here were at least Katowice or had such a big budget. And we have to do with two employees or three jobs for the whole culture, promotion and information department.

According to the entrepreneurs the fact that the officials cited that the limited funds was a method to hide their conservative and unenterprising attitudes. It also hindered cooperation by creating a negative atmosphere to build proper public–private relations.

For the public sector the most important values were: equality, justice, and social responsibility. In turn, for the private sector these values played a subsidiary role and it was the profit that constituted the value of greatest significance. All other actions, including the ones regarding cooperation, were subordinated to it. This was not always understood by the public sector, whose representatives frequently expected from the entrepreneurs, the selfless commitment to work in the name of common good, taking into consideration the interests of different sides.

However, the entrepreneurs stressed that they were committed to cooperation from the angle of calculable costs. They devoted their private resources including time, expertise, experience, and financial funds to cooperation. They owned mainly small, family, or one-person-run companies and therefore they could calculate very quickly the costs of their commitment to cooperation. Out of these reasons they were not

interested in participating in cooperation forms requiring their activity (e.g., participation in partnership structures meetings, trainings etc.) in the peak season. Then the opportunity costs increased on account of their lack of commitment to their own businesses. The representatives of the public sector perceived the commitment costs of the cooperation in a different way. They devoted resources that did not belong to them but to the public. They performed the tasks connected to cooperation with public funds and within working hours. Moreover, the cost of the devoted resources was not perceived by them as an individual calculable opportunity cost as it was the case for the private sector.

Relations with the External Environment

The fact of being evaluated by the local community was the reason why local authorities hesitated to make some decisions (often desirable by the private sector). One of the examples was the decision to not enter into BOT in this way explained by the local official:

BOT says: local governments should enter into the organization first, before entrepreneurs. For me it is completely unjustified because I also act in the name of tax-payers, who are entrepreneurs as well (. . .). I can't belong to the next structure and pay fees because one of the enterprises may tell me that I spend their money foolishly.

For instance, out of the fear to be accused of partiality and violation of the rule of equality local authorities were afraid to use tax reliefs and exemptions, which would stimulate investments in tourism. This also did not facilitate public-private relations. In turn, to avoid corruption accusations, cooperation in the form of Public-Private Partnership was to be avoided.

On the other hand, the entrepreneurs were only dependent on their boards of management or their customers, and not by the whole local community and therefore they did not understand local authorities' attitudes. As one of the entrepreneurs said:

Our self-governments are afraid of everything, they should fear bad decisions, not the wise ones.

Activity Procedures

Bureaucratic procedures that public sector had to comply with resulted in the fact that local governments' decisions required broad consultations with other stakeholders. On account of the complexity of the environment and a complex (in comparison to small tourist enterprises) organizational structure in offices, those procedures hindered and made the decision-making process longer, which again resulted in entrepreneurs'

discontent. The project of ski-lift construction in Brenna constituted a good example. Its mayor described the procedures' influence on public-private relations:

Firstly, we have to be certain that the investors have good plans. All institutions—forests, social science council, environmentalists—must agree. The municipality must change plans. If somebody does not understand it, then will say that the municipality does nothing, has bad will and does not support tourism.

In turn, in the researched business organizations (mainly small, family run), decisions regarding cooperation were made in a relatively short time, which favored the activity flexibility of these organizations.

According to some of the entrepreneurs, there was a lack of effective tools needed to enforce the fulfillment of officials' responsibilities, which also hindered the public-private relations, including cooperation:

There aren't any enforcement mechanisms for officials (. . .). An official does not actually bear any responsibility for its decisions, is not liable for its assets like an entrepreneur.

Conclusions

The research allowed the authors to achieve the aim of the chapter—to identify the differences between the public and private sector and to indicate their significance for cooperation in a tourist region. Their separation and analysis was difficult as the elements are connected to one another and it was problematic to separate them explicitly. It was, however, necessary to organize the analysis.

The research confirmed some general, mentioned in the previous literature, differences between public and private sector regarding four areas: activity aims (Baldwin 1987, Kearney et al., 2009; Ring and Perry 1985), values (Woźniak, 2002), relations with the external environment (Boyne, 2002; Eskildsen et al., 2004; Kożuch, 2004; Rainey et al., 1976), and activity procedures (Boyne, 2002; Kearney et al., 2009; Klijn and Koppenjan, 2000; Whorton and Worthley, 1981). The research allowed to deepen those differences in terms of their influence on public-private cooperation in tourism. It made possible to show how both sectors' specificity can hamper this cooperation. The results are in line with some previous literature (e.g., Araujo and Bramwell, 2002; Dredge, 2006; March and Wilkinson, 2009; Kylanen and Mariani, 2012; Palmer and Bejou, 1995; Parker, 2000; Lee et al., 2010) devoted to tourist cooperation. It must be stressed, however, that those works focused mainly on some of the mentioned differences between the sectors—most often previous works showed both sectors' specificity and its impact on cooperation

in an indirect way as they focused on some other issues connected to cooperation. Hence, according to the authors, the extended conceptual framework, presenting the sectoral differences in the context of the public–private cooperation in tourism, constitutes the main value of the research as, from this perspective, it was rarely a subject of a more profound research in literature until now.

Generally the research showed that public sector, unlike the private one, is more long-term oriented, accepts broad, uncertain, collective, intangible, and difficult to measure aims and benefits of cooperation. Moreover, when cooperation is undertaken public sector must respect values such as: social justice, solidarity, social equality, and so on, while private sector focuses on generating profits and treats those values as subsidiary or even not important in its activity. In terms of differences in relations with external environment, public authorities when deciding on cooperation must take into account different groups' interests. Private entrepreneurs, on the contrary, focus only on the market segments, trying to fulfill needs of this group of people. On the other hand, the pressure made by market competitors is higher in the private sector, which makes economic benefits of cooperation the most important for private entities. Referring to the differences in activity procedures—formalization of the problem-solving and decision-making process in the public sector, contrary to the private one, leads to the differences in flexibility of cooperation activities. The research results proved, that it often makes public–private cooperation difficult. It is also connected to lower managers' autonomy in the public sector and lower possibilities to enforce its employees to more effective work. It is easier for the private businesses where some financial incentives and higher autonomy can stimulate entities to higher engagement in their work, including cooperation activities.

Further conclusions and recommendations drawn from the research may be divided into three groups: general ones, specific to Poland, and regarding further investigation. With reference to the general conclusions, one may state that the differences in the functioning of both sectors resulted from the specificity of their aims and activities, thus different specificity is a natural phenomenon, which should be accepted as given. However, it is essential to see its significance for public–private relations including the reference to cooperation for tourism development. One needs to accept these differences and take actions in order to limit their presumptive negative impact on cooperation.

First, while taking into consideration the key role of entrepreneurs in creating regional tourist product the public sector should avoid the situation when entrepreneurs could be disappointed with the cooperation with local authorities. It favors the creation of negative atmosphere for future cooperation because it lowers trust in public authorities. Such situation when local authorities raised the entrepreneurs' hopes that they were going to enter into BOT and then made a negative decision regarding it constitutes a good example.

Secondly, it is important that, when possible, local authorities make decisions that facilitate, in general, the creation of positive public–private relations. These decisions may concern, for instance, tax exceptions, free of charge consultation, ongoing information about possibilities of investing in the municipal area, and so on.

Thirdly, local authorities have to take into account private sector's specificities. In relation to that, they should not expect selfless actions in the scope of cooperation by the private sector. In addition to this, positive experiences consisting in showing the visible and calculable results of cooperation ought to, together with some trainings and workshops, help private entities understand that, although cooperation brings collective and difficult to measure benefits, it may ensure individual calculable economic profit in the long run. Simultaneously, considering private entities' experiences, one has to state that in order to establish cooperation it is essential for the private sector to understand that cooperation benefits do not have to be (and mostly will not be) equal and will not bring the same utility to all partners. They also must be aware that additional possibilities coming from this cooperation result in additional responsibilities.

As far as conclusions specific to Poland are concerned, the problems resulting from the differences between the public and private sector may be augmented on account of the little experience in public–private cooperation in tourism. This cooperation has been developed mainly after the transformation of the system in the 1990s and later at the beginning of the new century. Moreover, the relatively short history of tourism as one of the market economy branch may cause the lack of experience on the part of Polish local governments in tourism development management and in the delegation of tasks. Simultaneously it seems that the short period of market transformation has influenced the entrepreneurs' attitudes: especially now, when they have the possibility to generate profit from their economic activities, they want to do it as soon as possible and at the lowest possible cost. In relation to that, cooperation that requires considering collective and social, not only economic, benefits will be less appealing to them than to enterprises being active in a market economy conditions for many years. Hence in Poland the necessity to invest in human and social capital in the form of workshops, trainings, and the need to presenting positive examples of cooperation, as well as conditions in which both sectors perform efficiently, seems even more urgent. Thanks to this, their representatives would be able to better understand one another.

Finally, it should be stressed that the research was of an exploratory, not conclusive nature. It aimed at showing, taking into consideration both sectors' specificities, how the differences between the public and private sector may affect public–private cooperation. Although the proposed conceptual framework is not definite and may be improved further, it allows to deepen the sectoral specificity problems in the context of public–private cooperation and may constitute a starting point for further research.

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CHAPTER TEN

Accessibility of Cities and Regions in Supranational Branding: The Case of Rail Baltic

MALLA PAAJANEN

Introduction

The Baltic Sea Region (BSR) is a macroregion that consists of the ten countries around the Baltic Sea: Estonia, Latvia, Lithuania, Poland, Germany, Denmark, Norway, Sweden, Finland, and Russia. Several promotional and development programs among these countries have been developed over the years to save the badly-polluted Baltic Sea and also in the fields of economic development, investment and tourism promotion, and political cooperation. Some of these initiatives have been institutionalized, for example the Baltic Development Forum, Council of the Baltic Sea States, and cooperation also takes place in various networks, for example Baltic metropolises (BaltMet), Union of Baltic Cities (UBC), and projects. The Baltic Sea Region Programme is one of the European Union's financing programmes for territorial cooperation.

Good accessibility of cities and regions is vital for tourism and economic competitiveness. In place branding—when cities and regions are seen analogous to products—accessibility forms a crucial element in how the product (i.e., place) is made available to the customer. Accessibility is determined by geographical factors, transport connections and service, and communication that help the customer find the best way to reach the destination. As no single organization or authority holds ownership of a place the discussion of control over accessibility entails focus on several stakeholders simultaneously. In supranational branding the place is defined as multiple countries.

This chapter discusses transnational cooperation, that is cooperation involving several countries, in transport from the viewpoint of tourism development and place branding. The data for the study comes from a transnational promotional project, Rail Baltica Growth Corridor (RBGC,

2010–2013), which was created to increase the accessibility of cities and regions in order to foster the economic competitiveness of the Eastern part of the BSR. Based on the cooperation in six countries, in a partnership of more than 20 organizations along the route from Helsinki, Tallinn, Riga, Kaunas, and Warsaw to Berlin the project voiced the need to develop the transport service that was inadequate, outdated, and unsynchronized in the region. This imbalance had dated back to the era of the Iron Curtain since the mid-twentieth century when the ports in the Baltic States mainly served to move freight to Moscow (Russia) and the needs of passenger transport and tourism development received minimum attention. After the collapse of the Iron Curtain in the early 1990s the Baltic States started an intensive reconstruction of transport (and other) infrastructure. Since 2004, the Baltic States and Poland, which had also been under a strong Soviet influence, joined the European Union, which boosted the improvement of the physical environment especially by bringing considerable co-financing to infrastructure projects.

In this chapter the achievements made in RBGC, which reflect the motivations of cities and regions, are seen in the context of European decision-making. The route of Rail Baltic is part of the European transport plan (TEN-T), which sets the project into the larger European transport environment. Owing to the complexity of the transport sector and its many stakeholders, the cooperation is discussed using a triple-helix perspective that divides the stakeholders into public, private, and research and education sectors (university–industry–government relationships). The triple-helix structure as a cooperation platform leads more efficiently to sustainable and long-term results compared to more narrow intrasectorial cooperation structure (cf. Lange et al., 2010). Although in the discussion of railways the topics of freight and passenger transport are largely interlinked, this chapter focuses primarily on the passenger transport.

Concerning terminology, the name of the project—Rail Baltica Growth Corridor, RBGC—was decided in 2010 when the project was initiated and the funding application was made to the Baltic Sea Region Programme (2007–2013). Later, the name “Rail Baltica” has been followed by several other working names. “Rail Baltic” has been used as a generic term (as in the present chapter). Some, however, use it to specifically refer to the construction plan of the European standard gauge railway while Rail Baltica for them means the 1520-mm-gauge railway. With a similar logic some use Rail Baltica 1 for 1520 mm and Rail Baltica 2 for 1435-mm-gauge railway. In June 2013, a special conference train from Berlin to Vilnius as part of the RBGC final conference was named “RBX” and in October 2013, a similar train from Vilnius to Tallinn in the context of the Trans-European Transport Networks (TEN-T) Days organized by DG MOVE was given the name of “RB Express.” However, from the viewpoint of branding (Paajanen, 2013), the question of the name of the train is irrelevant as long as the service does not exist. Once the service has been established and become commercialized—an

international modern rail service for freight and passengers—the question of name becomes topical.

Theoretical Framework

Accessibility

Transport planning is experiencing a paradigm shift from mobility-based thinking to accessibility-based thinking. The traditional focus on mobility represents a supply-side view in which the performance of transport service, for example number of departures, accumulative time of delays, level of service, constitutes the measurement of effectiveness. Accessibility, on the other hand, focuses on the performance from the demand-side perspective. Accessibility is an indicator of the ability of the customer to efficiently reach places. Transport planning from an accessibility point of view offers a more holistic perspective as it is a product of both mobility and proximity (Cervero, 2005).

Accessibility is also an indirect measure for the potential enterprises in the region to reach markets and activities in other regions (ESPON, 2009). In this sense, accessibility has a clear link to economic growth.

Accessibility is largely determined by the geographical location of the place and therefore it is one of the product qualities of a place that no authority (or authorities) can claim to have full control over. The factors that affect accessibility are physical transport infrastructure, transport communication infrastructure, that is transport information systems, marketing, and other information that are offered to users. Accessibility, as a product of mobility and proximity (Cervero, 2005), is elementary to economic prosperity of places as it has great impact on investments, tourism, and quality of life of place residents.

Accessibility is one of the product promises in place marketing. The BSR, especially its Eastern part, is partly inconsistent as to its product promise of accessibility because the transport infrastructure and services are not homogenous throughout the region due to political and historical reasons of the 1900s. The differences between the quality of transport infrastructure and transport information services in the six Eastern BSR countries are considerable. In North, Finland is the most remote BSR country as to its geographical location but at the same time Finland has highly developed transport infrastructure and services to overcome this weakness. The high quality of the transport service largely overcomes the hindrance set by the geographical location. The Helsinki airport is one of the most important European hubs in air transport to Asia. Finland has a long tradition in sea transport both in ship-building and in sea-transport operations. In 2012, 80 percent of Finnish import and 88 percent of export used sea transport (Finnish Customs, 2013). In railway transport, Finland has international freight and passenger volumes only to Russia, because Finland and Russia share the 1520-mm-gauge railway infrastructure, which is not

the prevailing gauge in the continental Europe. The role of road transport in import and export is small (5–9%) but in domestic transport, including distribution of imported/exported goods, the dependency on road transport is high. Metaphorically, Finland is often referred to as an island by its geographical location as its international transport is heavily dependent on sea transport. However, after 2015, when the European Union's sulfur regulation comes into effect, some structural changes are expected to take place in short sea shipping on the Baltic Sea. The pressure is especially on export industries to shift cargo from sea transport to other modes of transport. In the case of Finland's export to continental Europe, the most prominent alternatives would appear to be through Sweden and Denmark to the Western Europe, or through the Baltic States to the Eastern Europe. Both alternatives would shorten the distance of the shipping. In land transport, the advantages of rail compared to road are its lower emissions and costs that become relatively lower, the longer the distance.

The geographical location of the Baltic States is central at the threshold of the continental Europe. However, the outdated quality of the rail and road infrastructure has deteriorated their accessibility from all directions. The transport infrastructure that was created during the Soviet era still largely prevails, and transit transport from the Baltic ports to Russia still plays a major role. However, since the Baltic States became Member States in the European Union in 2004, the transport infrastructure has been under intensive reconstruction and systematic plans have been made to bring these countries to meet the shared European standards of transport infrastructure and safety. The Baltic States are largely dependent on road transport both in freight and passenger transport, which is critically contradictory with the European Union green transport policy. The reconstruction of the existing 1520-mm railway infrastructure has been part of the TEN-T since 2005 and the TEN-T Priority Project Nr 27 "Rail Baltic" (Warsaw–Kaunas–Riga–Tallinn–Helsinki). These reconstruction actions are almost completed, and it is estimated that the (medium) high-speed rail transport using 1520-mm-gauge railways could start by the end of year 2015. The principal strategy for the Baltic States is the coexistence of two track systems: the existing 1520-mm-gauge railway and new European standard 1435-mm-gauge railway transport infrastructure will together release pressure of high volumes on the insufficient road transport system. Initiated strongly by the European Union, and Commissioner of Transport Mr Siim Kallas in particular, the three Baltic States and the European Union have all agreed in the huge construction project of Rail Baltic. The new European standard 1435-mm-gauge railway is planned to run from Tallinn to the Polish–Lithuanian border where Rail Baltic connects to the continental 1435-mm-gauge railway network (cf. AECOM Ltd., 2011).

