
A Framework for Tourism Destination Marketing in Network Destination Structures

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Abstract

Tourism destinations are an essential part of the tourism system and are the place where most tourism consumption occurs. In order to achieve a competitive advantage in the market place, individual destinations need to market themselves and provide a service that fulfils the guests needs. This is complicated by the fact that destinations are made up of a multitude of heterogeneous actors that provide the complete tourism experience together. The management of the destination system is facilitated through networks, which provide the governance structure or framework for the destination to function. This thesis analyses the structure of these networks at the normative, strategic and operative management levels to determine the effect they have on the destination.

The major bodies of theory used in this thesis are the destination marketing and management literature, drawing heavily on the Swiss tourism and management perspectives, and network theory to examine relationships between actors within the destinations. The Swiss school of tourism management uses an integrated systems approach to tourism planning, applying managerial models to tourism firms and regions. These are complemented by the networks literature, which can be used to analyse the interaction between different components or actors within a given system. Network analysis provides a foundation on which the destination system can then be analysed.

Qualitative theory building research allowed for more accurate delineation of destination network types for both research and managerial purposes. The empirical research examined three case studies; Wanaka in New Zealand, Åre in Sweden, and St Moritz in Switzerland to determine how the networks affect the destination management. Interviews with relevant actors in each destination were used to collect data. Secondary documents provided further insight into the cases. Each case was analysed individually first and then they were compared across cases.

The findings show that different network structures can be found at the three levels of destination management. The thesis presents new insights into destination networks that take into account the relationships between actors within the destination at the normative, strategic and operative management levels. This provides the framework for destination

marketing and other destination wide activities. These activities provide the basis for a sustainable competitive position for the destination.

This thesis contributes to the destination marketing literature in three ways. First, The thesis integrates the Swiss tourism and management literature with English literature to suggest a new framework for analysing destinations, based on three levels of management. Secondly, it operationalises this model in three international case studies and clearly differentiates between different types of destination networks, providing criteria for their analysis. Thirdly, the results of the research distinguish key success factors for operating in networks at the three different management levels.

In addition, the sources of influence for actors in these networks and success factors for operating at each of the three levels provide a resource for tourism managers to improve the marketing and management of their destination.

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Publications

The PhD research and related projects have already led to several publications, which are listed here. However, the primary results of the research have not been published prior to submission of this thesis.

Conference Papers

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Ermen, D., J. Gnoth and P. Harris (2006). Tourism destination and reputation management: towards a model of stakeholder communication. 22nd IMP Conference.

Ermen, D. and J. Gnoth (2005). Reclassifying the Tourism Industry. International Tourism Marketing Conference. M. Kozak. Mugla, Turkey. (Also chaired session on 'Destination Competitiveness' at the conference)

Ermen, D. (2006). A framework for a destination reputation management process: A case study of three destinations. Otago Business PhD Colloquium, Dunedin, New Zealand.

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Chapter One – Introduction

1.1 Introduction

Tourism provides a critical component of the economy in many countries. In 2008 alone over 225 million people around the world were employed in tourism and the industry generated 9.6% of global GDP (World Travel & Tourism Council 2009). Therefore, it is highly important to understand the fundamental success factors underlying this economic sector. Ryan (2002) states that “from an industrial structural perspective, tourism is a complex network of selling chains, transport patterns, attractions, accommodation and technologies” (p 17). At the core of this network is the desire of people to leave their everyday life behind. This can be motivated by an ‘escape’ or push motivation, or a pull motivation through a given attraction in a destination (Ryan 2002). From a supplier perspective destinations are where most of the activity takes place and they form the competitive units in the tourism industry (Ritchie and Crouch 2003; Bieger 2006). Therefore, a destination ought to be managed and marketed like a cohesive entity (Bieger 1997). In most destinations a number of businesses or organisations are responsible for providing different parts of the complex tourism product. Accommodation, transport, hospitality, activities, and attractions all need to be present in order for a tourist to have a complete experience in a destination. They are “... amalgams of tourism products, offering an integrated experience to consumers.” (Buhalis 2000, p. 97).

