

The Competitive Destination

A Sustainable Tourism Perspective

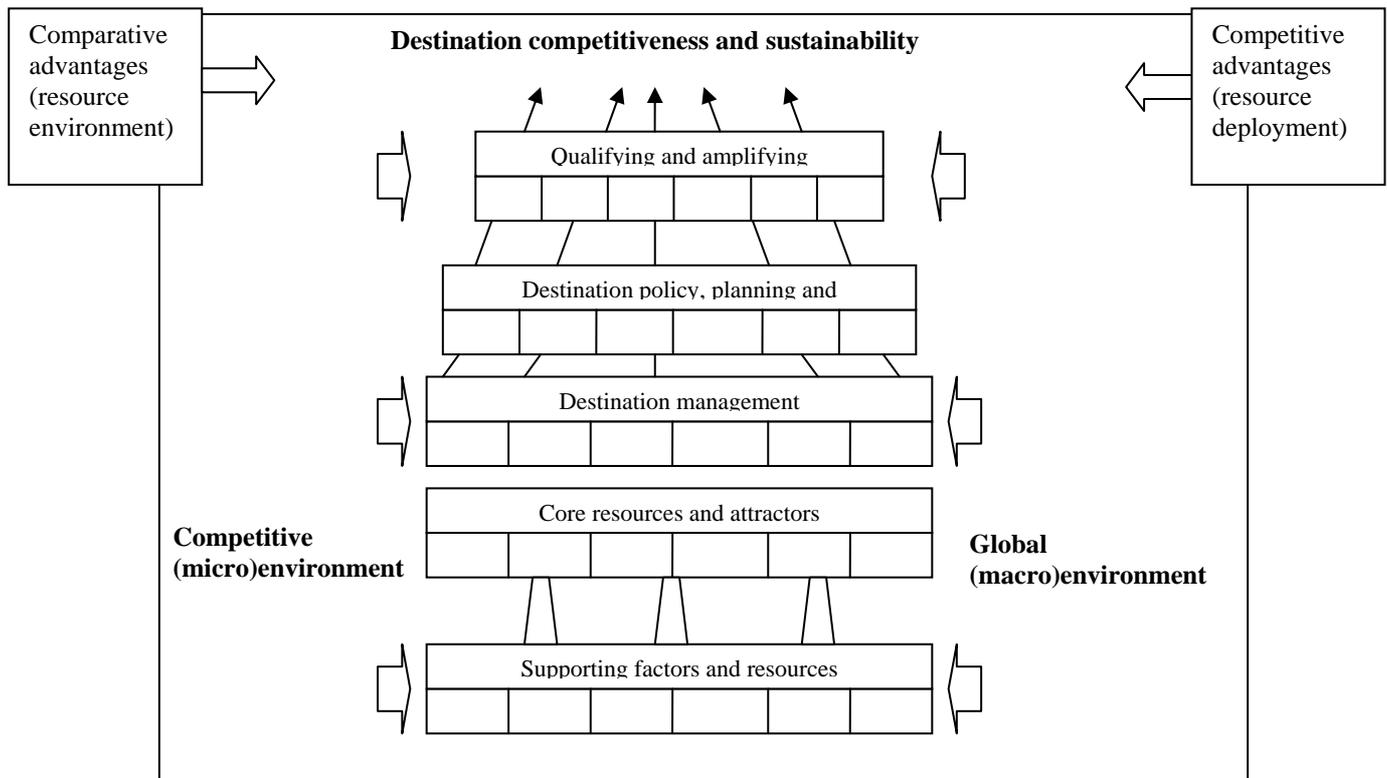
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THE MACROENVIRONMENT: GLOBAL FORCES SHAPING WORLD TOURISM*



In Chapter 1, we reviewed the evolution of competition from the early days of global socioeconomic activity to the present. In that review, it was seen that the nature of competition on a particular day is shaped by the context of the day. It follows that, as the factors defining context change over time, they set in motion a parallel evolution of competitiveness itself.

An examination of the factors defining the context of competitiveness confirms their global nature. In speaking of the ‘global nature’ of these factors, we mean not only that they affect competitiveness in all parts of the world but also that they are beyond the influence of any one individual group or organization.

In the same way, just as certain global factors define the nature of competition, others exert a major influence on the ability of a given destination to compete successfully in the marketplace. The goal of this chapter is to identify these global forces and to examine the manner in which they affect each of the components of our model of destination competitiveness (Chapter 3).

While this book focuses primarily on the factors and processes within a destination that determine its competitiveness and sustainability, the analytical framework which we have described in Chapter 3 also stresses that destination performance and success can also be influenced significantly by a broad range of global forces. These forces are so pervasive that their influence extends well beyond tourism into all aspects of the economy and society. Since tourism is, of course, part of the global totality, it must attempt to adapt to or take advantage of those forces which it cannot control or even influence.