Poland is the second largest rail freight market in the European Union after Germany (Rail Journal, 2012). Poland is geographically part of the continental Europe, which provides it with good accessibility. However, the challenge for Poland is the fragmented quality of its transport

infrastructure. In railways there is a need to modernize infrastructure and harmonize the quality of the transport infrastructure in the whole country. The greatest development needs are outside major city areas and especially in the Eastern part of the country, which is also one of the least developed regions in Poland. From the Polish perspective the most important trade corridors run on North–South axis from Gdansk/Gdynia through Warsaw and down to the Mediterranean Sea and on East–West axis from Germany to Warsaw. The Eastern part of the country has received less abundantly of investments. However, the TEN-T Rail Baltic corridor development plan has kept the pressure up for Poland to show adequate development plans.

Helsinki as the northernmost point of the Rail Baltic route faces an accessibility challenge because of its island-like location. The other end point, Berlin, forms a completely opposite case because of its central location in the heart of Europe. However, both countries, Finland and Germany, share the advantage of being moderately homogenous in their transport infrastructure nationally and having a highly developed business sector in transport and logistics. Germany is the largest rail freight market in the European Union and its logistics services are a benchmark for all Europe.

In the latest proposal made by DG MOVE for TEN-T core and comprehensive networks, Rail Baltic has been identified as part of TEN-T core network corridor “North Sea–Baltic” (Figure 10.1), which connects the Eastern BSR through the core of continental Europe to the West European major ports of Hamburg, Amsterdam, Rotterdam and Antwerp. The northernmost point of Rail Baltic, Helsinki, also locates on the TEN-T core network corridor Scandinavian–Mediterranean, which reaches the Mediterranean through Sweden and Western Europe. The fact that Rail Baltic has been identified as part of the core network corridor “North Sea–Baltic” gives important strategic value; the new member states (EE, LV, LT, PL), which still lack territorial cohesion to the rest of Europe, are connected to the most important ports of Western Europe.

Branding the Baltic Sea Region

The study of place branding considers places as products (Olins, 1999). Anholt (2007: 2–4) acknowledges the applicability of product or corporate branding to places (cities, regions, nations), but points out that the analogy works only as a metaphor since only a tiny handful of principles of commercial branding can be applied to place (Anholt, 2007: 23). In limited environments, such as projects, the methods of product branding can actually work remarkably well for places, as well (Andersson and Paajanen, 2012). But unlike products, for which the ownership of product qualities can clearly be identified to its producer, place as more indefinable. Places are developing together with the people who live and work there, the place residents, land owners, and visitors. Tourism has indeed become one of the most powerful channels for places to communicate with the rest of the

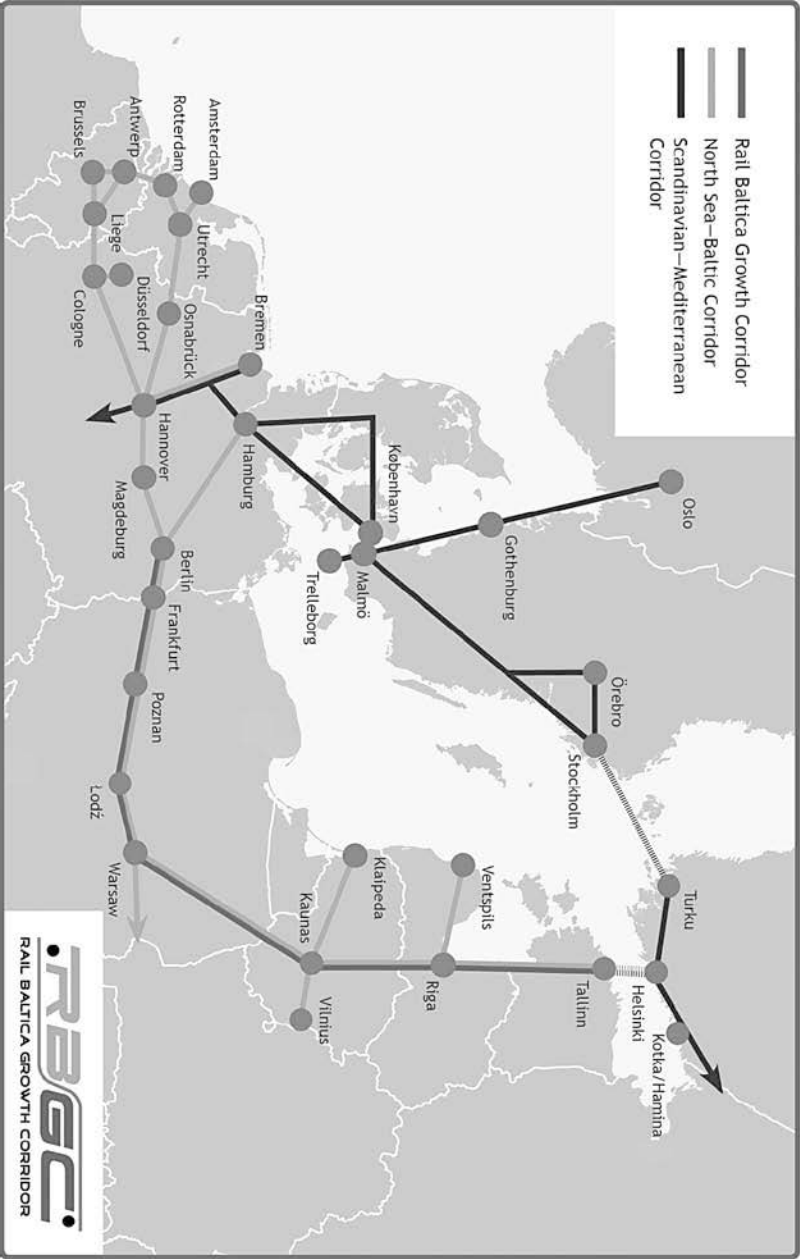


Figure 10.1 Map of “North Sea–Baltic” TEN-T core network corridor.

world. Tourism is one of the fastest growing fields of the economy because of the globalization process (Anholt, 2007: 25, 88; Baggio et al., 2013). According to the “competitive identity” concept by Anholt, the best success is achieved when tourism communicates positively with the other five fields of competitive identity hexagon (Anholt, 2007: 26); tourism, brands, people, culture, investment, and policy. Tourism is creating immediate interaction (product trial, Anholt, 2007: 90) between the consumer (visitor) and place product (destination). For place branding it is therefore crucial that the visitor’s experience and the information about the destination before and during the visit are consistent. Baggio (2013) discusses tourism destinations as complex networked systems and argues that to understand their dynamic behavior is crucial for their better governance. Destination marketing is studied from the viewpoints of cooperation, competition, and co-competition, level of involvement and stages of cooperation by Wang (2008), Wang and Krakover (2007), Mariani et al. (2013), Kylänen and Mariani (2012), Mariani and Kylänen (2013). Wang (2008) and Mariani and Kylänen (2013) discuss the relationships between the private and public sectors’ organizations—a focus that is integral also in supranational studies.

Place branding is growing into a systematic field of study that applies concepts and methods developed in product and corporate branding in places, be them cities, regions, countries, or multiple countries. The concept of “competitive identity” developed by Simon Anholt (2007) offers a holistic perspective that combines brand management and public diplomacy with trade, investment, tourism, and export promotion. The process of competitive identity entails long-term commitment by the responsible stakeholders in order for positive cumulative results to be achieved (Anholt, 2007: 27).

Place branding for cities and nations has become an established field of academic research and practice. In the next development phase of place branding the supranational perspective is gradually gaining momentum. Supranational perspectives and methods have been discussed in, for example, Flagestad and Hope, 2001; Andersson, 2007; Pieterse and Kuschel, 2007; ETC/UNWTO, 2009; and Therkelsen and Gram, 2010. In the context of BSR, supranational product building (Andersson, 2010; Andersson and Paajanen, 2012), and the existence of regional identity (Henningsen, 2011) have been studied. The European Commission has produced two macroregional (or supranational) strategies for the purpose of regional development. The EU Strategy for the Baltic Sea Region (EUSBSR) was introduced in 2009 (Council of European Union, 2009; European Commission Communication, 2009; 2012; 2013), and the Strategy for the Danube Region was introduced in 2010 (European Commission Communication, 2010). The EUSBSR includes a Horizontal Action of regional identity building, which closely relates to the topic of branding.

The major challenge in brand-building for BSR, or any macroregion, lies in essence of the brand image, which is much more difficult to take under systematic scrutiny for a macroregion than it is for a city or country,

for instance. Brand image is the impression in the consumer's mind (be it an individual person or a group of people) of the product (place) that evolves through time. The brand image is affected by information (be it true or false), personal experience, and other factors that have influence on the consumer's opinion building, values, and perceptions. The brand image develops through a complex process between the consumer and the product (place). The larger the geographical scale the more difficult it is for a brand image to develop. For a macroregion, here BSR, the large geographical scale poses two key challenges. First, compared to a city or a country a macroregion contains several cities in several countries and therefore it is difficult to identify the common denominators that will serve as the core of the brand identity. Secondly, due to the structure of the world economy and policy-making our minds have been educated to think about cities, regions nearby cities, capitals, countries, and continents. The entity of a "macro region" is less familiar to our thinking and therefore it is harder to make the consumer process any information that concerns a macroregion. In this way, the structures set in our minds by the order of the modern society form obstacles that make macroregional information more difficult to pass. For instance, if one plans to make a weekend trip abroad, it is easy to orientate one to go to capital X or island Y or country Z, but it is less obvious to think of a trip to the BSR, Adriatica, or the arctic region of the Nordic countries ("kalottialue" in Finnish or "kalottområde" in Swedish).

Transnational Cooperation

Transnational cooperation can be best described by linking it to the globalization process of the world economy and structures of governance. Kobrin (2008) argues that the process of globalization is still immature. While the world economy may be global the economic and social institutions have adapted to the process more slowly and are still much dependent on the Westphalian state-centric system. The distinction between international and transnational is made by observing the role of the nation-state and its physical borders. The term "international" refers to activities that take place between countries and are governed by the nation-state, while "transnational" activities are governed by multiple authorities and the space in which the activities take place is relational (Kobrin, 2008: 34). As Kobrin (2008: 2) describes the post-Westphalian process in which nation-states evolve from being sovereign and free and becoming sovereign and bound to each other:

Importantly, it is a system in transition, a world of partial globalization. States are not replaced but rather "embedded" in a broader and deeper "transnational arena."

The governance theory has recorded the evolution of the use of the term "governance" from its original meaning of steering actions of political

authorities. The basic paradigm according to Mayntz (1998) meant policy development by government and its implementation by public agencies. In the course of several paradigm shifts from early 1970s toward the new millennium the concept of governance has been enriched to lend itself to sectorial structures (governance by target groups) and self-regulating social systems such as networks. Finally, the paradigm has evolved to include the European policy-making and its implementation not only in nation-states but also in the European-transnational-level. In transnational cooperation, networks as self-regulating social systems allow for dynamism and efficiency. Networks typically emerge as the most efficient way of cooperation in environments where power is dispersed among several policy agents (Mayntz, 1998: 4).

The power relations between the European Union and Member States are a topic of extensive research. On one hand, in EU decision-making supranational institutions can operate as agents of policy-making while the control still stays with the Member States. On the other hand, the powerful position of EU institutions has given space to arguments that the decision-making in European Union is no longer monopolized by the Member States (cf. Kungla, 2007: 7).

The study of governance of networks can make fruitful comparisons to the study of governance of business relations, as the latter body of literature is rich and long, for example (Håkansson and Snehota, 1995; Ford et al., 2003). Experience of cooperation and competition, and organizational learning in business-to-business relations offers applicable viewpoints also to the network cooperation in the triple-helix context. Doz (1996) studies how organizational learning affects the success or failure of strategic alliances between firms giving a longitudinal perspective to the evaluation of cooperation. Interfirm alliances are also studied by Lavie (2006) who overcomes the limitations of the traditional resource-based view that focuses on resources owned and controlled by a single firm with the notion of network resources.

Gnyawali and Madhavan (2001), in their study of “co-opetition,” focus on firms as organizations that are embedded in networks of relationships that have influence on their resources. They propose a multilevel conceptual model of key network properties to competitive action and response, which constitutes an interesting setting for other multilevel contexts such as supranational branding.

Methodology and Empirical Setting

Data

This study uses descriptive and exploratory approaches. The project under scrutiny, RBGC, is described exhaustively with its operational environment that is necessary to allow for an exploratory approach in the data that concerns supranational branding and transnational cooperation. The

project's mission and goals, partnership and work plan are discussed, and the key results are presented. The exploratory approach is applied by observing the project against the backdrop of the theoretical knowledge that has been presented earlier. It needs to be pointed out that the author of the chapter possesses an insider's perspective to the project having worked as its project manager. This inevitably marks the study by subjectivity. On one hand the subjectivity can be regarded as a risk to the objectivity of results. On the other hand, the insider's perspective allows for a level of detail that could not otherwise be achieved. As the aim of the chapter is to discuss the project from the viewpoint of branding and cooperation without scoring the project's success, the elaboration strives to be free of subjective opinions.

EU Strategy for the Baltic Sea Region

The emergence of macroregional strategies in Europe shows that supranational branding is also becoming an important perspective to policy-making. The first macroregional strategy in Europe was developed for the BSR, approved by the European Council in 2009 (Council of the European Union, 2009; European Commission, 2009). The Danube region was addressed in a macroregional strategy in 2010 (European Commission, 2010). The EUSBSR and its Action Plan (2012 and revised in 2013) has become the key policy document in the development of BSR. In the Action Plan, the implementation of EUSBSR is divided into three major objectives: to save the Baltic Sea, connect the Region, and to increase prosperity. To achieve these objectives a total of 17 different priority areas and five horizontal activities have been created (European Commission, 2013).

The question of accessibility emerges in the EUSBSR in the contexts of transport and economic growth. The objective to connect the region acknowledges the remoteness of the Northern parts of BSR and the biased transport structure in the newly accepted Member States (EE, TV, LT, PL, in 2004) dominated by the East-West connections to Russia due to political and historical reasons. The missing transport connection on the North-South axis constitutes an obstacle to internal market and territorial cohesion. Good accessibility is also regarded as important for global competitiveness, especially provided by well-functioning connections to Asia, Black Sea, and Mediterranean (European Commission 2013, 32–33). For all Priority Areas and Horizontal Actions in the context of EUSBSR implementation, the necessity to form networks and stakeholder platforms for involved actors is pointed out (European Commission, 2013: 34). In transport, transnational cooperation between involved actors is needed to improve border crossings, which will facilitate freight flows and passenger traffic.

The goal of brand-building of BSR is a cross-cutting topic in EUSBSR (European Commission, 2013: 166). Joint promotion and regional identity building for BSR comprise one of the five horizontal actions that

spread over several objectives and Priority Areas. The promotional program is targeted to various activities, such as investments, internal and external tourism, talent attraction, and export. The Horizontal Activity Promo (image and identity) draws on the transnational cooperation that has taken place by various transnational, national, and local organizations. Outcomes of this cooperation include the BaltMet Promo project (2010–2012), led by the City of Helsinki, in which the Region was promoted in the fields of tourism, talent attraction, and investment. (cf. Andersson and Paajanen, 2012), and the work was continued in the One BSR project. The supranational branding work plan of the Horizontal Action of regional identity building consists of bottom-up branding activities that have their roots in real-life promotional activities.

Rail Baltica Growth Corridor

The transnational project Rail Baltic refers to the overall development of railway infrastructure and service in a multimodal transport context from Helsinki to Tallinn, Riga, Kaunas, and Warsaw. The project is part of the European transport plan, and its planning and implementation is carried out in close cooperation between the European Commission DG MOVE and the Member States in question. The implementation of Rail Baltic is dependent on the European funding resources, infrastructure investments, national ministries, and funding, and even the business sector in transport and logistics that should operationalize the business potential of Rail Baltic. The Rail Baltic “mega project” has a long planning perspective; first, to start business operations on the reconstructed existing railways (1520 mm) by the end of 2015 and, second, to construct the new European gauge railway line (1435 mm) by 2025 (estimation). RBGC, on the other hand, refers to the development project of cities, regions, and research institutions that promoted the Rail Baltic connection because of its potential to regional economic growth. The RBGC project received part-financing from the Baltic Sea Region Programme, which is one of the EU’s INTERREG programmes, and its work plan was implemented from January 2010 to September 2013.

The idea of RBGC project was initiated by its two end points: the cities of Helsinki and Berlin (rbgc.eu). For Helsinki, the motivation sprang from the urge to overcome the indisputable fact that, when mapping the major transport volumes within European Union, Finland locates like an island that is separated by the Gulf of Finland from the south and by Gulf of Bothnia from the west. Because of this status, development of multimodal transport connections of road, rail, air, and sea, has a long tradition in Finland. Improved transport connections through the Baltic States to the continental Europe are regarded as important to increase the competitiveness of Helsinki and Finland. For many years, Helsinki and Tallinn have cooperated in the fields of economic and social activity as twin cities. Taking on leadership in the RBGC project initiative came as a natural

continuation to this development. Later, once the project proposal was accepted, city of Helsinki became the lead partner of the project.

At the other end of Rail Baltic axis, the city of Berlin and the Berlin-Brandenburg region are in the heart of Europe. Berlin has excellent domestic and international multimodal transport connections. Berlin is in the crossing of three different TEN-T core network corridors (North Sea–Baltic, Scanicavian–Mediterranean, Orient/East Med Corridors), which makes it one of the most important hubs of freight and passenger transport in Europe. The Berlin-Brandenburg region, except for the western part of the city of Berlin, was formerly part of East-Germany and the neighbor countries to the east were formerly members in the communist Warsaw Pact. Because of its specific geopolitical history, the challenge for Berlin is to provide adequate high-quality services for passenger and freight transport and connect the region to European Union. For Berlin-Brandenburg the motivation to take part in the RBGC project consisted of the opportunity to set special focus on freight service development, cross-border fare systems, high-speed train services, and transport networks involving the new (forthcoming) Berlin-Brandenburg Airport.