Destinations can be examined as clusters (Jackson and Murphy 2002), systems (Leiper 1979; Kaspar 1986; Bieger 2006), or networks (Flagestad and Hope 2001; Halme and Fadeeva 2001; Pavlovich 2001; Pavlovich 2003; Pavlovich 2003; Von Friedrichs Grängsjö 2003; Morrison, Lynch et al. 2004; Von Friedrichs Grängsjö and Gummesson 2006). However these are not mutually exclusive concepts and some authors use multiple constructs to examine tourism. Destinations can be studied as systems, but the organisation of the destination happens through and in networks of social and economic ties (Bieger 2006). So a destination is seen as a social system, which generally refers to two or more social actors, which could be people, groups or institutions, engaged in reasonably stable interactions within a bounded environment (Luhmann 1995; Abercrombie, Hill et al.

2006). The system view can accommodate the dynamic nature of tourism phenomena including the consideration of interactions between its various elements, or sub-systems. The tourism system is a complex social system, which operates within social, political, ecological, technological and economic macro environments, and in turn affects its environment. The focus in modern systems theory is on the analysis of imbalances and change processes in the system's underlying networks (Kaspar 1986; Leiper 1990; Bieger 2006). Changes in open systems can occur through new elements or actors entering the system, changes in the flow or connectedness within the system and through networks breaking up into smaller 'sub-networks' (Bieger 2006).

The destination is one sub-system of the tourism system, which also includes the transport, demand, and travel intermediaries sub-systems (Bieger 2006). All components are necessary for tourism to function, but the destination is where most of the tourism activities occur. When examining a destination's components, it is made up of many interrelated parts, including private as well as public actors and infrastructure. These are organised in networks and are embedded within the destination system. One question that has been raised is how these networks can best be managed for competitive advantage (Ritchie and Crouch 2003). Strategic networks, which are a form of cooperative operational system (New and Mitropoulos 1995), facilitate the strategic interaction between relevant industry players and stakeholders in order to develop a sustainable competitive advantage for the destination. Research on tourism networks has shown that networks can change over time (Pavlovich 2003), that co-opetition can occur within a destination (Von Friedrichs Grängsjö 2003), and the benefits that can come from a purposeful networking approach (Von Friedrichs Grängsjö and Gummesson 2006).

Prior research has been conducted on 'tourism networks' and has attempted to discern between types of networks and their impact on strategic interaction (Flagestad and Hope 2001; Bieger 2006). In the existing literature, network types are generally examined based on their level of structure, between market and hierarchy (Williamson 1973; Powell 1990; Bieger 2006). These are also sometimes referred to as the 'corporate' or 'community' destination models (Flagestad and Hope 2001). Bieger (2006) differentiates further between different networks based on whether they use implicit or explicit contracts to manage the destination. The power of a firm or an organisation within the network determines the centrality of the actor and how much influence they have (Storper and

Harrison 1991). Existing network classifications (Flagestad and Hope 2001; Bieger 2006) provide a valuable starting point for further analysis. This thesis builds on the existing frameworks and examines destination network types to further specify the underlying characteristics and to identify how the destination marketing process is affected by these various structures.

1.2 Research question, issues and contributions

The research question that the thesis examines is:

In what ways does a destination's network structure affect the destination's normative, strategic and operative management?

I argue that although all tourism destinations must perform the same functions to provide the tourist experience, the way in which this is done varies based on the structure of the networks at a destination and the interaction between actors. The problem is that although models of different destination types and structures have been applied in the tourism literature, these have never been delineated based on their underlying characteristics. Particularly interesting are the relationships and levels of communication and/or cooperation between actors in the destination. Qualitative theory building research will allow further delineation of network types for both research and managerial purposes. This thesis aims to build a new conceptual model of destination marketing that takes into account the networks of relationships within the destination.

The major bodies of theory used in this thesis are the destination marketing and destination management literature, drawing heavily on the Swiss tourism management perspectives, and network theory to examine relationships between actors within the destinations. The Swiss school of tourism management uses an integrative systems approach to tourism planning, applying managerial models to tourism firms and regions. These are complemented by the networks literature, which can be used to analyse the interaction between different components or actors within a given destination. Systems thinking and network analysis provide a foundation on which the process models of tourism marketing can then be analysed. The seven specific research issues for this thesis are explained in more detail and in relation to the literature review in Section 2.6 of this thesis.