Global Forces: an Onionskin Taxonomy

This chapter first seeks to identify and categorize these global forces, and subsequently to provide readers with a basic understanding of the challenges and opportunities they create for the tourism destination in its effort to succeed. There are undoubtedly a variety of ways in which these forces might be categorized. The framework we have found appealing is that given graphically in Fig. 4.1. As shown, the totality of

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global forces affecting destination competitiveness/sustainability is captured within what we term an 'onionskin taxonomy'. By this we mean that the global forces may be viewed as consisting of different layers surrounding the destination (represented by the globe in the centre). The innermost layer, or layer 1, of the 'onion' consists of three types of forces that tend to affect changes in the performance and well-being of the destination most directly, in that they normally fluctuate widely and rapidly within short periods of time. These forces can usually be categorized as economic, political and technological. The next layer of the onion, layer 2, contains forces that tend to be somewhat more stable, and therefore a bit easier to predict. We have placed demographic and sociocultural forces in layer 2. Finally, there are forces that, in normal times, are quite stable and that can be anticipated with a fairly high degree of reliability. In this layer (layer 3) we have placed climatic forces, geographical forces and environmental forces.

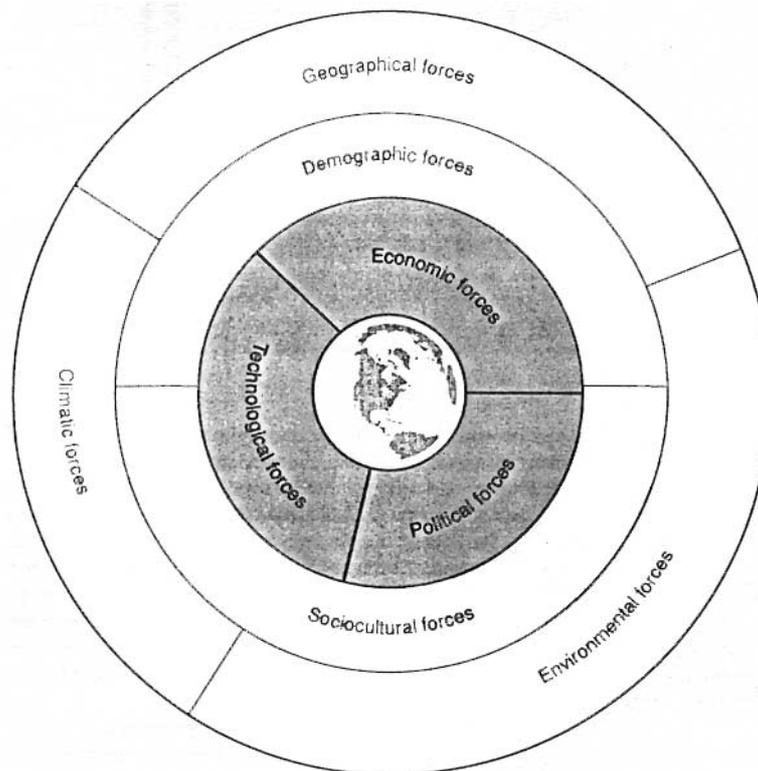


Fig. 4.1 Global forces shaping destination competitiveness: an onionskin taxonomy.

In presenting this taxonomy, we stress that it reflects the stability of the global forces but not necessarily their importance. Consequently, at any given point in time, any particular force within any of the layers can be having the greatest impact on destination competitiveness/sustainability/success. For example, climate may be the greatest determinant of competitiveness for particular destinations. At the same time it is one that is normally the most predictable within a broad range. In contrast, while political stability may overwhelm climatic desirability at a given point in time as a factor affecting a destination's competitiveness or sustainability, this is usually not the case for most destinations.

In other situations, the rapidly evolving culture of a destination (such as the changes occurring in the USA resulting from the influx of immigrants and the rapidity with which technological and social innovations are introduced) may be one of its main competitive strengths in both industry and tourism. By comparison, highly stable environmental forces within the USA contribute relatively little to the competitive abilities of the country, and thus its ability to attract visitors profitably. Should a significant environmental concern suddenly emerge, it could become a major deterrent to visitation in the short term.

To summarize, when examining the global forces that may create challenges and opportunities for a tourism destination, it is essential to examine both their importance and their stability/predictability. Unimportant forces (i.e. forces that have little effect on a destination's competitiveness) that are unstable may be ignored. Important but stable forces must be addressed, but they offer a destination time to prepare for their consequences. It is the important forces that become unstable that pose the greatest challenge, but they often present the greatest opportunities for managers of a tourism destination.

Table 4.1 attempts to capture visually the above discussion by comparing the varying combinations of stability and importance of impact of the different global forces that affect destination competitiveness and sustainability.

Table 4.1. Global forces and their significance for destination management: stability versus importance of impact.

	Low impact	Medium impact	High impact
Very stable	Require minimal amount of DMO attention (hotel capacity)	Specific managers should review these factors to understand changes of particular relevance to their area of responsibility (destination infrastructure)	Require high attention on a periodic basis to detect 'surprises' (climate)
Modestly stable/ unstable	Require some monitoring by lower level management to detect (visa policies)	Require some monitoring by middle management (airline prices)	Require systematic attention by middle-level management to identify unusual changes (price levels)
Very unstable	Require ongoing monitoring by a mechanical system and lower-level DMO managers (short term exchange rate fluctuations)	Require sophisticated monitoring to detect specific types of shifts of particular significance (Internet marketing)	Require constant attention by top-level DMO managers (political situation)

The outer layer

The forces we are dealing with here are in many ways so fundamental that true change is so slow to allow any meaningful measurement from the standpoint of managerial action.

Climatic forces

An examination of the data regarding the climate of any given destination (Pearce and Smith, 1990) shows that the temperature, the amount of precipitation and the number of hours of sunshine are relatively predictable on a seasonal basis. Because of this, the nature of destinations is usually quite stable over time. Consequently, tourism operators, investors and tourists themselves can plan with a reasonable degree of confidence the development of a destination and the choice of a destination for a vacation.