Features and Results of the Project

Features of the Project

Partnership

The partnership of RBGC was negotiated during the project initiation and planning phase in 2009–2010. The process was led by City of Helsinki, international relations department, which later became the lead partner, in close collaboration the Aalto University School of Economics (formerly Helsinki School of Economics), Center for Markets in Transition, which later became the coordinator of the project.¹

The central management team (CMT) of the project consisted of two representatives of the lead partner and two representatives of the coordinating partner. As the author of the present chapter has been a member of CMT it is apparent that many observations of the project activities differ from those that were based on purely public information sources. However, acknowledging this personal connection, all data and information presented in this chapter have been brought forward keeping objectivity as a priority. Also, the status of the author in the core of project management has allowed for information sources that were otherwise inaccessible.

The partnership of RBGC covered six countries and various types of organizations that are important stakeholders in transport development (Table 10.1).

The RBGC partnership had generally good coverage as to the number and structure of partners. However, there was unbalance in the Latvian partnership, as no city or regional organizations were represented. There

Table 10.1 Rail Baltica Growth Corridor partnership

<i>Partner / Country</i>	<i>Partners</i>	<i>Associate partners</i>
Finland	Cities of Helsinki (lead partner) and Vantaa; Regional Councils of Uusimaa and Häme; Aalto University School of Business (coordinating partner); Lappeenranta University of Technology Kouvola Unit	Ministry of Transport and Communications; VR-Group Ltd; LIMOWA Logistics Cluster; Finnish Transport Agency
Estonia	City of Tallinn; Harju Region	Ministry of Economic Affairs and Communication; Estonian Railways
Latvia	Latvian Transport Development and Education Association LaTDEA	Ministry of Transport
Lithuania	City of Kaunas; Competence Centre of Intermodal Transport and Logistics of the Vilnius Gediminas Technical University (CCITL VGTU)	Ministry of Transport and Communications; Lithuanian Railways; Kaunas District Municipality; Kaunas University of Technology; the Management Company of Kaunas FEZ
Poland	Cities of Warsaw, Białystok, Łódź, and Poznań; Regions of Mazovia and Łódź	PKP Polish Railway Lines JSC; PKP CARGO S.A.; Association for Warsaw Transport Integration (SISKOM); Forum Kolejowe Railway Business Forum; Polish Tourist Organization
Germany	Cities of Berlin and Ludwigsfelde; Transport Authority of Berlin-Brandenburg (VBB)	Ministry of Infrastructure and Agriculture Brandenburg; Municipality of Grossbeeren; Allianz pro Schiene (Pro-Rail Alliance)
Russia	Not applicable	City of St Petersburg; Petersburg State Transport University; St Petersburg State University, Faculty of Economics; North-Western Russian Logistics Development and Information Centre ILOT
Other Transport projects	Not applicable	TransBaltic Bothnian Green Logistics Corridor East West Transport Corridor II

were several negotiations initiated but they ended unsuccessfully because of local shortage of financial resources and/or political unwillingness toward Rail Baltic. During the years under the Soviet regime, the transport connections in the Baltic States developed on East–West axis, and still today the transport of goods from the Baltic Sea harbors to major Russian cities forms an important business base. However, for passenger transport this has not been an attractive development trend because of the missing the North–South axis. Because of the fact that both project

leadership and coordination were in Finland, the project has a slight over representation of Finnish organizations in the partnership.

RBGC Work Plan

RBGC identified itself as a city-driven project to promote Rail Baltic railway connection from Helsinki via St Petersburg to Berlin. As a promotional project RBGC did not focus on questions on railway infrastructure or other physical investments. The core of the work plan for RBGC was to combine new research knowledge and concrete development activities. The research agenda consisted of two parts: investigations into public and private sectors' decision-making structures and their perceptions and opinions concerning Rail Baltic (EU-Consult, 2011; Hilmola 2011; Laisi et al., 2011). The need was identified for research that attempts to reveal any shared visions or decision-making patterns related to Rail Baltic in both public and private sectors. The information about the status could then be applied to real-life pilots. The current chapter focuses on the pilot of the international and multimodal travel planner leaving the pilot of logistics centers aside.

The logic of the RBGC work plan emphasized the importance of research and its applicability to real-life problems. While the RBGC work plan was implemented in the transnational context, Anholt (2007: 30) suggest a similar method for nation branding. The important thing in common between these two approaches is that branding is interlinked with concrete development operations in the economy.

The work plan consisted of bottom-up activities that aimed to increase the conditions of the countries, regions, and cities to develop Rail Baltic. In RBGC project, Rail Baltic was seen, not only as a railway connection, but also as a part of multimodal² transport network in the Eastern part of BSR. The need to underline multimodality springs from the principles of green transport that seeks for the most efficient and cost-effective modes of transport for various freight and passenger transport needs.

The final element in the work plan of RBGC combined the research results and pilot activities into a strategic communication between key stakeholders in the public and private transport sectors. RBGC identified itself as the cooperation platform for various stakeholder groups: EU-level decision-makers, city and regional organizations, ministries, railway and other transport operators, business sector as users of transport services, other international transport projects, and lobbying organizations. The stakeholders' policy dialogue was organized into a series of roundtable meetings both on regional and transnational level, involving also Russia. Each transnational roundtable meeting produced a memorandum that evaluated critical infrastructure investments identified by the regional roundtables from the transnational point of view. The series of memorandum operated as material for the "Rail Baltic Growth Strategy," which was one of the project's final outputs to be presented at the final conference of RBGC was organized in Berlin in June 2013.

Travel Planner Pilot

The transnational travel planner that formed one of the pilot activities in RBGC aimed to connect cities, regions, and countries into a door-to-door multimodal transport information system. The initiative to use the travel planner as a pilot activity in RBGC came from the Berlin-Brandenburg Transport Authority (VBB), which has established the international and multimodal EU-Spirit travel planner (eu-spirit.com). The EU-Spirit system, managed by VBB, has been created and enlarged by negotiating regional and national travel planners to join the network. At the beginning of the RBGC cooperation, the EU-Spirit network covered the transport data of Denmark (rejseplanen.dk), Germany (Berlin-Brandenburg, Baden-Württemberg, Rhein-Neckar, Saarland, Norddeutschland in test phase), Luxembourg, and Sweden (Resplus.se, skanetrafik.se, Stockholm, Gothenburg). As the list shows, the coverage was not complete, and the system does not cover all transport modes in all countries.

The aim to add the geographical coverage of the EU-Spirit system was set to integrate the Finnish transport data (rail, road, and air, as is available), to integrate the data of ferry service timetables into the system, and to investigate the possibilities to add the Estonian, Latvian, Lithuanian, and Polish data into EU-Spirit system. The integration of Finland was considered most promising and the selection was to be made between the national travel planner (matka.fi) or the travel planner of the Helsinki Transport Region (hsl.fi). The availability of the multimodal travel planners in the other countries was to be investigated by contacting transport authorities in each country and if potential travel planners appeared available the contacts would be contacted of how to integrate the data.

Usability of EU-Spirit

The EU-Spirit travel planner system is a cross-border and Internet-based travel information service for customers of public transport. It is based on existing local, regional, and national travel information systems, which are interlinked via technical interfaces. The EU-Spirit service provides door-to-door travel information for customers who have access to the database using the webpage of their local transport supplier. The service provides the calculation of an itinerary between stops, addresses, or points of interest in different European regions. The information service includes any carrier of local and long-distance public transport as well as additional services, for instance map service and fare information. The information of the EU-Spirit service is for free and is provided via the customer's local information system in his mother tongue (eu-spirit.com).

Operationally, the EU-Spirit transport information system is a relatively easy system for the data integration. The data provider (e.g., a national transport agency) does not need to make major alterations to the data, which is naturally a strong asset to an organization that chooses to join the EU-Spirit network as a member. For the end-user—place resident,

commuter, or tourist—the travel planner operates as a multimodal, international door-to-door information service. This is a novelty and important improvement to the accessibility of BSR from outside and within the region, since the existing travel planners typically lack one or several of the following qualities: (1) door-to-door information service based on starting point and destination addresses, (2) multimodality, that is the travel planner offers information of different modes of transport as available on the route, (3) international database, (4) data of ferry connections on the Baltic Sea.

Results of the Project

Impact on Accessibility

As a promotional project RBGC had no activity directly related to transport infrastructure. However, the project's core message was to strive for better accessibility of the cities, regions, and countries of the project partnership in the Eastern BSR. This brought the availability and quality of transport services into the project's list of interests. The pilot activity in the passenger transport, that is the international door-to-door travel planner constituted an activity that directly contributed to accessibility. The aim of the travel planner was to develop cross-border transport, especially commuting, and this was achieved by providing the users with a holistic database of the public transport services. During RBGC, the database was enriched with a data of ferry services between the ports of the Baltic Sea.

Impact on Branding

The bottom-up activities of RBGC contributed to branding in three particular ways. First, the “geography” of the project was strongly highlighted in all project activities, which built footing for Rail Baltic as a supranational phenomenon. Maps in project brochures, roll-ups, and presentations systematically built idea of a transport development plan for this particular part of Europe. The fundamental goals of improved connectivity and political and economic cohesion added to the message. Secondly, the bottom-up approach of the RBGC work plan in itself formed a structure for a branding agenda by underlining the importance of research, on one hand, and interactive stakeholder cooperation, on the other hand, in product development. Thirdly, the project's final output “Rail Baltic Growth Strategy” (Keinänen and Paajanen, 2013) that was distributed widely to stakeholders conveyed the message of the importance of accessibility for the BSR. The publication summarized the input from the stakeholder events and thus represented a much wider voice than that of the project partnership alone.

As a spin-off from the RBGC activities, a smaller number of the project's partners designed a work plan specifically dedicated to branding. In spring 2013, this project initiative “Rail Baltic Branding” with Aalto

University as lead partner received funding from for the Seed Money Facility of the EU Strategy for the BSR.

Impact on Cooperation

Beyond the conventional measurement of project success, which is to meet the aims and goals that have been documented in the project application, the RBGC project made a much more important achievement. Through the series of various stakeholder events on local, interregional, and transnational levels, the project itself became a stakeholder platform of transnational transport development. While there were already existing platforms for local (city-level, interstate) and international communication RBGC constituted the first, politically neutral, large-scale development project that invited actively stakeholders widely from different sectors. As a stakeholder platform RBGC conveyed the messages from the different interest groups (politicians, transport professionals, decision-makers) and made the local and transnational messages meet.

Cooperation in Transnational Transport Development

The transnational transport development concerns four levels of governance and decision-making: local (city level), regional, national, and transnational (European). The core of the RBGC partnership consisted of cities and regions that have the key role in spatial planning on local and regional level including transport plans. The RBGC partners operated as ambassadors for Rail Baltic (cf. Andersson and Ekman 2009) and communicated with the national level and this was managed by the partners in each country, thanks to their contacts to the transport ministry and other national authorities. From the governance point of view, the interaction between local/regional and national levels was ongoing and real, so the cooperation linkages were sustained. However, there were some variations between countries.

The necessity to involve the European institutions emerged on course of the activities of RBGC. The RBGC work plan that consisted of research on relationships between decision-makers proved it relevant to position the project also in relation to the EU-level political and governmental bodies. The most relevant ones were European Commission's Directorates-General of Mobility and Transport (DG MOVE) and Regional Policy (DG REGIO), which represent two executive cabinets of the bicameral EU legislature, that is European Parliament (lower house) and European Council (upper house). DG MOVE is in the key role in preparing and proposing for legislation the guidelines for the transport development plans (European Commission, 2011), which set the basis for the transport infrastructure investments. DG REGIO promotes European territorial cohesion and value-added and is also responsible for the preparation of the macroregional strategies, such as EUSBSR and the Danube strategy.

The triple-helix cooperation environment of RBGC consisted of its immediate partnership composition and a wide network of associate partners and other stakeholders that were involved in project activities. The RBGC partnership consisted of 21 partners: city and regional organizations, universities and research organizations, and one regional transport authority. The associate partners, who were identified simultaneously with the core partnership, consisted of national railway companies, transport ministries, companies and organizations in transport and logistics, and other transport projects. On course of project activities, however, the division between partners, associate partners and other involved stakeholders became rather irrelevant, except for the fact that only project partners were provided directly with a partner budget. The importance of the contribution of “non-partners” grew steadily toward the end of the project. The nonpartners contributed with invited key-note speeches at conferences, collaboration in project activities, and information sharing of matters of relevance to RBGC. The external stakeholders also initiated project news to media, invited project staff to contribute to events, contacted politicians, and showed other positive signals toward future collaboration, and so on. In this way the triple-helix stakeholder environment that had been invited to support the project partnership and activities showed positive reciprocity. The reasons for the successful design of the stakeholder environment that consisted of actors in the private, public, and research sectors can be explained by the strategy and structure of the project work plan that consisted of three parts: (1) research into public and private sectors in transport development, (2) pilot activities (travel planner, chain of logistics centers), and (3) policy dialogue that was targeted to reach the large stakeholder environment of public, private, and research sectors. All three components were logically intertwined resulting that a considerable amount of results produced by the project were fed into each external stakeholder meeting. The RBGC project kick-off in Helsinki (June 9, 2010) followed by a series of transnational, regional, and local stakeholder conferences. A conference for MEPs was held at the European Parliament (April 9, 2013). The RBGC final conference was held in Berlin (June 14, 2013) followed by a symbolic train ride on “Rail Baltic Express—RBX” from Berlin to Vilnius.

Cooperation in Rail Baltic

The recognition of the cooperation with stakeholders in place-branding has shifted from annoying but necessary to fruitful and beneficial (Kavaratzis, 2012). Especially the need for meticulous stakeholder cooperation has been pointed out when the task at hand concerns several geographical levels (countries, regions, cities, districts) (Kavaratzis, 2012: 7). Rail Baltic as a transnational transport development project lead by the European Union and being implemented by the Member States and their key stakeholders is an ideal case of supranational branding. The forthcoming years are

critical to its implementation. However, interestingly, the politicians and decision-makers have already pointed out the need to start marketing and branding of Rail Baltic at an early stage in order to gain the maximum approval to the mega projects by the citizens and public opinion (RBGC conference, 2013; cf. Braun et al., 2013). While the Rail Baltic mega project will offer a most interesting case of research in the forthcoming years, the discussion of stakeholder cooperation and supranational branding can already be started using the RBGC project's data.

Table 10.2 below compiles the information of how different stakeholder groups participated in the project activities. The core of project activities consisted of the partnership of total 21 partners that were collectively responsible for the implementation of the project's work plan. Each project activity was defined with a written work plan and division of labor between partners. Each activity (called work package) had

Table 10.2 Transnational transport development of Rail Baltic

<i>Contents of RBGC work plan / Stakeholder cooperation</i>	<i>Research into stakeholders in public and private sectors</i>	<i>Travel planner pilot</i>	<i>Policy dialogue</i>
RBGC partners	Coordination of research activities, analysis and reports, research support group Target group: public sector, city and regional level	Coordination of travel planner pilot activities Support to find providers of local transport data	Program of stakeholder events Building up contents continuum of stakeholder events towards Rail Baltic Growth Strategy
RBGC associate partners: national institutions and private organizations in transport and logistics	Target group: public sector, national level Target group: private sector	Provision and integration of multimodal transport data National passenger transport and infrastructure plans	Contributions to policy dialogue events Cooperation with transnational transport projects in EU and Russia
European institutions	Target group: public sector European legislation, policies and strategies	European passenger transport and infrastructure plans Development of pan-European travel planner	High-level and specialist contributions to policy dialogue events RBGC conference hosted at the European Parliament

a coordinating partner and participating partners. The specialist roles of partners were observed when designing the work structure to give each partner an opportunity to use its resources most efficiently and with the highest motivation. The major challenges of the partner cooperation concerned communication and use of resources. For each project partner the responsibility fell to transfer information from the project to the home organization but this appeared to be in many cases difficult because of internal reasons. In some cases, the partner organization apart from the immediate project contact persons was not familiar with principles and procedures of international projects and therefore there was no fruitful ground for information dissemination. The challenge with the partner budgets came completely unexpected and was due to the economic recession and its reverberations in many partner organizations. These partners were not able to use their partner budget because of the cash flow problem, as the co-financing from the Baltic Sea Region Programme came only as reimbursements. In other cases the partner was unwilling to spend the budgeted personnel resources because of the “positive problem” that the organization was financially secure and had no pressure to receive reimbursements. These financial peculiarities lead to serious under spending situation on project level. Apart from the cooperation on the project work agenda each partner had a significant role in its own home environment (city, region, academia, etc.) to identify the key external stakeholders that were relevant to be invited to the project events. These contacts were strategically relevant especially when identifying potential high-level contributions to the transnational roundtable meetings, RBGC conference at the European Parliament, and RBGC final event. These external stakeholder events were in the primary role when building up the project’s main final output: Rail Baltic Growth Strategy.

The associate partners of RBGC consisted of railway operators, national ministries, private organizations in transport and logistics, and of other transnational transport development projects. These organizations in public and private sectors formed the key target groups in the research activities the purpose of which was to gain knowledge about the power relations and decision-making patterns in the public and private sectors. The external stakeholders in the public sector provided the project with important information about national transport strategies and development plans and data concerning different transport modes. This helped position the project activities strategically and also in more detail operations, such as the travel planner. The private sector was an important discussant when deflecting Rail Baltic to various business scenarios among transport service operators, other service or information providers, or as business customers. The associate partners of RBGC were kept in close communication throughout the project and they were a crucial resource to contribute to the major stakeholder events as high-level and specialist speakers, participants, and networkers.