This thesis contributes to the fields of destination marketing and network marketing by showing how strategic networks, of which destinations are a good illustration, are organised to achieve the common goals of the actors. The thesis aims to provide academics and tourism practitioners with a supply side model on which to base research and strategy in networked destinations. In addition, the thesis contributes by introducing literature that has so far only been published in German and merges these insights with the English literature findings. Specific recommendations are made in Chapter 8 for policy makers, tourism managers, and future research, based on the research findings reported in this thesis.

1.3 Justification for the research

In order to market a tourism destination as a coherent product, multiple service providers and stakeholders need to cooperate (Buhalis 2000; Flagestad and Hope 2001; Ritchie and Crouch 2003; Bieger 2006). Unless the destination is owned or operated by one company, like a theme park destination for example, a network of actors at the destination produces the tourism product together. In order to be able to better market a destination, it is important to understand the network characteristics of the destination and create a model based on different levels at which networks operate. The New St. Gallen Management Model (NSGMM) provides the basis for the examination of network management at the normative, strategic and operative levels (Rüegg-Stürm 2004; Rüegg-Stürm 2005).

Existing models do not accurately account for the non-linearity of tourism services on the supply side. In terms of ‘staging’ the tourism experience (MacCannell 1973) in networked destinations, it would be more appropriate to think of a destination as an ‘improvisation theatre ensemble’ rather than a scripted production (Von Friedrichs Grängsjö and Gummesson 2006). The normative and strategic levels of destination management are responsible for providing the guiding frameworks in which the operative improvisation can occur to co-create value with tourists. A process model, bringing together the examination of the three management levels and the networks operating in the destination, is suggested as a method for supporting the decisions actors are required to make within the co-creation process. The model, developed from literature, will be examined in the context of three successful destinations, resulting in an improved model for future quantitative testing.

1.4 Methodology

The thesis is based on the assumptions of the critical realist paradigm, in that there is thought to be one 'reality' out there, but that, as opposed to positivism, is only probabilistically measurable (Perry 1998; Perry, Riege et al. 1998; Easton 2005). Case study research into networks is thus appropriate, as it allows inquiry into a phenomenon within its real-life context when the boundaries between the phenomenon and context are not always clearly evident (Yin 1994). This is particularly true in the case of networked structures, which are in themselves hard to delimit (Jarillo 1995). Hence, they cannot be taken out of their context and in fact it is not advisable to try to study them without taking into account their context, the inherent complexity of the phenomenon under investigation and the 'persona' or personalities of the people involved, including both respondents and the researcher himself (Gummesson 2006). This form of research, with a focus on context and how a phenomenon is embedded in it, can be described as "...catching reality in flight..." (Pettigrew 1990, page 268).

In tourism research, the destination as a whole is the competitive unit, although the individual businesses and other organisations involved are most often legally autonomous. Case-based research is advantageous here, as it can connect the micro level (actions of individuals) to the macro level (social or environmental processes and structures) (Vaughan 1992). Since case studies are said to be particularly useful to demonstrate causal arguments about how general forces produce certain results in a particular setting (Walton 1992), they are an obvious choice for research into tourism destination networks. Therefore, to address the research question and compare different structural effects on the management levels, case studies were chosen as the most appropriate methodology for the thesis. Three cases were chosen as comparative case studies, based on their differences in organisational structure on Bieger's (2006) classification depending on contracts and centralisation (Bieger 2006) as well as Storper and Harrison's (1991). The cases chosen were three ski resort destinations, namely Wanaka in New Zealand, Åre in Sweden and St. Moritz in Switzerland.

Semi-structured interviews were used as the primary method for data collection. Secondary documents were also collected to provide further depth to the analysis. In each destination, interviewees who were believed to have a good understanding of the overall

operation at the destination were chosen. Twenty-seven interviews, lasting about one hour each, were conducted across the destinations. They were all transcribed in the language they were conducted in, which was English, Swedish or German. The transcripts were first coded using NVivo software and then data matrices created to help clarify connections within the data.