While we know that not every visitor likes the same kind of climate in their destination, we also know that certain types of destinations do tend to be preferred over others. For example, warm, sunny destinations are generally preferred to cold, dreary ones. Despite this reality, it is important that those market segments that do prefer unusual climates can count on their expectations being met – and vice versa.

It is interesting to note that, given the current concern about climate change, certain colder destinations might be the beneficiaries of global warming, while traditional, sunnier places could be net losers. This is of course no reason to encourage climate change, but it does demonstrate that not all tourism destinations will necessarily be affected negatively.

Environmental forces

While the environment and the climate tend to be interlinked in this Kyoto era, they are distinct and do present some very different types of challenges. While it may be simplistic, it may be helpful from the standpoint of destination management to view climatic challenges as those that are 'above ground' while environmental challenges involve issues 'on or below' the ground. Examples of these issues include species diversity and protection, wildlife habitat preservation, the maintenance of water quality and aquatic biodiversity, the destruction of farming-quality land, the use of pesticides and the quality of the food system, hazardous waste, and the protection of vegetation.

Every destination manager is increasingly faced with the questions of how far tourism is contributing to environmental degradation, and whether and to what extent any such degradation affects the appeal of the destination and the quality of the visitor experience. The challenge is to know the extent to which any environmental damage that tourism causes can be minimized, and how this can be achieved. At the same time, some opportunities present themselves as a result of environmental interest and concern. These include the strong and growing (although still small) ecotourism market, the development of interpretive centres and

guiding, increased interest in wildlife viewing (including marine life), and travel for environmental education.

In summary, in many ways concern for the environment has now taken centre stage in tourism. This reality is a reflection of a broad societal realization that protection of the world's natural environment is imperative. It is increasingly clear that 'spaceship earth' has a limited capacity to sustain life as we know it. Consequently, tourism policy makers in particular need to examine carefully what the tourism industry's relationship with responsibility for the environment should look like – and how to proceed with realizing this vision.

While scientific debate still rages with respect to the above questions, it is becoming increasingly clear that the majority of governments in the world believe that global warming is serious, and that it has been exacerbated, if not caused, by excessive carbon emissions into the atmosphere. As a result, most nations appear to be moving towards ratification of the Kyoto agreement, an agreement that commits all signatories to reducing overall emissions by at least 5% below 1990 levels during the commitment period 2008-2012 (United Nations, 1997, p. 9).

Should the Kyoto agreement be ratified and implemented by the majority of the world's nations, it could have serious consequences for travel and tourism, at least as we know it today. The use of fossil fuels for transportation and their polluting effect are obvious problems in this respect, and the continued economic growth of the tourism sector might be severely affected unless alternative, non-polluting energy sources become available at competitive prices for consumers.

From a destination management perspective, it appears that climatic forces – in particular global warming – should generally be viewed as an important challenge for tourism. Although the climate would historically have been classified as a highly stable and relatively benign global force in terms of the challenge it presents, such may not be the case in the future.

Geographical forces

In geographical terms, destinations have traditionally been viewed as very stable. The land on which they are located is fixed. The world has watched as colonies (the geographical extensions of powerful countries) have become independent, as large countries have split into many smaller ones (most notably the Soviet Union) and, in some cases, as new countries have been formed from two or more older nations. With the stroke of a pen, the measured amount of international travel has both increased and decreased as the number of nations has shifted both upwards and downwards. As a result, in the eyes of many travellers destinations have been both created and eliminated. While all this has been happening, technology (more specifically, the jet aircraft) has effectively shrunk the tourism globe. From a traveller's perspective, in about 1950 the geography of the world was suddenly squeezed. It then stabilized again for some 50 years. But now, with space tourism entering the equation, the traditional geography of destinations has potentially been destabilized again.

In the more immediate future, it is the ongoing, sometimes subtle process of globalization that poses a more serious challenge. Although this process clearly brings with it challenges that appear to be changing the geography of the world, the changes brought about by globalization are in reality less geographical than economic and cultural, and so they will be addressed later.

The intermediate layer

While there are no clear dividing lines between the inner, intermediate and outer layers of our onionskin taxonomy of global forces, it is nevertheless important to distinguish among these layers. As shown in Fig. 4.1, the intermediate layer is judged to contain two major categories of forces: demographic and sociocultural. The forces contained in this layer are not necessarily any more or less important than the inner layer forces. However, they are much more stable and predictable.

Demographic forces

In their treatise *Boom, Bust and Echo*, Foot and Stoffman (2001) put forth extensive argumentation concerning the profound impact of population demographics in determining what is important to people and the way they make decisions in a broad range of areas. Leisure and travel constitute one of these areas. Indeed, Foot and Stoffman devote an entire chapter to discussing how the nature of leisure will change as populations age, and they emphasize that both government policy and private investment can avoid costly

errors by understanding the nature of these changes. Specifically, Foot and Stoffman note that, as might be expected, older people do not play active sports as much as younger ones do – hence the decline in the popularity of tennis and downhill skiing. Perhaps surprisingly, they also predict that the era of growth in professional spectator sports might be coming to an end. They note that half of those aged 18-24 years attend sports events, but that only 30% of those aged 45-64 do so. In brief, they observe that a nation of young people is a society of hockey and tennis players but that a nation of older people is a society of gardeners and walkers, and conclude that the data on the effect of ageing on leisure pursuits is remarkably stable over time and that these facts have important implications for public policy.