During its implementation period the RBGC project cooperated with the European Commission, DG MOVE and DG REGIO most importantly, continued with interviews for the stakeholder research, continuous exchange of information, and presentations in the transnational stakeholder events. The contacts to the legislative and political environment of the European Union covered the European Council (individual MEPs), European Commission and Directorate-Generals, their strategic chapters, development plans, and financial programmes. Apart from cooperating with the European institutions independently the RBGC project made a cooperation initiative toward DG MOVE together with eight other transnational transport projects (Letter of intent by transnational Baltic and North Sea Region projects on assistance in developing the green transport network, 2011). However, the most productive point of cooperation between RBGC and the European institutions consisted of the actual project activities, stakeholder research, two pilots, and transnational stakeholder events in which the project outcomes were presented and discussed. The benefit of RBGC to the European perspective was due to its core partnership that consisted of cities and regions. As the European transport plans are made in close collaboration with the national ministries as the main contact point to the Member States, the cities' and regions' perspective is not automatically observed. This became a clear asset to RBGC as it proved to produce relevant input on spatial planning and local orientations toward Rail Baltic.

Conclusions and Limitations of the Study

The transnational transport development plan of Rail Baltic offers a topical case in supranational branding. In this chapter the RBGC project with its work plan has operated as data for exploratory research. The core of the RBGC partnership consisted of cities and regions. The extensive cooperation structure of RBGC among stakeholders, that is public, private, and research sectors was proven an efficient method for sharing project input, output, and other information. The ambitious stakeholder cooperation agenda of RBGC was, de facto, network governance. Moreover, the extensive collaboration with stakeholders also contributed to supranational branding because it shared information among stakeholder on a *transnational* platform.

The bottom-up approach of the RBGC work plan and its efficient transnational dissemination was appreciated by the national ministries and European stakeholders for whom RBGC operated as an important "hands-on" stakeholder. The network governance model offered by RBGC that was carried out in the format of the policy dialogue focused on concrete development needs, plans, and scenarios. Based on the findings of the present study, such a governance model could be proposed to other transnational transport development projects that need a strong

stakeholder input to succeed. For the time being, the network governance model designed and tested in the RBGC project is a sample of one. The future of the Rail Baltic “mega project,” which will be the largest transport infrastructure project of its region and time, remains to be seen.

Notes

1. In March 2012, the coordinating team at Aalto University moved to the Small Business Center. In August 2012, the Aalto University School of Economics was renamed to Aalto University School of Business.
2. Multimodality means the combination of rail, road, sea, and air transport.

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CHAPTER ELEVEN

Success Factors for Collaborative Destination Marketing

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Introduction

More and more European regions—see, for example, the cases of Catalonia in Spain (TC, 2013), Emilia Romagna in Italy (ATCER, 2013), and Wallonia/Brussels in Belgium (OPT, 2013)—have launched *collaborative* destination marketing initiatives to promote tourism in their territory. These initiatives encourage public and private actors to join their efforts and financial resources in the elaboration and implementation of tourism marketing activities and campaigns.

Since the 1990s, tourism literature has been paying more and more attention to the analysis of public–private partnership experiences in the field of tourism. The main suggestions provided by the existing literature on the topic (e.g., Augustyn and Knowles, 2000; Bramwell and Lane, 2000; Caffyn, 1998; Fyall and Garrod, 2005; Jamal and Getz, 1995; Selin and Chavez, 1995) are here compared with the results of a field research investigation of two collaborative destination marketing initiatives in Europe: the *Unioni di Prodotto* in Emilia Romagna (Italy) and the *Clubs de Promotion* in Wallonia and Brussels (Belgium). The final aim is to identify a list of factors that prove to be essential for the successful development of collaborative destination marketing initiatives. This final list is also expected to serve as a set of guidelines for those decision-makers who are directly involved in the design and implementation of collaborative destination marketing programmes at local level.

Literature Review

Collaborative destination marketing is the process that “brings together a diverse range of stakeholders in a concerted effort to market and promote

the destination” (Wang and Xiang 2007: 75). If a look is given to tourism literature, five main drivers appear to justify, at both a theoretical and practical level, the need for tourism stakeholders to collaborate and cooperate among themselves.

The Marketing Driver

Fyall and Garrod (2005) identify two market-related reasons fostering collaboration among tourism stakeholders: the fragmented nature of the tourism industry and the peculiarities of the tourism environment. The tourism industry is characterized by a variety of stakeholders, operating in different sectors (transportation, accommodation, etc.) and differentiated by size (e.g., big multinational hotel companies vs. small local family-run bed&breakfasts) and ownership arrangements (e.g., private vs. public actors, for example). Having said that, “collaboration can assist in bringing together all of the various fragments and enabling them to work effectively together” (Fyall and Garrod, 2005: 143), so as to make it possible for stakeholders to attain results that they could have not achieved by acting alone. Furthermore, the tourism environment is subject to external forces that destination stakeholders cannot control and it is nowadays characterized by “unprecedented level of competition” (Buhalis, 2000: 113). The autonomous and uncoordinated attempts made by individual organizations to address the negative repercussions of such a turbulent environment can even create further complexity. The competitiveness of tourism destinations becomes therefore “a function of how successfully their constituent components work together to deliver the tourism product” (Fyall et al., 2012: 10).

The Public Management Driver

As underlined by Elliott (1997), the traditional Weberian style of public sector management may prove to be even damaging for the tourism industry, because of its rigidity, stress on regulations, and neglect of informal factors. New paradigms of management should therefore be implemented. This can be the case, for example, of cooptation (Kylänen and Mariani, 2012; 2013), where public sector organizations play a prominent role in facilitating cooperation among competing companies (Mariani et al., 2013). This will allow public authorities to design and implement a set of tourism policies and measures capable of responding to the demands of the different stakeholders (e.g., private actors but also residents and local communities) at their best.

The Sustainable Tourism Driver

Although originally associated with natural environment protection, sustainability has gradually been extended its meaning to include a concern

for “the maintenance and enhancement of social capital . . . in terms of the rich sets of social networks and relationships that exist in places, through appropriate policies and programmes of social equality and political participation” (Hall, 2000: 279). This is true in the field of tourism as well. As Mowforth and Munt’s (1998) set of criteria for evaluating sustainable tourism well illustrate, the involvement of local stakeholders—and local community, more specifically—in the tourism development of a destination is a key manifestation of sustainability. As a matter of fact, if local people have some control over the tourism development process and local needs are satisfied, the needs of the tourists are satisfied as well (Hall, 1994). In addition to this, “a sense of ownership of the improvements” (Caffyn, 1998: 27) will be developed among residents and “more individualistic tourist products” (Murphy, 1985: 151) will be created and promoted.

The Subsidiarity Driver

When aspects and elements of public policy-making are delegated to private actors and associations, this subsidiarity process helps to “generate greater acceptability and legitimacy of global public policy” (Reinicke, 2009: 6). In tourism as well, subsidiarity may actually be seen as an element favoring one of what Collier calls the “basic features of sustainable development” (1997: 5), that is a greater participation of all stakeholders in the decision-making process.

The Public Funding Driver

As it is often pointed out (e.g., Caffyn, 1998; Fyall and Garrod, 2005; Long, 1996; Mariani and Kylänen, 2013; Nash et al., 2006), the number of partnership agreements among tourism stakeholders—public–private partnerships above all (see Mariani and Kylanen, 2014)—has been constantly growing over the years also because public funds have increasingly required such a collaboration to take place. The creation of networks among tourism stakeholders has actually become an essential requirement for the main funding schemes (e.g., European Union’s structural funds having an influence on tourism development). The current economic crisis and the consequent cut in local authorities’ budget have further encouraged the establishment of collaboration arrangements with the private sector.

Nevertheless, despite the strong encouragement to adopt a collaborative approach to destination marketing, some issues and problems tend to limit the number of partnership agreements and negatively impact on the performance of this typology of arrangements. This applies to every industry and sector, including tourism.

Among the factors that affect the outcome of collaborative planning and marketing initiatives in tourism for the better or for the worse, Bramwell and Lane (2000) stress the role played by partners’ perceptions

and misperceptions about one another. Mistrust and unwillingness among local tourism stakeholders may actually represent a major obstacle for the success of a partnership—not to forget that power relations as well may influence the composition of collaboration agreements and “some social groups and individuals may find it difficult or impossible to gain access to these arrangements” (Bramwell and Lane, 2000: 8).

Some suggestions have been provided in order to facilitate the successful design and set-up of collaborative destination marketing initiatives and overcome some of these potential implementation issues. Some indications coming from three key studies on the topic (Augustyn and Knowles, 2000; Bramwell and Sharman, 1999; Jamal and Getz, 1995) are reported in Table 11.1.

In the light of some additional articles and publications on collaboration agreements (Boyle, 1993; Caffyn, 1998; Droli, 2007; Healey, 1997; Lowndes et al., 1997; Naipaul et al., 2009; Selin and Chavez, 1995; UNWTO, 2004; Wood and Gray, 1991), further suggestions include, for

Table 11.1 Success factors for collaborative destination marketing

Jamal and Getz (1995: 196–199)	<ul style="list-style-type: none"> –“Collaboration for community-based tourism planning will require recognition of a high degree of interdependence in planning and managing the domain” –“Collaboration will require recognition of individual and/or mutual benefits to be derived from the process” –“Collaboration for community-based tourism planning will require a perception that decisions arrived at will be implemented (i.e., the process has legitimacy and power to either make or strongly influence the planning decisions)” –“Collaboration for tourism destination planning will depend on encompassing the following key stakeholder groups: local government plus other public organizations having a direct bearing on resource allocation; tourism industry associations and sectors such as Chamber of Commerce, Convention, and Visitor Bureau, and regional tourist authority; resident organizations (community groups); social agencies (e.g., school boards, hospitals); and special interest groups” –“A convener is required to initiate and facilitate community-based tourism collaboration. The convener should have the following characteristics: legitimacy, expertise, resources, plus authority, and may be derived from a government agency, an industry firm, or group such as the local Chamber of Commerce, or the local tourist organization (e.g., convention and visitors bureau)” –“An effective community collaboration process for strategic tourism planning for the destination requires: formulation of a vision statement on desired tourism development and growth; joint formulation of tourism goals and objectives; self-regulation of the planning and development domain through the establishment of a collaborative (referent) organization to assist with ongoing adjustment of these strategies through monitoring and revisions”
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Continued

Table 11.1 Continued

Bramwell and Sharman (1999: 395–401)	<p data-bbox="405 183 793 211"><i>Scope of the Collaboration</i> (issues to consider):</p> <ul data-bbox="405 220 1041 582" style="list-style-type: none"><li data-bbox="405 220 1041 273">–“The extent to which the range of participating stakeholders is representative of all relevant stakeholders”<li data-bbox="405 282 1041 335">–“The extent to which relevant stakeholders see there are positive benefits to entice their participation”<li data-bbox="405 343 1041 396">–“Whether the collaboration includes a facilitator and the stakeholders responsible for implementation”<li data-bbox="405 405 1041 458">–“The extent to which individuals representing a stakeholder group are fully representative of that group”<li data-bbox="405 467 1041 520">–“The number of stakeholders involved through the selected participation techniques”<li data-bbox="405 529 1041 582">–“The extent to which there is initial agreement among participants about the intended general scope of the collaboration” <p data-bbox="405 590 817 619"><i>Intensity of the Collaboration</i> (issues to consider):</p> <ul data-bbox="405 626 1041 1181" style="list-style-type: none"><li data-bbox="405 626 1041 705">–“The degree to which participants accept that collaboration is likely to produce qualitatively different outcomes and that they are likely to have to modify their own approach”<li data-bbox="405 714 1041 742">–“When and how often the relevant stakeholders are involved”<li data-bbox="405 749 1041 802">–“The extent to which stakeholder groups receive information and are consulted about the activities of the collaboration”<li data-bbox="405 811 1041 890">–“Whether the use of participation techniques only disseminates information or also involves direct interaction among the stakeholders”<li data-bbox="405 899 1041 979">–“The degree to which the dialogue among participants reflects openness, honesty, tolerant and respectful speaking and listening, confidence, and trust”<li data-bbox="405 987 1041 1040">–“The extent to which the participants understand, respect, and learn from each others’ different forms of argument”<li data-bbox="405 1049 1041 1128">–“The extent to which the participants come to understand, respect, and learn from each others’ different interests, forms of knowledge, systems of meaning, values, and attitudes”<li data-bbox="405 1137 1041 1181">–“The extent to which the facilitator of the collaborative arrangements exerts control over decision-making” <p data-bbox="405 1190 876 1218"><i>Degree to Which Consensus Emerges</i> (issues to consider):</p> <ul data-bbox="405 1225 1041 1575" style="list-style-type: none"><li data-bbox="405 1225 1041 1305">–“Whether participants who are working to build a consensus also accept that some participants will not agree or embrace enthusiastically all the resulting policies”<li data-bbox="405 1314 1041 1393">–“Extent to which there is consensus among the stakeholders about the issues, the policies, the purposes of policies, and how the consequences of the policies are assessed and reviewed”<li data-bbox="405 1402 1041 1455">–“Extent to which consensus and “ownership” emerges across the inequalities between stakeholders or reflects these inequalities”<li data-bbox="405 1464 1041 1517">–“Extent to which stakeholders accept that there are systemic constraints on what is feasible”<li data-bbox="405 1525 1041 1575">–“Whether the stakeholders appear willing to implement the resulting policies”
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Continued

Table 11.1 Continued

Augustyn and Knowles (2000: 342–343)	<p><i>Expert preparation</i> (elements to consider):</p> <ul style="list-style-type: none">–the “partnership initiative, based on sound reasons, is driven by either the public or private sector”–the partnership agreement “is simple, conforms to legal provisions and is based on formally established links”–the partnership “is organised along horizontal lines and involves both the public and the private sectors”–an “official body responsible for joint efforts is established” <p><i>Right underlying objectives</i> (elements to consider):</p> <ul style="list-style-type: none">–the “objectives of partnership agreement are long-term, based upon extensive research and forecasting”–these objectives are “common to all organisations entering such agreements and strike a balance between the diverse interests of the public and the private sectors”–partners “respect, however, one another’s identities while competing in these areas that are excluded from the agreement” <p><i>Development structure of the partnership</i> (elements to consider):</p> <ul style="list-style-type: none">–“partners possess and share their specific strengths, bringing together a wide range of sources of support in order to provide and integrated service”–“partners are able to pool resources, share their skills, and communication costs. Simultaneously, they know what gains they can expect from collaboration”–“local democratic accountability is regarded as necessary for success, which require a genuine sharing of control and decision making”–the “responsibilities of partners are clearly specified. . . [and] Each partner has a role to play according to the knowledge and expertise possessed”–“Co-ordination is crucial to link the public and private sector areas of action and prevent duplication of effort, which contributes to maximising the benefits while minimising the costs” <p><i>Effective and efficient actions of the partnership</i> (elements to consider):</p> <ul style="list-style-type: none">–“Appropriate actions leading to the attainment of the partnership objectives have to be undertaken”–“Efficiency of the partnership is measured by the level to which the objectives of such an agreement are achieved at the lowest cost of resource utilisation” <p><i>Sustainable nature of the partnerships</i> (elements to consider):</p> <ul style="list-style-type: none">–“constant feedback is necessary”–“objectives have to be reshaped before they begin to lose their importance”
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instance, the selection of a language that is accessible to all; the organization of subgroups dedicated to the examination of more specific issues, the establishment of contacts and relations with networks at a regional, national, and international level, and the identification and exchange of best practices.

Methodology

In order to identify those elements and factors that facilitate the successful development and implementation of collaborative destination marketing initiatives, the suggestions coming from literature were compared with the results of a primary research analysis.

The adoption of a case-study approach allows researchers to achieve an in-depth understanding of the investigated issues (Eisenhardt, 1989; Yin, [1984] 2003). In tourism research more specifically, the adoption of a case-study approach enables an in-depth assessment of the collaboration process taking place at local level (Augustyn and Knowles, 2000).

In order to enrich the project with some comparative analysis at European level, two different case studies were taken into account: the experience of the *Unioni di Prodotto* in Emilia Romagna (Italy), and the *Clubs de Promotion* initiative in the Region of Wallonia and Brussels (Belgium). Considering that a valid case study has to be in line with the theoretical framework and issues that the researcher wishes to study (Ghauri et al., 1995), both experiences appear to be congruent case studies. Both the *Unioni di Prodotto* and the *Clubs de Promotion* are regional-scale initiatives aiming at setting up and developing a new form of tourism policy-making paradigm, that involves both private and public actors. For both case studies a wide range of secondary sources (e.g., internal reports, questionnaires, etc.) is available, thus facilitating an in-depth analysis of both realities.

With regards to data collection, a qualitative analysis was carried out in order to understand the characteristics of the specific reality that appears to be “constructed by the individuals taking part in the research process” (Wang and Fesenmaier, 2007: 865). Secondary data from different sources (internal reports, articles, surveys, etc.) were combined and triangulated with primary research data collected through individual interviews, as it was the case for many articles exploring the same or a similar topic (e.g., Augustyn and Knowles, 2000; Bramwell and Sharman, 1999; Caffyn, 1998).

A *purposive* sample (Saunders et al., 2003) was used: among the members of the two collaborative destination marketing initiatives, the purpose was to interview as many categories of tourism stakeholders as possible (public authorities, hotel owners, tour operators, etc.).

Following the example of some similar studies on the topic (e.g., Bramwell and Sharman, 1999; Caffyn, 1998; Selin and Chavez, 1995), semi-structured interviews—allowing the researcher to proceed with

“some flexibility and discretion, within a framework which is similar on every occasion” (McNeill and Chapman, 2005: 33)—were conducted.

A total number of 19 interviews—14 face-to-face interviews, 4 phone interviews, and 1 e-mail interview—were held from November 2009 to February 2010 (see Table 11.2), of which 10 concerning Emilia Romagna and 9 concerning Belgium.