The results from the in-case analysis are presented in separate chapters for each case. The chapters present descriptions of the destinations along with data relating to the research issues, which provide insights and background for the cross-case analysis. The data is presented in matrices to condense the findings and quotes are used to give the reader a rich picture of how the interviewees perceive the destination to function. The cross-case analysis provides details pertaining to the differences and similarities between cases. These comparisons are used to analyse the research issues and determine what the differences in interaction between the network types are and how these may be generalised to theory. Data is presented in sections based on the research issues and the findings are discussed in relation to previous literature. The influences of networks on the three destination management levels is presented and discussed.

1.5 Definitions

This section will briefly introduce the working definitions for the key concepts that underpin this thesis.

First of all, when discussing marketing of tourism destinations, the term **tourism** should be defined. Commonalities between tourism definitions show that tourism is seen as the activities of tourists and the industry that provides the related services consumed by tourists (Pike 2004). Tribe (1997) in his discussion of the epistemology of tourism expands the scope to include governments, communities and environmental influences. He contends that tourism is:

“The sum of the phenomena and relationships arising from the interaction in generating and host regions, of tourists, business suppliers, governments, communities, and environments.” (p. 641)

This holistic definition relates to the phenomenon of tourism and introduces the most important stakeholders that partake in it. The definition also acknowledges the interaction that occurs between the various parties in creating tourism experiences. This indicates the service nature of the tourism experience, as both the service provider and the tourist must be present in order for the experience to take place.

In order to market a **destination**, it is first of all necessary to determine what a destination is and where it fits into the overall tourism system. It is argued here that the destination is the competitive unit in tourism, since it is the destination as a whole that provides tourists with the experience they seek. Therefore, for the purpose of this thesis a destination will be defined as:

*‘A geographical space that the tourist, or a tourist segment, chooses to travel to. A destination provides all necessary facilities required for the tourist’s stay, including accommodation, hospitality, entertainment and activities. It is the actual product and competitive unit in tourism, which must be managed as a strategic business unit’
(based on Bieger 1997).*

This definition assimilates a destination with a business unit, which should be managed. Different types of destinations based on geographical scales, activities performed there, and organisational structure are discussed in Chapter 2.

Networks have been presented as an alternative form of organisational structure between market and hierarchy (Powell, 1990). In examining a **network**, individual firms or people, sometimes referred to as actors, are seen as nodes in the network and the relationships that connect them are described as threads (Hakansson & Ford, 2002). Business networks are defined as "... a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualised as collective actors." (Anderson, Hakansson & Johanson, 1994, Page 2), where connected refers to the extent to which "...exchange in one relation is contingent upon exchange (or non-exchange) in the other relation" (Anderson et al, 1994, Page 2). This implies that actors not only influence one another, but the exchange between actors also has an impact on other relationships in the entire network. More detailed discussions on tourism, destinations, and networks are included in Chapter 2.

1.6 Delimitations of scope and key assumptions

This thesis examines the relationships and interactions between stakeholders in township tourism destinations in three developed countries. Although it is assumed that similar results would be found in other destinations and in other countries, the recommendations coming from this research are based on only those three cases. The study is qualitative and does not aim to make statistical inferences about the occurrence of the phenomena under study. The informants used for this study were all perceived to be experts in their profession and knowledgeable about the destination under study.

1.7 Ethical considerations

The researcher received ethical approval from the Marketing Department, University of Otago, before research was undertaken. The research participants were provided with information sheets regarding the research at the time they were asked to participate. The participants were asked to sign consent forms before the interviews began and were informed that they could cease participation at any time. The forms were translated into German for those respondents that were not comfortable with English. Anonymity of the respondents was ensured throughout the research. The files were stored securely in digital format or on cassette tapes.

1.8 Outline of the thesis

This thesis is comprised of eight chapters.

Chapter 1 has laid the foundation for the research project, presenting and justifying the research topic, introducing the research question and propositions, and discussing the methodology used.

Chapter 2 critically reviews the literature relevant to destination marketing, systems theory and networks. Both German and English literature is reviewed, providing a comprehensive perspective of the topic area. The final section summarises the most important literature for this project and presents a model of how different destination structures influence the marketing of destinations. The individual propositions underlying the research problem are justified in detail in regards to the literature.