As for the travel market itself, Foot and Stoffman note that the travel business recruits many of its customers from affluent individuals in their late 40s and older, and that as the number of people in this group expands in the years to come the travel industry will reap benefits. They further predict that ecotourism, the cruise industry and gambling and casinos are destined for growth as the number of over-50s increases dramatically.

Sociocultural forces

There is fairly clear recognition that our world, after centuries of relative stability, is currently undergoing a number of fundamental shifts in the social and cultural foundations that we have taken for granted. Several of these shifts, while massive, are so subtle that it is difficult to know if they are truly substantial or merely transitory. Also, there are certain cultural characteristics of destinations that are by their nature unchangeable. The history of a destination is the most obvious (and perhaps the only) characteristic that is truly unchangeable.

Those global forces that are highly stable but appear to be undergoing shifts of significance to tourism include, most obviously, areas such as value systems, the way we work, the language used to communicate within a society, and food preparation and delivery systems.

It is the pervasive spread of Western values that may be the most fundamental value shift that has been important in the creation and expansion of the phenomenon we call tourism. While we can legitimately question whether all the changes that Western values are bringing about are positive, it is hard to assess their impact, their desirability and, indeed, their long-term stability.

The way that cultures function, or generally work, to ensure their survivability and well-being is another cultural characteristic that, despite its stability, has been changing and affecting tourism. Although the recent breakdown of the communal (or communist) system is viewed by many as an economic change, it is more fundamentally a change in the values underlying the way we work and share the results of our efforts. A review of the way tourism functioned in communist bloc countries shows vividly how much the shift to the capitalist model of work has changed tourism. While most would argue that this shift has provided positive results in terms of competitiveness and sustainability, it remains to others to furnish a comprehensive evaluation of the benefits across the entire sector.

Another fundamental component of culture, the nature of the language that societies use to communicate, has also, after many years of stability, been undergoing widespread change. Traditionally, there has been an extensive number of local languages used by relatively small groups, tribes, clans and countries. Now we are witnessing a diminution in the number of languages being employed by increasingly large language groups, which are defined not only by nations but by much larger economic and cultural regions. As one stands back and assesses the situation, it might be argued that the world is moving towards a global community in which we may have a very limited number of working languages, such as English, Spanish and Chinese. Indeed, as technology moves towards the ability to instantly translate an individual's speech, we could reach a situation of only one universal language of communication that makes the original language spoken irrelevant. Because the tourism industry has always been very sensitive to the language problem, not only do all these changes have profound practical implications, but – and this is equally important – they also have profound implications for the understanding of host cultures.

Since food is the essence of human survival, it is not surprising that it plays a part in the culture of a destination, and thus it has traditionally become an important dimension of the appeal of many destinations. Although this will remain true for many years, food and the food delivery system have not escaped the forces of change that tourism destination managers must consider, in both strategic and operational terms. Perhaps the most powerful force has been the pervasive growth of the fast-food system (Schlosser, 2001). It can be argued strongly that fast food reduces the quality of food in terms of its richness, the variety of food types, the nuances of taste and the ability to reflect cultural traditions. Conversely, its worldwide success is not without reason. The fast-food preparation and delivery system reflects a universal ability to manage costs, to

control and meet taste expectations, and to provide well-defined nutritional content. While the nutritional content of fast-food systems can clearly be criticized, this is not the fault of the concept but rather of the desire to please consumer palates in the search for greater market share and profitability.

The growth of branded fast-food systems has had enormous implications for the travel market, particularly for those market segments that are seeking reliability, quick service and familiar tastes rather than innovation and the excitement of the new flavours that can be provided by cultural dishes and their exotic taste experiences.

The inner layer

The inner layer of our onion-skin model contains three major types of global forces that, because of their high rate of change within relatively short periods of time, must be monitored constantly, particularly if they are judged to have a great impact on destination success.

Economic forces

While a number of economic forces within a destination can be controlled or influenced by destination managers, there are many others that cannot – hence their classification as global forces. Factors such as the shift to a market economy, international exchange rates, interest rates, the buoyancy of the world economy, the existence and structure of world trading blocs, and the amount of savings consumers have in the bank all create special challenges (or realities) that must be recognized and adapted to by a destination if it is to remain relatively competitive in the world marketplace. Conversely, these same forces also present a range of new opportunities that, if appropriately prepared for, can enhance destination competitiveness.

An important consideration to keep in mind is that, by definition, these global forces and the realities and opportunities they present apply equally to all destinations. It is the ability of each destination to adapt to these realities and to seize the opportunities that will eventually determine if the destination will emerge as competitive or become more competitive.

Technological forces

‘Technology’ is a very imprecise term that can mean many different things. The definition may be very narrow, focusing on specific areas such as microelectronics, computers and biotechnology. On the other hand, it can also be defined very broadly to include the technology of management; for example, how you organize a destination management organization (DMO) or how you control large-scale production in logistical systems (Porter, 1997). This distinction is sometimes referred to as hard versus soft technology.

However defined, technology has had and continues to have dramatic impacts on the ability of destinations to compete. The introduction of the jet engine defined the arrival of long-haul mass tourism, particularly enhancing the competitiveness of more remote destinations. Computer reservation systems have totally restructured information management and flows, and have enabled multinational chains to dominate key sectors of the accommodation market. The Internet continues to dramatically change the way large numbers of consumers access information before and during travel, and how they make travel purchases. The result has been a major shift in marketing practices and in the power structure within tourism-related marketing systems.