In each interview, four themes were explored, corresponding to Wang and Fesenmaier’s (2007) four steps of destination marketing alliance formation: (1) the *precondition* leading to a collaboration arrangement; (2) the *motivation* behind each participant’s decision to get involved; (3) the *stages* a tourism partnership goes through over time; and (4) the *outcomes* of the collaboration process with relation to each participant. Thanks to the overall picture that stems from the application of this framework, an external observer can easily identify those elements and factors that make a collaborative alliance successful and effective. Potential issues having a negative impact on an alliance’s performance can also be detected and additional success factors can thus be pointed out. The interviewees’ suggestions on how to improve the way the collaborative process is currently structured and works were also taken into account.

Interviewees were asked the permission to be tape-recorded. Each tape was coded with a number, thus avoiding any reference to the identity of the interviewee and safeguarding privacy/anonymity.

An effort was made to at least partially overcome the limitations of the qualitative method used: a nonacademic language was used and comments or attitudes that could have an influence on the interviewees were avoided.

Participants were clearly informed about the aims of the project and were involved in it only after having given their *informed consent* in a dedicated form. They were given the right to withdraw at every stage of the process, avoid answering questions, or unreveal information. However, these circumstances never took place. Participants were also guaranteed the anonymity and confidentiality of the information they would provide.

Table 11.2 Interviews list

<i>Unioni di Prodotto</i>	<i>Club de Promotion</i>
1 representative of the local tourism board	1 representative of the local tourism board
1 President of a <i>Unione</i>	1 President of a <i>Club</i>
2 Coordinators of a <i>Unione</i>	1 <i>Chef de Projet</i> of a <i>Club</i>
1 coordinator of a <i>Club di Prodotto</i>	1 representative of a departmental tourism board
2 tour operators	1 tour operator
1 hotel owner	1 hotel owner
1 member of the regional committee dedicated to tourism strategies	1 tourism attraction
1 research associate at a local university	2 cultural tourism associations

Case Studies

The *Unioni di Prodotto* (“Aggregations of Product,” in English) are collaborative destination marketing initiatives launched by the Emilia Romagna Region, Italy, in 1998 (ATCER, 2013). They combine the traditional marketing activities of regional authorities with the commercialization of tourism packages by private operators.

Four *Unioni* were established and each single *Unione* is dealing with a specific tourism product:

1. *Unione di Prodotto Costa* (seaside tourism).
2. *Unione di Prodotto Città d'Arte, Cultura e Affari* (cultural and MICE tourism).
3. *Unione di Prodotto Appennino e Verde* (green tourism).
4. *Unione di Prodotto Terme, Salute e Benessere* (spa&wellness).

Unioni are independent entities within the regional system of tourism promotion. Public members' interests are defended by the President, whereas the Coordinator represents the private operators. According to the rules in place, small private operators (e.g., family-run bed&breakfasts) can join these entities provided that they combine their efforts and resources in some kind of subaggregations of actors called *Club di Prodotto* (“Clubs of Products,” in English). The *Clubs di Prodotto* and all the other typologies of members take part in each *Unione's* General Assembly.

The *Clubs de Promotion* (“Clubs of Promotion,” in English) are collaborative destination marketing initiatives that were launched in 2007 by the OPT, the tourism board for Wallonia and the Brussels Region, Belgium (OPT, 2013). They are a sort of platform, where public and private tourism actors can contribute their expertise and resources.

Five *Clubs* were created, each of them dealing with a specific tourism product:

1. *Club Wallon de Promotion Détente-Découverte Excursions* (excursions and relax in Wallonia).
2. *Club Wallon de Promotion Détente-Découverte Séjours* (long-term stays in Wallonia).
3. *Club MICE Wallonie* (MICE tourism in Wallonia).
4. *Club City Breaks Bruxelles* (short trips in Brussels).
5. *Club MICE Bruxelles* (MICE tourism in Brussels).

All members take part in the meetings of each *Club's* Assembly, while only a limited number of members can be elected in the *Bureau* of their *Club*—kind of a board of directors. The President of a *Club*—who is a representative of the private sector—safeguards the *Club's* interests within the OPT; a member of the OPT's staff—the *Chef de Projet* (“Project leader,” in English)—is in charge of the administration and management of each single *Club*.

Findings

The case-study analysis has underlined the importance of 11 success factors (see Table 11.3), which will be discussed in the following paragraphs. The first eight factors appear to reaffirm the relevance of some elements that were highlighted already by previous literature. As for the remaining three factors, it is worth adding them to the suggestions provided by existing literature, since their nonconsideration may negatively affect the outcome of the whole collaboration process.

The Need to Involve since the Very Early Stages

All the Relevant Stakeholders

In both case studies, the private and public members of these collaborative destination marketing initiatives confirmed what literature had already suggested: involving all the relevant stakeholders from the very beginning of the process does represent a very effective means to encourage stakeholders' engagement and commitment. In particular, it was stressed the importance, before the launch of these initiatives, of the negotiations between the tourism public authorities and the representatives of the private sector. As it has been often pointed out, these consultations contribute to making private actors more prone and willing to take part in collaborative marketing initiatives.

The Need for a Strong Political Will and Support

In line with what had been suggested by literature, both case studies confirm that the support of key political authorities has its relevance in the

Table 11.3 Eleven success factors for collaborative destination marketing

Success factors for collaborative destination marketing

1. The need to involve since the very early stages of all the relevant stakeholders
2. The need for a strong political will and support
3. The need for participants to recognize their strong interdependence
4. The need for expert preparation and clear rules
5. The need for a joint formulation of the vision, objectives, and goals of the collaborative marketing process
6. The presence of adequate and well-managed resources
7. The presence of a convener/facilitator, with legitimacy, expertise, resources, and authority
8. The need for a constant monitoring and feedback process
9. The need to accurately analyze the extant networks of stakeholders at the destination level
10. The need to accurately take into account the nature and characteristics of the different stakeholders at the destination level
11. The need to accurately define and/or reconsider the role of the extant Destination Management Organizations as a result of the adoption of a collaborative approach to destination marketing

success of collaborative destination marketing initiatives: when key public representatives are involved, private actors have the feeling that local authorities are really committed to the success of the new collaborative arrangements.

The Need for Participants to Recognize their Strong Interdependence

In both the *Unioni di Prodotto* and the *Clubs de Promotion* local public and private tourism stakeholders appear to understand what literature has been strongly suggesting: collaboration and cooperation are paramount to provide the products and packages tourists want. In their efforts to meet the expectations of the tourists, tourism players know that they have to design and market an overall tourism product resulting from the combination of a variety of tourism products and services.

The recognition of a mutual interdependence does actually influence the relations between public and private actors. In both case studies, these two categories of actors are now used to discuss and exchange views and opinions. Public authorities know that the product they are promoting needs to be actually available in the market. On the other hand, private operators recognize public authorities' role in making independent promotional activities more effective and encouraging private stakeholders to join their efforts and resources.

The Need for Expert Preparation and Clear Rules

As it was stated by authors like Augustyn and Knowles (2000), a cooperation arrangement in destination marketing needs to be accurately prepared and clearly regulated. This is strongly reaffirmed in both case studies. Several elements need to be carefully taken into account. There are some almost-intuitive issues to deal with—for example, the definition of membership fees or the composition of the internal bodies—but there are also some less evident elements. For instance, in the case of one of the *Unioni*, it was reported that a recent modification of the internal statute limits the number of votes that a member of the Assembly can express, through delegation, on behalf of absent members.

The two case studies also show that some modifications to the existing rules may be decided after the launch of a collaboration agreement as well. Once again, in this context it is the spirit of cooperation and collaboration among actors that plays a prominent role.

The Need for a Joint Formulation of the Vision, Objectives, and Goals of the Collaborative Marketing Process

As suggested by literature, both case studies demonstrate that all the relevant stakeholders should be allowed to have their say in the definition

of the aims and objectives of a tourism collaboration agreement. Private actors in particular appreciate the possibility for them to have an influence on the main decisions (e.g., the definition of key target markets) regarding tourism promotion for the area. Actually, such a direct influence is seen as an opportunity to better address and/or readdresses the decisions made by the public sector.

The Presence of Adequate and Well-managed Resources

As already highlighted by literature, the presence of adequate and well-managed resources (financial resources but also human resources) is considered in both case studies as a key success factor for collaborative destination marketing initiatives. It is thanks to this that private actors can take part in initiatives (e.g., fairs, events, advertising campaigns, etc.) they would have not been able to afford with their own resources only. Furthermore, many interviewees observe that financial resources are now better managed: the ideas launched in collaborative destination marketing initiatives tend to be more targeted and more effective.

Always with regards to the presence of adequate and well-managed resources, it is worth observing that bureaucracy and red-tape have an impact in this context as well. For example, it has emerged that some long procedures in terms of payments (i.e., refund operations from public authorities to private operators) may become a critical issue for the private sector. Once again, this appears to emphasize the need for resources to be adequate but also properly and efficiently managed.

*The Presence of a Convener/Facilitator, with Legitimacy,
Expertise, Resources, and Authority*

In both case studies, the importance of having leading figures—the President and the Coordinator in the case of the *Unioni*; the President and the *Chef de Projet* for the *Clubs*—whose authority is recognized by all stakeholders is clearly reaffirmed. These figures play a prominent role in suggesting new marketing initiatives and convincing new members to get involved. They also act as a key liaison agent between the public side of partnership agreements and any private player: the more committed they are, the higher are the chances for destination marketing initiatives to achieve their goals and objectives.

It is worth saying that for both case studies it was decided to give relatively more freedom of action to the representative of the sector—the *Coordinatore* in the *Unioni*; the President in the *Clubs de Promotion*—this representative having a more practical knowledge of local tourism and being expected to convince sceptical private operators to play a more active role within the partnership.

The Need for a Constant Monitoring and Feedback Process

In both case studies, interviewees underlined the importance of counting on an efficient and effective assessment and feedback process. As literature has been suggesting, tourism operators need to know the actual impact of the different initiatives that are launched and want to make sure that their resources and efforts are well invested. In the case of the *Unioni* in particular, feedback and monitoring appear to have been—up to the time of writing—very much based on informal talks and discussions. The adoption of a more institutionalized approach (e.g., definition of some performance indicators to measure on a regular basis) is expected to help meeting tourism operators' expectations in this regard.

The Need to Accurately Analyze the Extant Networks of Stakeholders at the Destination Level

Both case studies have highlighted the importance of the extant networks of stakeholders at the destination level. In terms of adhesion of new members, for instance, once one of the stakeholders belonging to a particular network has joined a *Unione* or a *Club*, other members of the same network are likely to get involved too.

The existence of some of these local networks before the establishment of collaborative destination marketing initiatives has contributed to develop a sort of greater awareness of the advantages collaboration and cooperation bring about. For example, in the case of seaside tourism in Emilia Romagna, some local players were already aware of the importance of joining their efforts and resources; this is the reason why cooperative arrangements such as *Promozione Alberghiera Rimini* (PAR, 2013) were created before the set-up of the *Unioni*.

As a consequence, an accurate analysis of the extant networks of stakeholders at local level may prove to be of great help for those decision-makers involved in the process of designing and implementing collaborative destination marketing initiatives. Network analysis may help better identifying the tourism products and/or the geographical area each single future aggregation of actors will deal with. For example, decision-makers may happen to discover that some regional operators have long been working together in order to develop a specific tourism product (e.g., cycling tourism); this specific tourism product could thus become the core activity of a future collaborative destination marketing initiative. It may also happen that decision-makers end up renouncing to the set-up of a collaborative initiative dedicated to a specific product that is not promoted or developed by any network of local players already established. In addition to this, network analysis may contribute to setting different expectations/targets for each individual aggregation based on the extant levels of cooperation among the members of each particular initiative.

*The Need to Accurately Take into Account the Nature and Characteristics
of the Different Stakeholders at the Destination Level*

In both case studies, primary research has shown that the most problematic issues of the collaboration process are related to the coexistence of different typologies of actors within the same *Club* or *Unione*. Contrary to what an external observer may probably expect, this does not depend on the presence of both public and private actors: in the *Unioni di Prodotto*, it is the coexistence of small and big actors, which sometimes causes problems and dissatisfaction, whereas, in the *Clubs de Promotion*, it is more about the presence in the same partnership of different categories of tourism stakeholders—often tourism attractions on the one hand, and accommodation providers on the other, each one with their own priorities in terms of market segments to target.

These contrasts are somewhat inevitable, and finding an agreement between actors with different perspectives and points of views is one of the major challenges collaborative marketing has to face. In order for the collaboration process to be successful, all categories of tourism stakeholders have to be involved and provide customers with the specific tourism packages they demand. As for small actors, if they do not join their efforts, they almost certainly will not be able to exert any influence on the whole process.

Part of these contrasts, though, can be avoided by examining and considering the nature and characteristics of the different stakeholders at destination level from the very beginning. In both case studies, an accurate analysis of local tourism realities would have allowed decision-makers to predict the potential emergence of some coexistence issues. As it was suggested by some interviewees as well, measures like the provision of different membership fees depending on the stakeholder's typology and size would have helped to address some of these issues.

*The Need to Accurately Define and/or Reconsider the Role of the Extant
Destination Management Organizations as a Result of the Adoption
of a Collaborative Approach to Destination Marketing*

In both case studies, collaboration arrangements coexist with the presence of regional Destination Management Organizations (*APT Servizi* in the case of Emilia Romagna and *OPT* in the case of Wallonia and Brussels). The relation between these new partnership agreements and the local tourism board is particularly close in the case of Wallonia and Brussels, where the *Clubs de Promotion* are actually part of the *OPT*.

The success of these new partnership arrangements is expected to lead to a better definition and/or a redefinition of the role played by regional tourism boards. From the interviews that were conducted in the case of Emilia Romagna, it clearly emerges that once a *Unione* successfully

develops its activities and manages to aggregate a large number of actors (this appears to be the case of the *Unione di Costa* in particular), the same *Unione* appears to be able to effectively operate without the support of the regional tourism board. Moreover, the most developed *Unioni* are likely to become active in areas such as tourism promotion abroad, which are still under the competence of *APT Servizi*. A future overlapping of activities is then expected to take place.

Even if the legislative and organizational context is different, in the case of Wallonia and Brussels too a further definition of the division of competences between the OPT and the *Clubs* appears to be needed. Interviews show, for example, that many members of the *Clubs* are already asking for additional powers with regards to some strategic decisions that have a direct impact on the activities of these aggregations of actors—for example, the decisions concerning the priority markets to target.

All this to say that the successful development of collaborative marketing initiatives appears to inevitably lead to redefining the role played by extant public tourism bodies. Otherwise, the risk to disappoint those tourism players who are directly involved in collaboration arrangements is high. If no reform process is undertaken, private actors might feel that the potential of the collaborative process they are involved in is not fully exploited due to public actors' concern to preserve and safeguard their competences and power.

In fact, it is very difficult to foresee the role that extant Destination Management Organizations could end up playing. Further research on this area is strongly suggested. Based on the present research work, the author would probably invite preexisting tourism boards to play mainly a supporting role: for example, regional tourism boards should provide the different aggregations of actors with some market research on the different typologies of incoming tourists. According to the author, for those tourism products that are already covered by a particular collaborative destination marketing initiative, this partnership should be the only institution entitled to decide what strategies and activities are worth launching. On the contrary, local and preexisting tourism boards could maintain a full competence over those tourism products for which no collaborative marketing initiatives have been established.

Conclusions

The present research work aimed at identifying a list of factors that appear to be essential for the successful establishment and development of collaborative destination marketing initiatives. Following the suggestions coming from literature and the results of a case-study analysis, 11 success factors were finally identified.

It is the author's opinion that these 11 factors can help local tourism decision-makers design and implement collaborative destination marketing

initiatives more efficiently and effectively. In particular, these guidelines may actually contribute to the long-term success and sustainability of this kind of projects.

The factors, elements, and suggestions illustrated in the previous sections may also be relevant for possible collaboration agreements in fields other than tourism. Generally speaking, these guidelines could prove useful to any cooperation initiative where different categories of stakeholders are invited to work together toward a common goal.

Additional research on the topic is suggested. The 11 factors should further be tested and new collaborative experiences should be examined; as evoked by the last 3, the analysis of other collaborative marketing experiences could lead to identifying new potential success factors. The selection of alternative or complementary methodological instruments (e.g., the administration of a questionnaire to all stakeholders and/or the set-up of focus groups) too could play an important role in this regard.

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CHAPTER TWELVE

Experiential Marketing and Destination Management: Do Formal Network Strategies Really Matter?

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Research Problem

Lynchburg, Tennessee, boasts only 6,000 residents, yet every year, hundreds of thousands of people from all around the world arrive to visit. Statistical data show that tourists are attracted not by its historical downtown but by the presence of the oldest registered distillery (1866) in the United States, namely, Jack Daniel's (official internal document of Jack Daniel). Since the establishment of the Visitor Center at the end of the 1990s, hotels, restaurants, and tourism-related activities have flourished in Lynchburg and its surroundings. Some international travel agencies and tour operators even include a visit to the distillery in their tourism packages. Yet this destination was not actively planned or designed in advance; it resulted from an autonomous initiative sparked by the significant number of loyal Jack Daniel's drinkers. The tourism network surrounding the Visitor Center thus represents a sort of spontaneous coordination among interdependent tourism agents, encouraged by the strong and experiential tie between consumers and the product brand.

How might an experiential marketing initiative, initiated at the customer level, lead to the successful development of a tourism destination? This study represents an attempt to answer this question by adopting a case study methodology and thus to develop implications for research in marketing and strategy, on the basis of our consideration of an emergent, unplanned experience approach to destination management (Baker and Cameron, 2008; Fyall and Leask, 2006). In particular, we aim at discovering how JD, by adopting an innovative relational approach to marketing

(experiential marketing), has in fact paved the way to new business opportunities for the area around its visitor center.