Chapter 3 describes the methodology for the thesis, discussing the philosophical paradigm underlying the research, the research methods chosen, the data collection conducted, as well as the data analysis and presentation of the results.

Chapters 4 to 6 present the in-case analyses of the three destinations. Each destination is presented separately, Wanaka in **Chapter 4**, Åre in **Chapter 5**, and finally St Moritz in **Chapter 6**.

Chapter 7 brings together the insights from all three cases and introduces the findings of the cross-case analysis. These results are discussed in relation to extant literature and the research issues that guide this thesis.

Chapter 8 concludes the thesis, answering the research questions based on the research findings. Recommendations for policy and practice are presented as well as suggestions for future research in this area. Limitations of the study are also addressed.

References and relevant appendices are attached at the end of the thesis.

Chapter 2 - Literature review

2.1 Introduction

An analysis of the tourism system (Leiper 1990; Bieger 2006) and the tourism process (Leiper 1979) forms the basis for this investigation into the interactions that occur within tourism and particularly within destinations. Attractions are at the core of the destination product around which tourism businesses, infrastructure, and services are arranged (Keller 2006). Since competition in tourism occurs primarily between destinations, they must be marketed as a coherent product (Bieger 1997). Various actors provide individual parts of the total tourism experience, which means that it is important for actors to coordinate their offerings in order to market the destination together (Von Friedrichs Grängsjö 2003). Integrative systems management approaches, like the New St. Gallen Management Model (Rüegg-Stürm 2005), provide a way of studying the interaction of different network actors in managing the destination as a whole. Different streams of network theory are discussed as tools for analysing destination networks in more detail. These literature streams provide the basis for the discussion of destination marketing and management's role in destination competitiveness. Potential network arrangements within the systems are proposed based on differences and similarities in the coordination and interaction between actors. From there, the research question and the research issues for the empirical part of this thesis are presented and justified.

2.2 Framing the destination

In order to market destinations, they must be understood and framed within the context of the larger tourism industry. Tourism is not an industry in the conventional sense, as it is not classified based on the products or services it generates, but instead based on the type of customer it serves (Leiper 1979; Leiper 1995; Statistics New Zealand 2003; Bieger 2006). The service nature of the tourism industry, its complexity and heterogeneity, as well as its concern with leisure, have given tourism a not so serious image amongst economists (Hjalager 1999). The one constant in tourism is that it revolves around tourists and their behaviour (Leiper 1995). Tourism cuts across many traditional industry classifications, which makes it hard to define and to measure empirically. Definitions of tourists must be

specific and standardised for statistical purposes, as in the case of national Tourism Satellite Accounts (TSAs) (Statistics New Zealand 2004), so that meaningful comparisons are possible between regions and countries (Leiper 1995). Hence for the purpose of the TSAs, a tourist is “... any person travelling to a place other than their usual environment for less than 12 months and whose main purpose is other than the exercise of an activity remunerated from within the place visited” (Statistics New Zealand 2004, p. 18). Further differentiations can then be made based on whether they are domestic or international visitors and what their primary purpose for the trip is (leisure, private business, government work) (Statistics New Zealand 2004).

Commonalities between tourism definitions show that tourism is seen as the activities of tourists and the organisations that provide the related services (Pike 2004). Tribe (1997) in his discussion of the epistemology of tourism expands the scope of those involved to include governments, communities and environmental influences that provide part of the tourism product, but are not commonly captured in economic measures. Accounting for all these groups and activities requires a holistic view that acknowledges the interaction that occurs between the various parties in creating tourism experiences (Tribe 1997). As a sociological phenomenon, tourism is generally concerned with four specific areas of research: 1) the tourist; 2) the relationships, including conflicts, between tourists and ‘locals’; 3) the overall structure of the tourism system; and 4) the socioeconomic and socio-cultural impacts tourism has (Cohen 1984). The current study is most interested in the interaction between these themes, where the interactions within the tourism system are of primary importance. This is a move away from examining tourism from the tourist perspective to examining the supply side, a subset of the overall tourism system.