The emergence of the Convention and Visitor Bureau (CVB) as the primary form of DMO has almost single-handedly redesigned the power structure of planning and decision making at the municipal level. It can be argued that the CVB organizational approach provides a range of operating strengths and efficiencies that enhance the ability of destinations to gain competitive advantages over destinations that use other organizational approaches, or none at all.

Because technology evolves so rapidly, a major challenge facing DMO managers is to ensure that they are up to date from both a hardware and software perspective. Otherwise, a hard-earned competitive advantage can vanish quite quickly.

Political forces

The world of politics represents another type of rapidly shifting global force that can substantially alter the ability of a destination to compete. A change in government at the local, regional or national level often brings with it a change in political ideology. Such ideological shifts can result in major modifications

of fiscal environmental and immigration policies, for example, and any of these can either enhance or detract from the appeal of a destination and the efficiency of its tourism operators.

It should be understood that senior DMO managers must be capable of effectively interfacing with government officials at every level, since these officials have control over policies and programmes that can alter the ability of the destination to compete. At the municipal level, a DMO faces the major challenge of attempting to educate local politicians concerning the benefits that tourism already provides to their constituents. Lack of sophistication and general unawareness on the part of politicians concerning the nature of tourism and the extent of its contributions are widespread and common. This, combined with the constantly shifting composition of municipal councils, means the job is never done.

At more senior levels of government, the increasing sophistication of politicians and the longer terms of office they seek can make the task of interfacing with policy makers somewhat less frustrating. Conversely, the fact that senior-level politicians have greater resources available to them means that it is much more costly, in terms of the amount of information needed and the degree of preparation required, to make arguments to support positions when dealing with governments at high levels. The best example is undoubtedly in the area of the environment, where rigorous standards may give rise to extensive environmental screening of tourism development proposals. Aside from cost considerations, the politically sensitive nature of many initiatives leaves little room for poorly prepared documentation or incompetent presentations.

The Interdependence of Global Forces

While we need to study each of the global forces affecting tourism in considerable depth, great care must be taken to avoid examining them in isolation. Despite their individual significance, it must be recognized that these forces are highly interdependent; that is, the impact of each is dependent on the impact of all factors as a whole. In contrast to the emergence and growing importance of the city-state destination, the apparent gelling of Europe as an economic, political, social and possibly cultural entity, combined with the emergence of Asian and North/South American trade blocs, provides a foundation for examples of what might be termed the 'superdestination'. Whether these entities possess substantial meaning from a tourism destination perspective remains to be seen. As opposed to the city-state, which does appear to provide an ideal management unit as a tourism destination, the superdestination may well prove unappealing or unmanageable for tourism purposes. In either case, those responsible for destination management need to be vigilant and prepared to adapt as soon as either outcome appears inevitable.

Analysing and Understanding Global Forces

So far in this book, we have expended considerable effort in order to identify and categorize from a macro perspective the global forces that affect or may affect the competitiveness and sustainability of a tourism destination. In order to make this effort more conceptually and practically useful, we now attempt to provide greater insight for both academics and managers.

The first way in which greater meaning can be extracted from the global forces is to identify the challenges that must be overcome in dealing with them. A second is to identify the opportunities they present to enhance destination competitiveness. Because of limited space in the present treatise, we will examine only a small number of global forces in order to demonstrate the essence of the analysis we are suggesting. In doing so, we will use a tabular format (Table 4.2). A particular merit of the tabular format in which the analysis is summarized is that it lends itself to ongoing updating and/or expansion. It may also be adapted to the needs of individual scholars and practitioners in order to reflect their particular situation.

To keep the framework current for a given destination, it is important that management maintains a monitoring system to identify and analyse the global forces it believes are relevant to their needs. Periodic working group sessions to review the results of the monitoring process and to integrate them into management thinking and strategic planning can be very useful. While the use of external consultants can be helpful in enhancing this process, it is not necessary.

Table 4.2. Challenges and opportunities presented by global forces: examples for a selected subset of forces.