The consumption of experiences (Pine and Gilmore, 1999) is one of the most important drivers of global business activities, such that recent strategic management studies largely focus on analyzing the experience concept and its potential implications for managerial performance. In particular, consumers appear interested in finding unique experiences, not just consuming products and services (Pine and Gilmore, 1999; 2002), which has notable consequences for firm management. Although the main aim of a tourist offer seems to be the creation of an experience (Sternberg, 1997), the concept of experiential marketing has been introduced only sporadically as a means to drive the experience of tourists (e.g., Li, 2000; Stamboulis and Skayannis, 2003). In particular, researchers largely fail to make the crucial link between experiential consumer behavior and destination management.

In studying the relationships among experience, marketing, and tourism destination development, we seek to clarify the significant relationship between experiential marketing approaches and the development of a particular destination, while also considering the unique implications of emergent, unplanned tourism networks. This qualitative research is based on a real-world case study which is not necessarily exemplary of a success story or a repository of best practices though (Barbini and Presutti, 2014). Our case study has not been developed to infer general theories about the development of tourism destinations. Instead, the case represents an occasion to reflect on an original way to develop a tourism destination by leveraging experiential marketing. As a consequence, we use the case according to an interpretive perspective of analysis, and thus we start the analysis by first presenting the empirical results and then we consider a potential theory able to better analyze the main results of the case.

The chapter is structured in this way. The following paragraph explains the selected methodology of a single case study, illustrating the benefits and also the potential associated disadvantages. We next present the Jack Daniel's JD case in detail, including the firm's strategy and marketing philosophy and the history of Visitor Center. Adopting our experiential marketing perspective, we discuss the destination management that emerged and its links with an experiential marketing approach. Then, a discussion of the emerging tourism network such as emerged from the case is reported. In particular, we propose an exploratory framework that brings together destination management and experiential marketing in order to stimulate a significant discussion about the potential advantages correlated to the development from emergent to planned tourism networks. The final section concludes our argumentations, highlighting the limitations of the analysis, and the ways in which it is possible to pursue this line of research.

Research Methodology

To analyze the phenomenon of destination development management, according to an experiential marketing approach, we suggest a shift in the traditional unit of analysis, from territory to customers/visitors/tourists. In turn, we illustrate an empirical case that is useful for reflecting on how a tourism destination can be enabled and sustained by experiential marketing, supported by independent customers tied to the firm only by brand loyalty.

A single exploratory case study is appropriate for this effort (Curran and Blackburn, 2001; Curran et al., 1993; Eisenhardt, 1989; Yin, 1989; Yin, 1994), because we ask a “how” question about a contemporary set of events, over which we have little control. Moreover, the Jack Daniel’s Visitor Center represents a critical destination management case in an international context. In less than ten years after its establishment, it has been able to attract a significant number of international tourists and reinforce the local economy, without a previously established plan of investments directly managed by any firm or institution (Barbini and Presutti, 2014). To confirm the validity and reliability of the data, we took several precautions. First, we used a protocol prior to working on the case, which offered a useful guide for carrying out the case study. Second, multiple sources of evidence in the case study database form the foundation for our empirical research. The use of multiple sources contributes a more comprehensive and accurate view of the examined problem (Yin, 1989).

To collect these data, we personally conducted face-to-face, semi-structured interviews with several firm managers. We also analyzed official documents published by the firm (provided by Marketing Director and Managing Director), which included several reported interviews with visitors to the Visitor Center. Specifically, we conducted five semi-structured interviews with executives and operational directors involved in sales, marketing, and product management functions, as well as three open-ended interviews with the Managing Director of Jack Daniel in the United States of America. These interviews focused on several topics, such as the history and growth of the Visitor Center, its success factors, anecdotes about its development, its influence on local tourism, and so on. More than 12 hours of recorded interviews (performed between March and October 2011) thus were available for our research. We also took detailed notes and provided an abstract of each interview to each respondent, a few days after the meeting.

We supplemented this information with three main documents supplied by the Managing Director of the Visitor Center that provided precise details about customers’ perceptions. Over the three previous years, Jack Daniel’s Marketing Director had conducted more than 150 interviews with visitors, with the goal of determining why they visited the Visitor Center, how they organized their travel, the importance of brand loyalty,

their level of satisfaction, and other elements pertaining to their memorable consumption experience. This interviewed sample is representative of visitors to Lynchburg in terms of nationality and age.

We used NVIVO® software to analyze both our manager interviews and the secondary documents that reported on the firm's interviews with customers. With this software, we could identify text passages in the interviews that addressed similar topics and thus categorize and compare the results, in support of both within-case (Eisenhardt, 1989) and between-case analysis. In the next sections we provide interview excerpts where appropriate to illustrate and make vivid the key concepts and their relationships.

During our data collection, we also sought to maintain a chain of evidence, such that we could follow the derivation of all evidence from the initial research problem to the case study conclusion. We thus present our findings as a dialogue between theory and fieldwork (Lechner and Leyronas, 2009), following the example of Maurer and Ebers (2006), and use citations to illustrate the analyses.

Empirical Case Findings

Product History and Main Features

Jack Daniel's is a brand of Tennessee whiskey, known for its black label and square bottles. The Jack Daniel's Distillery is owned by the Brown-Forman Corporation and is famously located in Lynchburg, Tennessee, in the rolling hills of Moore County, about 70 miles southeast of Nashville. It is not only the oldest registered distillery in the United States but also the place where Jack Daniels first crafted the recipe for Old No. 7. The product management division thus promotes the brand as follows: "The founder Jasper Newton (Mr Jack) believed in mellowing the fresh whiskey though hard maple charcoal, a process which is unique to Tennessee whiskey making and is also known as the 'Lincoln County Process.' This process is the only technical difference between Tennessee whiskey and Bourbon, more known as charcoal mellowing. The mellowing involves dripping the liquor through 10-foot deep vats of maple charcoal in large wooden vats prior to aging. After the elimination of all the impurities, the result is a smooth Jack Daniel's Whiskey."

Initially, Jack Daniel's was bottled in earthenware jugs with cork stoppers, as was common at the time. It moved to a glass bottle in 1870, then introduced its unique (and untested) square bottle design in 1895. The square bottle and fluted neck represents a unique design that distinguishes Jack Daniel's from competitor's bottles; Mr Jack embraced his trademark square bottle as a symbol that he was a "square shooter," or honest, straightforward person. The company also offers commemorative bottles in limited quantities. Some of its innovative promotional tactics include the use of hot-air balloons.

In 1904, Mr Jack entered Old No. 7 Tennessee whiskey in the St Louis World Fair and won a gold medal for “The world’s finest whiskey”; in 1905, he was awarded a Gold Medal at the International Exposition in Belgium. But soon thereafter, the whiskey-maker faced some historically notable challenges, as summarized by the company’s Managing Director: “Tennessee passed a state-wide prohibition law in 1910, preventing the legal distillation of Jack Daniel’s in the state; as a consequence, Lem Motlow moved the distillery to St Louis, Alabama, though none of the production was ever sold due to the quality problem. The U.S. government banned the manufacture of whiskey during World War II; unwilling to compromise with quality, Motlow refused to resume the production until 1947 when the restriction was lifted and good quality grain where once more available.”

In the post-World War II years, Jack Daniel’s strengthened its brand without ever compromising on quality and also maintained its traditions and links with the territory. The Motlow family remains the majority owner and continues to manage the company, following an approach that also embraces social corporate responsibility. Firm management has imposed strict guidelines to ensure its advertising only reaches audiences of legal drinking age. Over time, it has continued to update its guidelines and considers them mandatory. Management strongly believes that by leveraging its social corporate responsibility, the firm reinforces consumers’ confidence on its products, according to the Marketing Director: “the firm is interested in having the excellent examples of its responsible marketing values in action. As the company builds brands around the globe, it is important to provide clear and consistent roles to all employees and agencies about its standards for responsible advertising, marketing and promotion.”

Origins of the Visitor Center and Its Impact on Local Tourism

The Visitor Center is located in Lynchburg, in Moore County, the smallest county in Tennessee. Even though it is home to the distillery, Moore is a dry county, which means the local government forbids the sale of alcoholic beverages. Still, approximately 20 years ago, Jack Daniel’s decided to open a Visitor Center. Both the Managing Director and customers have interesting perspectives on this decision: “It was not a simple and shared decision... why we must to open a Visitor Center in a place where it is not allowed to sell bottle of Jack Daniel’s? We discussed a lot about it... Which aims do we intend to reach by opening a Visitor Center? However we have been partially obliged by a natural demand from our customers” (Managing Director).

The Visitor Center represented a response to customer demand, started more than 40 years ago when tourists arrived, curious to learn about the mysterious history of the company and its traditional production process. “I could never even dream about the development of so overwhelming a phenomenon... over the years, we have been surprised by the ever rising

and spontaneous trend of the arrivals . . .” (Marketing Director). “The idea was to create an experiential place where more than a century ago Mr. Jack created the Old No.7, in a small town, where every single thing is still the same as the unique whiskey made over there. From a practical point of view, we did not have to realize something new because at the beginning a lot of customers arrived spontaneously” (Managing Director).

That is, from the beginning, Jack Daniel’s has been willing to let tourists visit the distillery, without pursuing any direct profit (tours are free, and it is not legal to buy bottles of whiskey), as confirmed by the Managing Director: “We think the best way to experience the making of Jack Daniel’s is by visiting our Distillery.”

Only more recently did the company begin to invest significant resources to reinforce different experiential marketing activities—especially through event management—to increase customer satisfaction. Today, approximately 15 percent of the internal resources devoted to communication and image promotion relate directly to experiential marketing initiatives. In particular, it explicitly encourages the flow of customers to the Visitor Center and invests around 0.5 percent of its profits to improving its ability to attract more customers to Lynchburg: “we invested in improving the Miss Mary Bobo’s Boarding House Restaurant, the only restaurant available and really famous for its menu. Moreover, we developed a White rabbit bottle shop, which now is the only official shop of JD (where it’s possible to purchase no more than 2 bottles on a particular day of the month and it’s not possible to drink over there). Finally, we invested a lot in the better positioning of the Barbecue Hill, which is the conference and event building. This building is located on top of the hill, where it is possible to admire the distillery and Lynchburg from a privileged position. Many events and activities are organized there all around the year” (Managing Director).

An in-depth analysis of data related to the evolution of trends for the Visitor Center also reveals that the number of visitors has increased each year, often primarily through word-of-mouth, as the following interviews indicate: “I came here because, by chance, I visited an online forum hosted by JD’s customers. I have been driven by emotions . . .” (Irish customer, 45); “Some friends of mine came here driven by passion . . . I do not drink whiskey, but I’ve always been fascinated by the history of Mr. Jack . . . we decided to visit the Visitor Center and we organized it by ourselves” (German customer, 41); “This is the third time I come back together with my friends . . . The first time, I came here when I was 20 years old. Now, everything is more beautiful and better organized . . . an experience to live and share” (English customer, 29).

Network Development and the Management of the Visitor Center

Through this word-of-mouth, Lynchburg has become an important tourism destination, with more than a quarter of million tourists per year:

70 percent from the United States, 20 percent from Europe, and 10 percent from the rest of the world. More than half the visitors are older than 40 years, 40 percent are between 25 and 40 years of age, and only 10 percent of visitors is younger than 25 years (internal marketing documents). As suggested by Marketing Director: "We are not interested in developing a formal activity of destination management..." Only during these last years, the company has realized some significant investments to better promote the Visitor Center. In this way, JD seems to be able to reinforce the area's ability to attract many tourists, "without developing formal activity of network with local partners" (Marketing Director). Yet the Visitor Center also is still in a growth stage of its life cycle, with many development possibilities still underexploited. These developments also may be limited by a local policy that seeks to conserve the town as it was hundreds of years ago. This local attitude has encouraged the tourism-based development of Nashville, the capital city. Efforts by travel agencies and tour operators to make the Visitor Center a tourism destination have not been planned or instigated by Jack Daniel's, according to the Sales Director: "we have not developed formal agreements with public and private tourists operators... their activities are based on personal and autonomous initiatives."

Today, its main aim in relation to the Visitor Center is not profits but rather attracting new customer targets, together with the creation of new, stronger customer loyalty schemes. Furthermore, Jack Daniel's seeks to consolidate its relationships with Jack-lovers, many of whom already have been promoting the Visitor Center, according to the Marketing Director:

"During last two years we have planned a lot of initiatives aimed to understand the interests and preferences of the visitors of our Center in order to plan specific marketing actions... Our main target are Jack-lovers... They are the only ones responsible for the Visitor Center phenomenon!!!"

Customers' reasons for visiting the Visitor Center resonate with this description:

"To improve the social interaction with other people and to create social identity and identification with the brand" (Italian customer, 44);

"To escape from the routine and to know other JD's lovers" (English customer, 23);

"To enjoy myself, sharing an unique experience of life" (Polish customer, 56).

Furthermore, the greater attention that Jack Daniel's devotes to its visitors prompts strong appreciation among them:

"I was contacted after my visit by the firm in order to express my opinion about the visitor center... I strongly appreciated it" (Italian customer, 48);

“During the visit, I have been impressed by the perfect organization of the Center, coupled with an absolute respect for the local environment” (Canadian customer, 29).

Destination Management and Experiential Marketing: Evidence from the Case

The consumption of experiences (Pine and Gilmore, 1999) is one of the most important drivers of global business activities, such that recent strategic management studies largely focus on analyzing the experience concept and its potential implications for managerial performance. The rising influence of customers' experience also stimulated the development of experiential marketing as a separate field of research, aimed at integrating experience-based evidence from business-to-business markets with traditional marketing theory (Crouch, 2000). An experiential approach thus offers a different perspective on consumers, together with a helpful framework for recognizing the importance of variables that researchers may have neglected previously, such as the roles of emotions or the significance of symbolism for consumption (Addis and Holbrook, 2001).

In particular, consumers appear interested in finding unique experiences, not just consuming products and services (Pine and Gilmore, 1999; 2002), which has notable consequences for firm management. Firms must invest in distinct value-added provisions for products and services to ensure a sufficiently high level of functional quality (Azmi et al., 2008; Jetter and Chen, 2011). Studies that apply various consumer behavior models to tourist motivations have resulted in copious theoretical frameworks and models that seek to measure tourist utilitarian motivations and purchase intentions (Bamberg et al., 2003; Lam and Hsu, 2004; March and Woodside, 2005). In particular, tourism researchers rely on emergent customer-experience-related theories (Hall and Sharples, 2008; Williams, 2006) that focus not on the resolution of a need or problem but on the intrinsic value of “feelings, fun, and fantasy,” as fostered by a common experience (Hirschman and Holbrook, 1982). The proliferation of studies in this tradition signals the importance of this issue for understanding the experiences sought by tourists/customers (Arnold and Price, 1993; Carù and Cova, 2003).

Although the main aim of a tourist offer seems to be the creation of an experience (Sternberg, 1997), the concept of experiential marketing has been introduced only sporadically as a means to drive the experience of tourists (e.g., Li, 2000; Stamboulis and Skayannis, 2003). In particular, researchers largely fail to make the crucial link between experiential consumer behavior and destination management.

This research allows us to reflect on the link between experiential marketing and destination management and offer some less obvious insights (Zouni and Kouremenos, 2008). On the one hand, many studies cite the

crucial role of the local territory's image for the marketing strategy for tourism destinations (Lee and Shafer, 2002), such that it constitutes a critical component of the destination selection process (Prentice et al., 1998). On the other hand, other studies suggest the experience supplied by a tourism destination demands the organization of multiple events and the ability to offer correlated services that together represent the source of value and evaluation for the destination (Ellis, 1994). The empirical evidence from this case challenges both these theoretical assumptions.

For Jack Daniel's consumers, their perceptions of the "destination experience" in Lynchburg is linked mainly to their pre-purchase decision parameters, such as brand affiliation, values, motives, and attitudes toward the product and area (Azmi et al., 2008; Jetter and Chen, 2011). The experience of the destination is relatively uninfluenced by the offering of local events and activities or the good image of Lynchburg as an attractive destination. Rather, it is a consequence of the brand effect and affiliation with Jack Daniel's products (Gobè, 2001; Kotler et al., 1993). The nature and scope of the brand effect, as shared by many customers, thus determine the value of this tourism destination. By leveraging consumers' interest in sharing a common experience, this brand affiliation can attract visitors to the place, then reinforce its attractiveness (Hudson and Ritchie, 2009; Morgan et al., 2011). The traditional purpose of branding is to differentiate products from those of competitors, but this case also suggests that brand management can be an indirect way to realize profitable destination management policies. In other words, branding can be applied to tourism destinations, which embody a unique experience through the absorption of the brand image and may translate into gratification about sharing the visit (Pavlovich, 2003; Pender and Sharpley, 2005).

We also note the symbolic and experiential concepts associated with a product, which may reinforce its functional value for destination management. For Jack Daniel's, symbolic and experiential brand concepts focus on the cognitive and sensory elements of gratification proposed by this brand, which allow customers to become tourists and share a collective experience of immersion and absorption in the educational and entertainment elements in the place where the brand was born. This case thus offers empirical support for the link of the personal values of a customer, in terms of brand affiliation, with their tourist experience, such that customers' tourism choices reflect their interest in visiting a destination that represents the "life of the brand." This interesting point extends limited empirical evidence on the link between brand affiliation and experiential marketing for destination management (Arnould and Price, 1993; Bennet, 1999; Laws, 1995). Customers with high personal brand identification values (which permeate their consumption preferences) may select specific destinations that enable them to share their tourist experience with other brand enthusiasts (Perugini and Bagozzi, 2001).