Challenges	Opportunities
<i>Economic forces</i>	
<i>Shifts to the market economy</i>	
<ul style="list-style-type: none"> • Many high-quality public facilities and attractions that have traditionally been supported and/or subsidized by governments will come under serious funding pressures • It will become more difficult to justify and publicly finance large scale ‘mega-projects’ or ‘mega-monuments’, some of which become major symbolic tourist attractions. Also, supporting infrastructure, such as roads and airports, will be more difficult to finance 	<ul style="list-style-type: none"> • Market competition will prove a powerful force in keeping the costs of travel under control, thus keeping tourism accessible to a large percentage of the population • There will be new opportunities for innovative financing for mega-projects and mega-developments that enjoy the support of the residents of a destination (e.g. community boards)
<i>Formation of regional trading blocs</i>	
<ul style="list-style-type: none"> • New trading blocs will force changes in traditional patterns of business, conferences and meeting travel 	<ul style="list-style-type: none"> • The same trade blocs will encourage new vacation travel patterns due to the ‘travel follows Trade’ phenomenon, and the natural formation of new personal relationships
<i>Accelerating influence of the global/transnational firm</i>	
<ul style="list-style-type: none"> • The marketing power of the transnational firm and its greater access to lower-cost capital will weaken the competitiveness of local firms within a destination 	<ul style="list-style-type: none"> • Certain smaller destinations may be able to broaden their global appeal beyond previous times when they were ignored by global firms
<i>The steadily growing role of China as an economic force</i>	
<ul style="list-style-type: none"> • The steady economic growth of China presents a global force that all countries/destinations must increasingly accommodate in all their assessments of future competition. An ‘open’ China will have great appeal as a tourism destination 	<ul style="list-style-type: none"> • While China will be a strong future competitor, this threat will be more than offset by the enormous potential number of visitors that the world’s largest country will shortly be providing
<i>The copy-cat economy</i>	
<ul style="list-style-type: none"> • Any innovations introduced are copied so rapidly that it is difficult to recoup profits quickly enough to justify the investments that were made to develop and market the innovations 	<ul style="list-style-type: none"> • Certain innovations introduced by competitors may fit your destination very well - and if copied quickly enough may provide competitive/profit opportunities without having to make the investments that would normally be required
<i>The new mistrust of the capitalist system</i>	
<ul style="list-style-type: none"> • The new and growing mistrust of the capitalist system that has been introduced by corporate failures (primarily in North America) has meant that the quantity and quality of information supplied to investors and the marketplace has introduced substantial new costs to destination management, and may slow down the decision-making process • The new fear that has been introduced into corporate management, in efforts to ensure visible honesty, risks creating, at the extreme, excessive risk aversion by both investors and managers • There is a real possibility that traditional amounts of venture capital will dry up as a reflection of investor fears. This could threaten not only innovations, but sustainability as well 	<ul style="list-style-type: none"> • Those destinations and firms that have a clear record of integrity will have a significant competitive advantage • Traditional, high-quality destinations should see less threat from new competitors, thus providing the opportunity to build up their cash flows from earlier investments • High-integrity destinations that have nothing to fear from the revealing of dishonest practices should not hesitate to proceed with aggressive developments that they believe in • Those destinations that have adopted a transparent, community-based, consensus oriented approach to destination planning and development can (and should) emphasize this strength, not only in tourism but also in other industry sectors
<i>Small can be profitable</i>	
<ul style="list-style-type: none"> • Tourism in the developing nations needs to avoid the high-cost, high-tech model of the Western world and to involve local populations in a meaningful way that is to their benefit 	<ul style="list-style-type: none"> • Rather than being forced into the industrialized world’s rat race based on high-tech mega-projects, tourism in developing nations should be built around traditional lifestyles using appropriate technologies. This assertion is not simply idealistic. Indeed, firms such as Philips and Motorola have shown that this approach can be profitable

continued

Table 4.2. Continued

- Tourism in the developing world should focus on opportunities involving basic projects that encourage active involvement of the local population

The mid-life crisis in marketing

- The approaches that worked so successfully over decades for the ‘boomer generation’ just don’t seem to work for younger consumers, the up-and-coming travel market
- Advertising specifically needs to be substantially revised if it is to have an impact on the under-30 market in particular. The whole concept of ‘cool’ is radically different for the younger and the older market segments

Technological forces

The knowledge-based society

- Modern technology is increasingly attempting to provide alternatives to physical travel. Teleconferencing is finally gaining wider acceptance; virtual-interface technology purports to provide the travel experience without travel
- Knowledge-based employees tend to work in sanitized, controlled environments. With this conditioning, they may shun travel experiences that are physically challenging, moderately uncomfortable, or culturally threatening

The technology-human-resource dilemma

- The human-resource base of the tourism industry is ill-equipped for and thus ill-disposed towards the widespread adoption of technology. At least passive resistance can be expected at all levels
- Introducing technology without losing the warmth of the human experience is difficult. Choosing the appropriate balance of high-tech/high-touch requires insight and good judgement

Vaunted technologies that don’t measure up

- Many technological advances that promise to reduce costs, improve managerial performance, or to help destinations enhance the quality of the visitor experience simply don’t deliver on the promises they make. Trying to decide which technologies to adopt is a frustrating and often costly experience, both in the short term and over the longer term

Electronification of the global monetary system

- Because tourism involves many small firms, the cost of introducing a mandatory and cashless society would impose a disproportionate cost on the tourism sector (out as a services tax would) relative to other sectors of the economy
- Because a high percentage of tourism employees rely on tips as a significant part of their income (which in traditional terms tend to be unreported or under-reported), electronification could affect income and cause hiring difficulties
- The introduction of the euro has reduced somewhat the exotic nature of foreign travel in Europe. The creation of a world currency would further homogenize the world, thus continuing to detract from the excitement of travel

- Developing destinations can develop without incurring extremely high investments in facilities and personnel

- There are greater opportunities for destination repositioning, but in-depth research is required in order to get it right

- Travellers will increasingly want to truly experience and understand a destination. As a result, they will be interested in spending more time in a region and interfacing with residents in more meaningful ways

- Travellers of the future will be increasingly receptive to technologies and services that facilitate travel while reducing costs and minimizing the need for menial and/or demeaning labour

- Because of the present low level of penetration of technology in tourism, there is great potential for significant gains in performance and productivity in both facility design and service delivery

- Education and training levels will have to increase if managers and staff are to select and implement technology-based improvements in an effective manner

- By hiring and retaining high-quality, committed employees who have the ‘tourism virus’ (i.e. individuals who truly believe in tourism as a career), a destination is more likely to remain competitive on a sustainable basis. Fortunately, tourism is one industry where salary is not the only or even the primary factor that attracts employees

- The eventual creation of a single global economy could reduce costs and increase profitability in the tourism sector

- Destinations that successfully learn to differentiate themselves in meaningful yet hassle-free ways will gain an increased competitive edge.

continued

Table 4.2. Continued

Technology is changing the social contract of the workplace

- Members of society are increasingly finding that there is no haven from e-mail and the telephone - and no excuse not to produce at any hour of the day, or to turn the kitchen table into a workstation
- How will we strike the proper balance of work and life?

Sociocultural forces

Shifting value systems

- Leisure/vacation travel could be viewed as frivolous, wasteful and harmful in a world where economies are stagnant, renewable resources are declining and toxic emissions threaten the health of the planet
- The developing mood to look inward may lead to greater economic protectionism (at the macro-level) and more home/family-oriented uses of leisure time (at the micro-level). Both developments would reduce the demand for travel

The spread of democratic values

- The tourism planning and development process will be increasingly constrained and slowed by the need for meaningful public involvement and input
- It will be more difficult for individual operators to proceed with non-conforming developments
- Innovations will sometimes risk inhibition

Increasing cultural diversity in a homogeneous world

- The power and success of franchises and enterprises with globally recognized brand names will increasingly put pressure on small, independent travel and tourism operators
- The integrity of truly unique and interesting cultural events and attractions will be threatened as they attempt to respond to visitor demands for more access and greater frequency

Quest for stability and security

- Increasing levels of crime in tourist destinations are a major deterrent to both leisure and conference travel
- Ageing populations, under-funded medical systems and the growth of AIDS have heightened concerns about the cost, availability and safety of health-care services for travellers

Political forces

Rise of the city-state

- Large countries will find it less desirable and less productive to undertake general awareness-type promotions; budgets for such promotions will decline
- Smaller destinations having no particularly unique characteristics will find it even more difficult to compete with more high-profile centres

- Tourism thinkers need to help redefine the concepts of work and leisure and attempt to accommodate them in the experiences they offer

- Tourism should stress that, relative to other sectors, it has always attempted to provide career opportunities that provide employees with a better balance between leisure and work in their lives

- Increased emphasis on special interest tourism - such as cultural, educational and professional-development travel - may greatly strengthen and enrich the meaning of the travel experience

- Increased emphasis on human relationships may encourage new forms of tourism in which contact between hosts and guests is less superficial and leads to more intense and enduring relationships

- Implementation of approved development plans will be easier as surprises are minimized and broader agreement results from public involvement

- The formulation of 'resident responsive visions' of local/regional tourism will create more commitment to tourism and greater coherency in the tourism product/experience provided by a destination

- Traditional cultural events and activities that are no longer economically viable may be preserved through tourism

- Increasing acceptance of the value of other cultures will greatly broaden the range of facilities, events and attractions of potential interest to tourists

- Organized travel and/or receptive visitor services that shelter and protect the traveller from crime will be welcomed; destinations that eliminate or control crime will be preferred

- Firms offering specialized products and services that protect the health of the travellers and/or facilitate access to reliable and reassuring medical services in foreign environments will have a strong competitive edge

- Highly focused destinations with high visibility, good access, an attractive product and the will to develop a distinctive image will dominate the market

- Strategic alliances and reciprocal agreements between city-states that complement one another will grow in importance

continued

Table 4.2. Continued

Addressing the north-south gap

- The tourism infrastructure in developing countries (in both quantitative and qualitative terms) is in many cases totally inadequate at the present time
- The disparity between the wealth and well-being of developing-world residents and developed-world tourists frequently creates unhealthy tensions between hosts and guests, as well as distortions of local lifestyles

Pressures for population migration

- Nations/economic communities may become much more demanding in terms of visitor entry requirements as they perceive that tourists risk transforming themselves into refugees or de facto immigrants
- Destination residents may become increasingly less tolerant of visibly or linguistically different visitors, who they see as posing a threat as potential immigrants

Demographic forces

Demographic shifts are occurring which will dramatically influence the level and nature of tourism

- The ageing of travellers from traditional tourism-generating countries will cause demands for new experiences and new facilities. As a consequence, existing tourism plants may become economically obsolete
- Increasingly diverse lifestyles will make market segmentation increasingly important. However, the tailoring of designer vacations will make it harder to standardize the tourism product and thus to control costs
- Patterns of travel are being changed by increasingly diverse lifestyles. The changes are rendering much of the current tourism product obsolete

The coming battle for immigrants

- The ability to absorb foreigners could determine whether nations in the industrialized world will grow or stagnate

- Unless destinations are able to attract the kind of immigrants that have an interest and capability in tourism, they will see their competitiveness decline

Environmental forces

The environment in the Kyoto era

- There is a recognition that there are finite limitations to tourism development, in terms of both physical and social carrying capacity of destinations

- Many developing countries have extremely rich cultures and histories that have not been experienced by many segments of the traditional tourism markets
- The relatively low level of visitation to many developing countries provides alternatives that could take the pressure off heavily visited sites in traditional tourism destinations

- Diverse multicultural societies created through immigration will create increased demand for travel as individuals exchange visits with families and friends

- Ethnic groups in tourism-generating countries will have the opportunity to develop educational/cultural travel experiences for their compatriots. Such experiences could involve both pre-travel and travel experiences