Pine and Gilmore's model cites four stages of economic progression, from commodities to goods to services and finally to experiences. In turn,

it delineates four realms of consumer experience: educational, escapist, esthetic, and entertainment, or the 4Es. This model of experiential marketing has been applied in various empirical contexts and can be considered an emerging paradigm for business performance in multiple industries, including tourism and hospitality (Pine and Gilmore, 1999; 2002). All four dimensions of this model appear in this informal organization, as encouraged by the spontaneous decision process of customers and without elaborate planning at the firm level. This finding confirms the link between experiential consumer behavior and destination promotion (even without a formal, managed plan by the firm or local institution). In relation to educational experience, Jack Daniel's customers participate actively in different interactive events at the destination, increasing their skills and knowledge through the educational experiences offered at this location. Regarding the esthetic dimension, visitors tend to absorb and immerse themselves through an active participation, without affecting or altering the nature of the environment. The entertainment dimension of experience is reflected in the oldest forms of experience preferred by customers, who often actively share information about different offered activities; it appears to be the final goal of a trip to the Visitor Center. Finally, in relation to escapism, this case shows that Jack Daniel's customers arrive at the Visitor Center with a desire to escape from their daily life, then return to the routine after experiencing the "extraordinary." The escapist experience often is the main motivation for their trip, which offers a necessary timeout, leisure activity. However, whereas prior literature suggests that tourists normally want to escape their regular environments simply to avoid the power of daily values and norms (Uriely, 2005), this case suggests the need for additional reflection. In particular, these consumers seek to escape and share with others their extraordinary brand consumption moment. This sort of collective, shared interest seeks to escape from the routine.

At a general level, and in slight contrast with the traditional framework developed by Pine and Gilmore (1999), all four dimensions of experience appear based on the active participation of customers. The active tourist-customers of Jack Daniel's seek to actively and directly influence the performance of the destination, along with their experience absorption (entertainment and education) and immersion experience (aesthetics and escapism) (Bagozzi et al., 1999; Poulsson and Kale, 2004).

The Emerging Tourism Network in Lynchburg: Discussion from the Case

Evidence from the case shows that the tourism network surrounding the Visitor Center was not actively planned or designed in advance; it resulted from an autonomous initiative sparked by the significant number of loyal Jack Daniel's drinkers and reinforced by the strong and experiential tie between consumers and the product brand.

If we refer to the definition of tourism destination proposed by Buhalis (2000: 109), an “individually produced amalgams of tourism amenities and services and a wide range of public goods,” we can state that an embryonic tourism destination is emerging around the JD Visitor Center. In particular, Lynchburg hosts the fundamental elements characterizing a tourism destination (Buhalis, 2000: 98): attractions, accessibility, amenities, available packages, activities, and ancillary services. These elements show different levels of development in Lynchburg, however a tendency toward their continuous improvement can be identified.

The autonomous decision to perform experiential marketing through the Visitor Center has shifted the attitudes of Jack Daniel’s lovers, from customers to tourists. The growing flow of these tourists imposes the need to manage their experience within and around the Visitor Center. The visitors’ experience cannot begin or end within the distillery, because it also depends on services associated with travel to, hospitality, and a stay in the tourist destination. As stated by the European Commission (2003: 13), “as far as tourists are concerned, [...] the satisfaction derived from staying at a destination does not just depend on their experience of tourism services, but also on more general factors such as hospitality, safety and security, sanitation, traffic and visitor management.” The tourists’ value perceptions thus depend on not only their visit to the distillery but also on the offerings provided by the local supply and support system. In turn, the value delivered by local hotels, tour operators, and local restaurants depends on one another’s behavior. JD and the other local players therefore share at least one goal: to deliver a high-quality experience to visitors. That is, a network of interdependencies has emerged in Lynchburg, as an informal tourism destination (Barbini and Presutti, 2013).

At present, the embryonic tourism network activated by JD can be interpreted as an informal organization, according to the definition proposed by Barnard (1938): “an aggregation of personal contacts and interactions which leads to common or joint results, without a formal agreement on common or joint purposes.” By interacting within the informal organization, subjects find that they are interdependent and that they could adopt joint approaches (i.e., coordination strategies) to manage their interdependent behavior. Therefore, in Barnard’s point of view, the set of relationships developed within the informal organization is likely to evolve into a formal organization, that is “a system of consciously coordinated forces or activities of two or more persons” (Barnard, 1938: 73); to make this possible, three conditions must coexist: (1) subjects are able to communicate with each other, (2) subjects are willing to act together, and (3) they share a common goal.

This development (from informal to formal organization) is not imposed or driven by external forces, usually it stems from the willingness to facilitate internal coordination and to make it more efficient (Maggi, 2003). In fact, if we adopt the classical definition proposed by Herbert Simon, coordination is the process “providing each one with knowledge

of the behaviors of the others upon which he can base his own decisions” (Simon, 1947: 81). The more a partner is able to predict the behavior of others, the more effective the coordination and thus the cooperative action will be. In the absence of preliminary agreements between partners, each one will attempt to monitor the behavior of others in order to predict their behavior; however, these expectations about the behavior of others are vague, imprecise, and highly volatile. To limit these problems, the subjects communicate and try to adapt to one another according to a typology of coordination defined by Thompson (1967) as coordination by mutual adjustment.

Coordination by mutual adjustment is typically effective since, by means of direct (verbal or visual) communication, subjects succeed in developing consistent expectations about the behavior of others; nevertheless, it is very expensive because it takes place in the absence of preliminary rules and must be repeated each time.

Therefore, in order to limit the costs of coordination and to make this easier, the participants to the network typically attempt to structure their cooperative relations by establishing preliminary rules and plans (Maggi, 2003; March and Simon, 1958; Simon, 1947; Thompson, 1967). Hence, the development of a formal organization is intended to enable preliminary regulation processes among participants; by means of preliminary regulation, coordination becomes more efficient since the rules allow each partner to develop consistent expectations about the behavior of others (Simon, 1947). Obviously, preliminary regulation does not eliminate the need for coordination by mutual adjustment, as it is always necessary to deal with unforeseen situations and adapt preliminary rules to the actual situation.

Evidently, JD and the tourism enterprises in the Lynchburg recognize the fact that the experience of the visitors depends substantially on the actions of other players and they try to coordinate with them. However, even though they recognize their interdependence and are aware that they are pursuing a common goal (i.e., a memorable experience for the visitor), they have not yet taken steps to develop any kind of preliminary regulation. They coordinate (often not deliberately) by mutual adjustment. As mentioned earlier, this type of coordination is effective (as shown by the growth and success of the JD Visitor Center) but it wastes too many resources and reduces the potential for innovation.

A different path of development could be envisaged if Jack Daniel’s determines that it needs tighter local coordination and starts organizing a formal network of partners around its Visitor Center. The evolution of this network of interdependencies toward more stable and formalized forms could emerge from the need to facilitate the coordination of the destination to reduce costs, as well as from regulations that seek to complement existing contextual regulations, which are typical of coordination by mutual adjustment. The potential path from an informal destination of networks to formal and planned networks is shown in Figure 12.1.

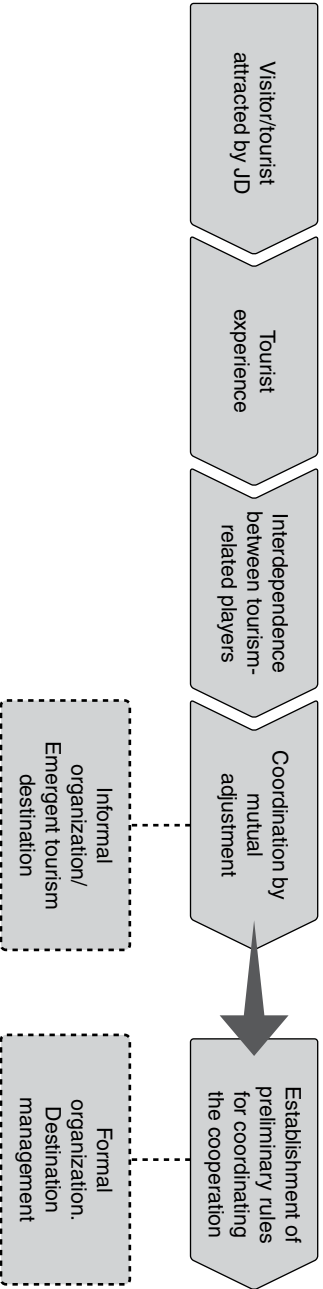


Figure 12.1 From the tourist experience to a formal tourism destination.

Other solutions (e.g., Baggio et al., 2011; Haugland et al., 2011; Mariani and Kylanden, 2014) include public-led partnerships or the establishment of ad hoc institutions to manage a destination development strategy (e.g., destination management organizations). In Lynchburg, the peculiar conditions may hinder the development of formal agreements for managing the tourism destination though. In particular, the dynamics of power dependence relations largely center around Jack Daniel's, which is central to the development of any strategic choices, but the firm seems uninterested in playing this central role for the development of integrated tourism strategies. Furthermore, local authorities have expressed no particular opinions about the exploitation of the tourism potential of the area, and Lynchburg lacks the traditions and skills related to tourism management. Accordingly, the adoption of deliberate strategies for managing the tourism destination seems unlikely, at least in the short term. Each actor already depends on the behaviors of others; coordination problems may grow prominent. Future formal agreements might seek to make coordination smoother (by identifying preliminary coordination rules). Initially, such agreements should be bilateral (or limited to a few players) but also could become broader, paving the way for the development of local tourism strategies (Kylanden and Mariani, 2012). In particular, given the lack of tourism management skills in the area, initiating a destination management organization to control the development of the tourist destination effectively appears as a viable strategy.

The Importance of Network Strategies: **Conclusion and Further Research**

Although the experiential marketing concept has been analyzed in several empirical contexts, the crucial link between experiential consumer behavior and the management of tourism destinations has not been studied in detail (Li, 2000; Stamboulis and Skayannis, 2003). But how can an experiential marketing initiative initiated at the customer level support the successful development of a tourism destination?

This study represents an attempt to answer this question by adopting a case-study methodology and thus to develop implications for research in marketing and strategy, on the basis of our consideration of an emergent, unplanned experience approach to destination management (Baker and Cameron, 2008; Fyall and Leask, 2006). The empirical evidence from this case indicates that branding can be applied to a tourism destination and even create a favorable position for this destination (Richards and Wilson, 2006). The brand effect provides a route for an emotional link between product and consumer in a specific context that encourages absorption of the brand image, which may be translated into gratification through the shared visit to the destination (Azmi et al., 2008; Jetter and Chen, 2011). This contribution is notable for tourism research, because few studies

consider how global, personal values influence tourists' perceptions of their experiences in a particular destination (e.g., Avent and Higgins, 2006; Bagozzi and Warshaw, 1990; Graburn and Barthel-Bouchin, 2001).

Focusing on policy implications for destination management, we initially might interpret the emerging activity of destination management as a slow, continuous process of development of a tourism network that aims to provide visitors to the Jack Daniel's Distillery with specific tourism services. Yet this network also emerges spontaneously, stimulated and driven by the large amount of tourists arriving each day to visit. Left alone, the process of developing a tourism network in Lynchburg is likely to continue, following current trends. Because the firm's objective is to provide a valuable experience for tourists through its Visitor Center, and because the tourism experience, by nature, results from the behavior of many individuals, a relevant network of interdependences has arisen between Jack Daniel's and other companies and institutions operating in the tourism sector in Lynchburg. The activation of this informal tourism destination thus has resulted in an experiential marketing strategy associated with the Visitor Center.

This study refers to a single empirical context, developed not to offer theories but to reflect on an original way to develop a tourism destination by leveraging an experiential marketing approach. A logical extension of our research would be to test the stability of both the results and the interpretive framework by repeating this analysis in other empirical contexts. Another possible extension could conduct a careful comparison of the different effects of informal and formal managerial approaches on destination management that seeks to create a tie between tourism and experience. We did not consider whether the previous managerial experiences of this global firm, which induces strong brand loyalty, might be useful for acquiring knowledge (Odorici and Presutti, 2013) or developing networks and expertise for managing a destination. Finally, we did not find negative consequences of the application of experiential marketing concepts to tourism destination management. Further research also might adopt a quantitative methodology, to analyze several factors associated with both a specific destination and a product with a high image effect, which could relate to the performance of policies aimed at reinforcing a destination management activity.

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Conclusion

By recognizing the importance of tourism as a socioeconomic phenomenon, this book has contributed to the advancement of the knowledge in the fields of tourism management, marketing, and development, with a specific focus on the role of physical and digital networks and Information and Communication Technologies (ICTs).

Regardless of the variety of cases, situations, and contexts under examination in the volume, a number of common themes have emerged and are illustrated in what follows.

The first theme that can be identified is the importance of cooperative networks and collaborative ventures between the diverse and multifaceted stakeholders of a tourism destination. Globalization processes are bringing about not only intensifying competition among companies and destinations but also new opportunities for collaboration for co-located companies willing to achieve and maintain a competitive advantage in such a hypercompetitive setting as the tourism sector (see Chapters 8 and 9). To this aim both the public and the private actors (be them individuals or organizations) have to pool efforts and financial and nonfinancial resources in order to generate benefits for the destination (e.g., in terms of promotion and product development) that would not be achieved without working together (see Chapters 8, 9, and 11).

In many cases it is the public sector—due to its specific features (see Chapter 9)—that plays the major role in setting up the preconditions for effective public–private partnerships. The latter ones can be particularly crucial to manage, develop, market, and promote a destination in a holistic and integrated way (see Chapters 8 and 11). In several cases, the partnerships can be threefold as, according to a triple helix perspective, they can involve also the research and education sectors (namely universities) besides industry (i.e., individual businesses and private entrepreneurs and managers) and government (i.e., any public authority in charge of tourism). More specifically, the triple helix perspective can be particularly relevant when destinations are particularly wide and an objective of supranational branding is going to be achieved (see Chapter 10).

The nature of cooperation and collaboration among the aforementioned stakeholders can be either intentional, when leadership and coordination are carried out deliberately by one or more Destination Management

Organizations (DMOs)—typically Convention and Visitor Bureaus (CVBs)—or unintended and emergent (see Chapters 8 and 12). Indeed in several cases, coordination can stem from informal organizational processes which at the beginning might contribute to generate an emergent tourism destination and only at a later stage might be transformed into a destination endowed with formal and deliberate destination management processes. Moreover, in several situations destination management organizations (DMOs), willing to foster cooperation among competing spatially co-located businesses, could pave the way for cooperative relationships wherein companies both compete and cooperate simultaneously. Their cooperative practices might be affected by seasonality and the overall state of the economy (see Chapter 8).

The second common theme that clearly emerges from the volume is the ever-increasing importance of digital networks and ICTs. ICTs not only are generating a major shift in the performance of individuals and companies involved in the tourism sector (e.g., by increasing efficiency and effectiveness in the reservation and booking processes), but also have a significant impact on the way individuals consume services and enjoy experiences in space and time. The Web 1.0 has provided a way to assist tourist experiences, helping customers to collect information through search engines about a number of tourism destinations, attractions, and cultural and natural assets (see Chapter 4). However, it is the Web 2.0 that has laid down the foundations for enhancing those experiences. Social media simplify the process of connecting to consumers by empowering them to review and comment on their experience. At the same time, they make difficult to control the image and reputation of organizations. This is the reason why companies in the tourism sector should pay significant attention to online reputation (see Chapters 1 and 5) as this might have a paramount impact on e-branding. Demand-side User-Generated Content (UGC) contains emotional judgments of products and services which, if not properly managed, could undermine the reputation of tourism organizations. The complex environment of the Online eBranding Space where clients and companies are continuously interacting and negotiating brand identity, image, and reputation is powered by eWord-of-Mouth and collaboration (Chapter 1).

If companies want to effectively manage their e-reputation and take advantage from modern technologies to develop accurate Social-Location-Mobile (SoLoMo) and Social-Context-Mobile (SoCoMo) marketing strategies, they should be facilitated by a standardized and interoperable environment that could enhance their innovative capabilities (Chapter 2). Open data initiatives from governments or local authorities, which have rapidly resulted in the development of services or mobile applications, should go in this direction (Chapter 3). Last but not least, the mobile technologies should be deployed more frequently for specific strategic marketing purposes, such as segmentation of visitors and tourists both on behalf of companies and on behalf of destination marketers (see Chapter 6).

The third common topic is related to the importance and the role of network structures, be them digital (see Part I of the book) or physical (see Part II of the book). Their evolution influences a number of aspects crucial for the development of a tourism destination such as cooperation (Chapters 8 and 9), performance (Chapters 2 and 7), information (Chapters 1, 2, 3, and 6), and knowledge flows (Chapters 2, 3, and 6).

Here two issues arise clearly. The first one concerns the strong integration between the “physical” and the “virtual” world. An efficient and effective exploitation of digital tools can be highly beneficial (and probably much more than that) for the healthy development of a destination. But these desirable results require a good level of cooperation, or better of coopetition among the different stakeholders.

The second one, linked to the latter idea, relates to the need to “put order” in the incredible amount of approaches and technical realizations and applications. Only by collaborating toward a common shared set of technical specifications, able to ensure a full interoperability across systems and devices, it would be possible to set up an environment wherein groups or single actors are able to express fully their creativity and innovation capabilities, in order to take full advantage of what contemporary technologies provide. Co-creation, collaboration, coopetition, or the such can only be possible in a highly technological environment, when a common “language” is spoken and when developers are relieved from the burden of deciding each and every time how to perform basic operations.

In spite of the many research questions asked and answers given, we are aware of the fact that the three aforementioned topics need much more investigation and this book provided a first crucial step contributing to lay down a challenging research agenda for tourism management, marketing, and development studies. Further issues that might be explored include the following: (1) the way the evolution of physical and digital networks might influence a further globalization wave for the industry in the next five to ten years; (2) the investigation of how the co-creation of reputation in the eBranding Online Space will shift as the demand side increases its relative importance over time; (3) the understanding of how, according to the fast changes in the current economic environmental conditions, a continuous balancing exercise should be stricken by companies between competition and cooperation in order to maintain and cultivate a competitive advantage over a longer time frame; and (4) how the physical features can be rendered fully through digital representations and how digital activities modify or affect the physical side of the business.

The aforementioned list is, of course, not comprehensive but includes several of the major aspects that are worth exploration and analysis by the next generation of researchers.

I N D E X

- accessibility, 8, 160, 197, 199–201, 206, 212, 249
 - public-funded accessibility project, 160
- Airlines, 1, 15
 - United Airlines, 26
- American Marketing Association, 21
- Android, 20, 52
- application programming interfaces (API), 64, 69
- Apps for Democracy, 70–1
- Baltic Sea Region, 8, 197–8, 200–1, 206, 212, 216
- Before–During–After, 20, 64
- Berners-Lee, Tim, 48, 59, 61
- Beskidy Tourism Organization (BOT), 185
- Beskidzka, 5, 185, 189
- Blackberry, 20
- blog, 16, 19, 30–2, 34, 103, 108–9
- bounce rate, 92–3, 95
- brand, 17, 21, 25, 28, 32–4, 92, 116, 243, 247
 - attribute, 22, 32–4
 - awareness, 95
 - destination, 173
 - identity, 5, 21, 32, 35, 204
 - image, 4, 21, 32, 203–4, 252
 - loyalty, 115–16, 241, 253
 - management, 203
 - product, 9, 245
 - reputation, 32–4
 - service, 16, 17
- branding, 24, 30, 81, 155, 198, 212, 247
 - place, 197, 201, 203, 214
 - supranational, 8, 197, 205–6, 214
 - tourism, 5, 17
- business-to-business (B2B), 43–4, 49, 205, 246
- business-to-consumer (B2C), 43–4, 49, 53
- capability, 6, 68, 137, 145
- Clubs de Promotion* (Wallonia and Brussels, Belgium), 221, 229
- codified knowledge, 142
- collaborative destination marketing, 8, 221, 224–6, 230, 232, 235
- commitment, 60, 114, 118, 190, 203, 230
- common good, 51, 180
- company size, 2
- competitive advantage, 3, 16, 22, 53, 73, 95, 137, 140, 143, 150
- competitive identity, 203
- Computer Reservation Systems (CRS), 17
- consum'actor, 72, 105
- consumer, 9, 15–16, 19–35, 44–5, 62, 72–3, 79, 102–5, 108, 204, 240, 243, 246–8, 252
- cooperation, 3, 4, 7–9, 50, 53, 58, 70, 73, 78, 139, 149–50, 153, 157, 160–1, 163–71, 173–4, 179–94, 197–8, 203–4, 206, 213–17, 222, 231, 233, 236
 - benefits, 183
 - platform, 210
 - transnational, 204–5, 207
- cooperative venture, 3
- coopetition, 4, 7, 145, 149–52, 162, 165, 167–8, 171–4, 203, 205, 222
- coopetition strategy, 150–1
- coordination, 58, 60, 69, 72, 138–40, 161, 215, 249–50, 252
 - spontaneous, 9, 239
- core-periphery, 142
- creativity, 6, 53, 143

- credibility, 20, 105–6, 108
- customer, 4, 20, 22, 25–6, 29, 33, 62, 72, 78, 93, 104, 107, 140, 159, 165, 168, 199, 211, 243, 247
- base, 15
 - experience, 79, 152, 169, 172, 246
 - needs, 83
 - satisfaction, 80, 105, 244
- customer loyalty, 114–18, 127, 245
- customer–experience-related theories, 246
- Dailymotion, 107
- Defense Advanced Research Projects Agency (DARPA), 47
- demand side, 22, 24, 32–6, 63
- destination, 6, 10, 15, 28, 43, 69, 72
- experience, 168, 247
 - loyalty, 114, 117–18, 119–21, 122–3, 127
 - management, 8, 150, 159, 168, 170, 230, 234, 239–40, 243, 245–7, 252
 - product, 151–2, 162, 165, 167, 172
 - tourism, 1, 35, 37, 53, 78, 80, 83, 88, 150, 159, 167, 172, 203, 239, 249, 252
 - websites, 34
- Destination Management Companies (DMCs), 1
- Destination Management Organizations, 158, 161, 237, 252
- destination marketing, 7, 117–18, 127, 149, 155, 162, 203, 224, 231, 247
- campaign, 164
 - collaborative, 8, 221, 224–7, 229–30, 232–5
 - marketing strategy, 7, 113
 - organization, 161, 180, 185
 - planning, 173
 - tools, 19
- differences between public and private sector, 187–9
- differentiation, 5, 167
- discussion forum, 103, 107
- Eastern Baltic Sea Region, 8
- eBranding Online Space, 5, 17, 30, 34–6
- EIASM International Conference in Tourism Management and Tourism Related Issues, 2
- emotional content, 23, 27
- Empire Avenue, 109
- engagement, 16, 20, 22, 25–9, 32, 69, 71, 115, 130, 193, 230
- e-Reputation, 6, 7, 99–109
- management, 99
- escapist experience, 248
- Estonia, 123–8, 197, 209
- e-Tourism, 3, 6, 15, 17, 42, 48–9, 51, 53
- EU Strategy for the Baltic Sea Region (EUSBSR), 203, 206, 213
- European gauge railway, 207
- European Institute of Advanced Studies in Management (EIASM), 2
- European online tourism survey, 51
- European Route of Industrial Heritage, 82
- European transport plan (TEN-T), 198
- EU-Spirit travel planner, 211
- eWord-of-Mouth (eWoM), 5, 16, 19, 26, 31
- experience, 9, 16, 17, 19, 23–31, 36, 67, 108, 152, 160, 167, 169, 174, 203, 239–40, 249, 246–53
 - co-creation, 29
 - experience-based economy, 16, 21, 30–1, 79
 - experience-based industry, 20, 30, 79
 - technology-enhanced, 29
- experiential marketing, 8, 239–41, 244, 246–50, 252–3
- Facebook, 16, 19, 20, 30, 32, 35, 69, 71, 86, 92–3, 95, 103, 105–6, 108
- Factiva, 109, 111
- festival, 21, 35, 161
- FlickrR, 107
- fragmentation, 2, 51–2, 145
- Global Distribution Systems (GDS), 17
- global market, 15, 41, 44
 - globalization, 1, 4, 149, 203–4
- Google, 3, 18, 31, 69, 85, 90–4, 106, 108–9, 135
- Google Analytics, 6, 78, 81, 83, 91, 93, 95–6
 - Google Insights for Search, 81, 88, 90
 - Google maps, 64, 69
 - Google Trends, 6, 78, 81, 88
- GPS technology, 20
- GSM, 48

- heterogeneity, 143–4
- hotels, 1, 27, 35, 65, 72–3, 137, 141–2, 152, 162, 164, 175, 239
 - hotel chains, 15, 154
 - hotel cooperative Promozione Alberghiera, 154–61, 171, 173–4, 176, 233
 - hotel industry, 7, 99, 100, 105–7, 109–11
- HTML5, 52, 68
- identity, 5, 9, 15–17, 26, 37, 169, 203, 206–7
 - brand identity, 5, 21, 32, 35, 204
 - competitive identity, 203
- image, 5, 20–3, 82, 102–5, 107–8, 155, 159, 173, 207, 244, 257
 - brand image, 4, 21, 32, 203–4, 252
- Information and Communication Technologies (ICTs), 2–5, 10, 15, 17–18, 42–4, 52–4, 77–80, 94–8
- innovation, 4, 6, 33, 41–2, 45, 48–50, 52–3, 57–61, 65, 67, 71, 73, 77, 79–80, 137, 142–3, 166, 250
- Instagram, 16, 19
- intangible asset, 102, 105
- Internet, 4, 7, 15–16, 18–20, 22, 24–6, 30–1, 34, 43, 46–9, 51–2, 57, 64, 72, 77, 80–1, 87–8, 90, 95–6, 99, 102–4, 107–8, 211
- interoperability, 6, 42, 45, 49–50, 53, 68
- interorganizational relationships (IORs), 3–5, 140, 142, 150–1, 172
- investment, 5, 42, 73, 82, 166, 169, 191, 199, 203, 207, 213, 241
- iOS (Apple), 52
- iPhones, 20
- Jack Daniel's, 9, 239, 242–3, 247
- Jack Daniel's Visitor Center, 9, 239–41, 243–5, 248–50, 253
- Kayak, 19
- Kelkoo, 19
- Klout, 109
- knowledge (base), 6, 30, 41, 49, 58–60, 63, 65, 68, 73, 79, 90, 137, 142–3, 173, 248
- knowledge-intensive services (KIS), 79
- Lapland (Finland), 7, 150, 152, 154, 159, 161, 170
- Le routard.com, 107
- Lincoln County Process, 245
- local system, 6, 41
- local tourism, 6, 67–8, 80, 136, 142, 153, 158, 224, 232, 234, 242
- London Underground, 70
- Lonely Planet, 107
- Lynchburg (Tennessee), 9, 239, 242–4, 247, 249–50, 252–3
- management system, 80, 105–6
- mapping party, 70
- mashup, 64–5, 69, 71–3
- midata, 62
- mining facilities, 82
- Mining Museums, 81–2, 84
- mobile, 6, 7, 20, 35, 52, 57–8, 63–4, 67–8, 72–3, 109, 113, 122–3
- modularity, 47
- monitoring, 7, 27, 109, 224, 230, 233
- Monuments Route, 82
- multiple case study methodology, 184
- mutual adjustment, 250
- near field communication (NFC), 65
- net neutrality, 47
- network, 3, 4, 7, 20, 41, 46, 53, 59, 155, 168, 172, 185, 197, 201, 205, 208, 214, 223, 227, 233, 245, 249–50
 - density, 136, 138, 140–3
 - network governance, 138, 217
 - perspective, 136
 - size, 136, 138, 140–2, 144
 - social, 16, 19, 20, 26, 42, 72, 105, 108–9, 137, 140, 223
 - strategy, 8, 137, 252
 - structure, 7, 9, 136–7, 140, 144
 - tourism, 3, 9, 23, 135, 137–8, 143–4, 239–40, 248–9, 253
 - unplanned tourism, 240
- networking, 4, 20, 26, 32, 34, 65, 108, 140, 153, 163, 174
- online community, 26, 105, 108–9
- online marketing, 6, 19, 95
- online reputation, 20, 23–5, 29, 33–4, 105, 109
 - demand side and supply side perspective, 24, 32–3
 - social web perspective, 5, 23, 30–1, 33–4
 - web search perspective, 23, 31–2, 35

- online tourism domain, 17, 18, 23, 31–3, 40
 online travel agencies (OTA), 49, 51
 open data, 6, 57–8, 68, 71–2, 74
 apppliers, 70
 movement, 59–63, 65, 67, 69, 73
 suppliers, 70
 Open Data City, 65
 Open Data Divide, 67
 Open Data Institute (ODI), 61
 Open Data White Paper, 61
 Open Government Data, 57, 61, 76
 OpenStreetMap (OSM), 63, 69, 70
 organic traffic, 92, 96

 package, 18, 163, 229, 231, 234, 239, 249
 panoramio, 19
 passive mobile positioning (PMP), 7, 113,
 122–4, 126–8
 performance, 7, 9, 33, 80, 135, 172, 199,
 228, 233
 platform, 19, 20, 26–8, 32, 42, 53, 67–8,
 79, 158, 206, 213
 Poland, 6, 8, 77, 81–3, 86–90, 92, 95–6,
 185, 193–4, 198, 200
 Polish Tourist Organization (POT),
 82, 87
 pooling, 140
 postindustrial attraction, 6, 78, 81, 94–5
 postindustrial site, 6, 77–8, 82, 90–1, 96
 private sector, 8, 73, 179–88, 190–4, 210,
 214–15, 223, 230, 232
 procedures, 151, 158, 168, 172, 182–4,
 188, 191–3, 216, 232
 productivity gains, 5
 Promozione Alberghiera. *See* hotel
 cooperative Promozione Alberghiera
 prosumer, 24
 Public management, 222
 public sector, 8, 17, 62, 71, 179–91, 193,
 203, 215–16, 222, 232
 Public Sector Information directive, 62
 PublicData.eu, 67
 public-led partnerships, 252
 public–private cooperation, 8, 179–81,
 183, 192–4
 public–private partnerships (PPP), 9, 69,
 71–3, 191, 221, 223
 public–private relations, 182, 190–1,
 193–4
 Pyhä-Luosto, 159–66

 QR code, 83–4
 quality, 5, 43, 49, 62–3, 72, 79, 80, 84,
 87, 92, 95, 102–3, 105, 107, 110, 126,
 143, 155, 159, 166, 199–201, 208,
 212, 243, 246

 Rail Baltic, 8, 197–8, 200–1, 203, 207–10,
 213, 215, 217
 Rail Baltic Branding, 212
 Rail Baltic Growth Strategy, 210,
 212, 216
 Rail Baltica Growth Corridor (RBGC),
 8, 197, 207–8, 210–18
 Ranking of Websites, 86–7
 reciprocity, 21, 214
 repeat visitor, 7, 113–14, 117–18, 119–21,
 123–8
 RepTrak™ framework, 33
 reputation, 5–7, 15, 17, 20–1, 164
 e-Reputation, 6, 7, 99–111
 online reputation, 22–34, 36
 quotient, 33
 Reputation Institute (RI), 33
 resource-based view of the firm,
 140, 145
 Riviera Romagnola (Italy), 7, 150, 152,
 155, 157, 169
 roaming, 20, 123
 Rovaniemi (Finland), 162, 165

 scoring system, 80
 search engine, 16–20, 23–5, 31, 33–5, 81,
 92, 96, 107
 Sebastopol meeting, 57, 61
 sectoral system of innovation and
 production (SSIP), 6, 58–60
 attributes, 58–9, 73
 segmentation, 7, 68, 113–14, 117,
 121, 127
 Semantic Web, 58–9
 small and medium enterprises/companies,
 4, 69, 140, 151
 smartphone, 20, 64–5, 68, 73–4, 104
 social interactions, 4, 142
 social media, 5, 15–35, 37–40, 52, 109
 social network, 16, 19, 20, 26, 42, 72,
 105, 108–9, 137, 140, 223
 social web, 5, 23, 30, 33, 58, 69
 SoCoMo, 20, 36
 SoLoMo, 20

- spatial indicators, 122
- spillover, 142
- stakeholders, 4, 9, 15, 17, 21–5, 32–3, 35, 43, 48, 149, 151–5, 174–5, 180, 191, 197–8, 203, 206, 208, 210, 212–18, 221–7, 230, 236
- standard, 3, 6, 26, 42, 45, 47–53, 60, 78, 87, 166, 198, 200, 243
- standardization, 6, 18, 42, 45, 48–9, 52
- storytelling, 25
- strategic alliance, 3, 205
- strategic development, 6, 7
- strategic management, 138–9, 150, 240, 246
- strategy-as-practice (SAP), 151
- stratification, 47
- structural analysis, 136, 139, 145
- structural holes, 142, 144
- supply chain, 44, 46, 49
- supply side, 17, 24, 32–6, 43, 78, 167
- supranational region, 8
- sustainable tourism, 223
- systems of tourism destinations, 137

- TCP/IP, 47–8
- tourism
 - activities, 1–3, 8, 42, 49
 - businesses, 4, 6, 32, 81, 155, 158, 167
 - companies, 2, 23–5, 34–5, 153–4
 - destination, 4, 7, 9, 35, 53, 79, 80, 88, 137–8, 143, 149–53, 159, 167
 - industry, 1, 6, 7, 15, 17–18, 21, 34, 57–60, 63–5, 71–3, 77–9, 85, 113, 135, 138–9, 144–5, 155, 172, 222
 - international arrivals, 1
 - local, 6, 67–8, 80, 136, 142, 153, 158, 224, 232, 234, 241, 253
 - management, 2, 3, 5, 9, 139, 150, 253, 255
 - operations and management, 5
 - operators, 6, 53, 236
 - performance, 7
 - product, 8, 18–19, 79, 138, 155–7, 159, 162, 167–70, 172, 174, 222, 229, 231, 235
 - sector, 1–3, 5, 9, 16, 17, 67, 79, 149, 152, 157, 172, 174, 253
 - tourism-related industries, 15
- tragedy of commons*, 51
- transaction cost economics, 139, 145
- transnational cooperation, 197, 204–7
- transnational transport, 8, 213–17
- transport of goods, 45, 209
- TripAdvisor, 16, 19, 27, 32, 68, 72, 107
- triple-helix, 8, 198, 205, 214
- Trivago, 107, 110
- Twitter, 16, 19, 28–9, 32, 35, 69, 103, 105, 108

- Unioni di Prodotto* (Emilia Romagna, Italy), 221, 227, 229, 231
- United Airlines, 26
- United Breaks Guitars, 26, 39
- United Nations World Tourism Organization (UNWTO), 1, 119, 203
- URIs, 59
- usability, 81, 87, 211
- user-generated content (UGC), 15, 19, 24–5, 31, 34

- value chain, 17, 29, 44, 50, 143, 145, 155, 167

- Web 1.0, 7, 17, 29, 34, 59, 103–4
- Web 2.0, 4, 6, 7, 15, 17, 19, 24, 29, 30, 33, 44, 52, 59, 68, 99–101, 103–5, 108, 110
- Web 3.0, 59
- website, 6, 16–19, 23, 25, 30–5, 64, 68, 78, 80–1, 83, 85–92, 95, 103, 105, 107–9, 153
- website evaluation, 80–1
- Windows, 52, 69
- wireless network, Wifi, 20
- word-of-mouth (WoM), 5, 20, 30, 102, 113, 123, 128, 247
- World Wide Web, 4, 19, 22, 48
- World Wide Web (WWW), 19, 22

- YouTube, 16, 19, 26, 29, 32, 107, 111