- For the next 20 years the residents of developed nations aged 45-65 will increase substantially. These individuals will have the time, the discretionary income and the desire to travel

- Firms that can read, anticipate and respond to the specific needs/desires of high-quality niche or special interest markets in innovative ways will have great opportunities for success

- Astute analysis of ongoing lifestyle changes will provide considerable insight into opportunities for innovative products, and even for new destination development

- The ageing of travellers will increase their sensitivity to health concerns and the need to build the supply of medical facilities into the tourism product

- Increasing concern for health will strengthen the appeal of traditional health spas and open up opportunities for a broad range of new health businesses, physical well-being destinations/resorts

- Many destinations that set up systems and processes that will attract and integrate substantial numbers of immigrants into their economies - (the service sectors in particular) will find that they have an advantage over those that do not

- Destinations that can attract immigrants having an interest and skills in tourism will enhance their competitiveness

- Conservation, preservation and restoration present new themes for the design of tourism experiences. Regions that are presently undeveloped or in a natural state have a unique opportunity to provide an attractive experience to visitors

continued

Table 4.2. Continued

<ul style="list-style-type: none">• Virtually all future tourism development will be constrained by the need for environmental impact assessments	<ul style="list-style-type: none">• Emphasis on the quality of the tourism experience will reduce growth in the number of travellers, but enhance net financial and non-financial impacts on tourism destinations
<ul style="list-style-type: none">• The non-economic costs of tourism will need to be factored into development decisions. The costs of development, using non-traditional accounting frameworks, will increase, thus forcing higher prices on the travel experience	
<p><i>Recognition of the value of non-capital assets</i></p> <ul style="list-style-type: none">• Intangibles such as brands and intellectual property process (organizational capital) and the environment need to be recognized as major items on the balance sheet of destinations• Traditional accounting principles can greatly understate the true value of a destination or a tourism firm	<ul style="list-style-type: none">• By getting investors to recognize the value added by visitor bureau organizations and a quality environment, the value of tourism to a local, regional or national economy could be substantially increased

Global forces and tourism demand

It is important to understand the manner and the extent to which global forces can affect the various dimensions of tourism demand. The most obvious aspect of these effects is that of demographic forces, such as the current ageing of the population of many of the tourism-generating countries. This factor is affecting such aspects of demand as the characteristics of travellers, the nature of travel undertaken, the price sensitivity of demand, the timing of their travel, and the spatial distribution of demand (i.e. where they travel). Most importantly, the total economic value of travel is affected. Similarly, many of the global forces, such as technology, politics and environmental forces, also affect virtually all the dimensions of tourism demand.

Global forces and tourism supply

Just as destination managers need to understand the detailed effect of global forces on demand, they must also be able to comprehend the systematic effect of these forces on the various dimensions of tourism supply within their destination. Figure 4.2 provides an overview of how this analysis might be undertaken. In brief, managers must carefully examine the most significant and current global forces and how they might affect most of the important core resources and attractions. They must also study their impact on the destination's supporting factors and resources, its superstructure, its activities, its events, its culture, and even its climate and physiography.

Assessing the impact of global forces on destination performance

An important first step in global performance analysis, as the previous section argues, is to understand global forces from a macro perspective. From a destination management perspective, it is important to comprehend how a given global force might affect more generally the preference for a particular destination. For example, as people age, they tend to seek less adventurous destination experiences. In addition, as global concern about terrorism grows, the destination manager needs to know how this might affect perceptions about the safety of various destinations. Figure 4.2 provides a framework that may be helpful in this regard. In summary, this framework attempts to stress that global forces can affect both the attractiveness of various components of the destination and the effectiveness of the different policy and managerial processes that determine management performance within the destination, and thus its ultimate success.



Global forces and destination policy

Since global forces are by nature major and long-term, it is not surprising that their effects on policy may be substantial. For example, changes in political forces may substantially alter the system of philosophy and values on which tourism within a destination is developed. Broad changes in consumer reaction to advertising may force quite meaningful alterations in the positioning and branding policy for a destination. Similarly, all aspects of a destination's tourism policy need to be examined in relation to each and every global force of significance.

Global forces and destination management

While many, if not most, destination managers tend to consider global forces as being rather irrelevant to their responsibilities (i.e. they belong to policy makers!), they must nevertheless keep in mind that these forces do - sometimes more than they realize - affect the daily functioning of the destination. For example, recent criticisms regarding the lack of integrity of information provided to investors are very relevant and will be of much greater relevance in the future. And while destination positioning may be primarily a policy responsibility, the development of positioning programmes must be done through promotion and advertising that will convince visitors that the destination will deliver the experience that is communicated by its positioning. Consequently, the global force related to the generation gap in advertising effectiveness cannot be ignored. Similarly, although many concerns related to destination organization and resource stewardship may indeed be of the greatest relevance to policy makers, they cannot be ignored by those making daily operational decisions in these areas.

Global forces and destination organization

Here again, we are dealing with the fine distinction that often occurs between organizational policy decisions and those related to daily operational decisions concerning the organization. While the major decisions related to the nature of the destination organization, such as the type of organization, its structure and size, board composition and voting procedures, are policy decisions that are often not affected by global forces, a plethora of other operational decisions can be significantly affected by these forces. Perhaps the most notable of these is the growing change that is occurring at the interface between the nature of work and the quality of life. This is one force that all employees must deal with.

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