2.2.1 The tourism system

Leiper (1979) reviewed several economic, technical and holistic definitions before proposing an open-systems approach to studying tourism. A system is defined as “... a set of elements standing in interrelation among themselves and with the environments” (von Bertalanffy 1972, p. 31). At a macro level, the basic tourism system consists of the tourist, as the human element, and three distinct geographical elements. These are the ‘Tourist Generating Region’ (TGR), the ‘Tourist Destination Region’ (TDR), and the ‘Transit Routes’ (TR) between the two others (Leiper 1979). The TGR is the traveller’s normal place of work or residence, which by definition s/he must leave to become a tourist and

return to after the trip (Leiper 1979). The TR is the space the tourist travels through in order to reach the TDR. The TDR is where most of the tourism businesses and organisations are based and where most of the tourism experience is created (Leiper 1979; 1995; 2000). The physical, cultural, social, economic, political and technological environments in which the system operates are important to consider (Leiper 1979; 1995) as the system influences and is influenced by these. Open systems are differentiated from closed systems in that they interact with their environment and can adapt to their environment (Skyttner 2005). This is a key characteristic of an open system, which refers to its environment as well as itself, as opposed to a closed system referring only to itself (Luhmann 1995; 2004). The relationship between the TGR, TR, and TDR is embedded in the tourism process. Table 2.1 shows the three stages of the tourism process, the activities involved, and where these generally occur.

Phase	Activity description	Location
Pre-trip	Stimulation and recognition of motivation (push or pull factors), planning, organisation	TGR
Trip	Travel to and from the destination, possible interaction and use of services and facilities in transit	TR
	Interaction with attractions (primary and incidental), use of services and facilities in the destination	TDR
Post-trip	Recollections, re-adjustments to normal life	TGR

Table 2.1: The tourism process (Based on Leiper 1979)

The process in Table 2.1 can be far more complex in reality, when multiple destinations, multiple modes of transport, and other variables are introduced (Leiper 1995). Mapping of the path a tourist takes through the whole system is individual-specific, as each tourist may include a variety of different services in their trip (Gnoth 2002). However, the basic three stages are always part of a tourism experience and all the resources that the tourist interacts with during the tourism process can be considered to be part of the ‘tourism industry’. Residents can also use the resources, which means that these are not exclusively part of the tourism industry. This leads to the problems in statistical definition of a ‘tourism product’, which becomes apparent in the calculation of the Tourism Satellite Accounts (TSAs). These measure the economic contribution of tourism to a nation’s GDP. Estimations of tourism’s contribution are made based on standard industry input output

tables, with different tourism products being classified as either ‘tourism characteristic’, ‘tourism related’ or ‘non-tourism related’ products, based on what percentage of the product is thought to be consumed by tourists (Statistics New Zealand 2004). On the supply side, the industries providing the tourism products are also classified as tourism characteristic or related. The list of industries used in the TSAs has been identified as not entirely accurate, since it includes some sub-industries that have little to do with tourism (Ermen and Gnoth 2006).

This means that the question as to what formal industry sectors provide the different parts of the tourism product is yet to be settled. However, the attractions that motivate travel have been identified as the most important resource in tourism, because they make up the substance of the tourism product (Leiper 1979; Gunn 1980). The tourism process as a whole has important implications for destination marketing, as it provides a framework for understanding how tourists travel to and interact with destinations. Overall, Leiper’s whole tourism system is very basic, but provides a good starting point for examining tourism from a systems perspective. What is missing from the basic model is more detail in regard to the dynamic interaction between the individual elements.

More complex and dynamic models of tourism and business systems have been developed in the German speaking literature in tourism (Kaspar 1986; Bieger 2006) as well as business management (Schwaninger 2001; Rüegg-Stürm 2005). Bieger (2006) proposes an alternative tourism system model, based on Kaspar (1986). This model takes a more functional approach to modelling the tourism system, as compared to Leiper’s (1979) model, and breaks tourism down into four distinct, but interacting functional subsystems. Figure 2.1 shows a static representation of the whole tourism system in its environment, where the environmental influences are all shown as interconnected and as acting upon the focal system, tourism. This represents the embeddedness of this core system into the macro environment, consisting of the Social, Technological, Environmental, Economic, and Political (STEEP) forces, that influence the tourism system (Nordin 2005; Bieger 2006). Figure 2.1 represents the highest level of abstraction necessary for this study, however this system is once again a part of a larger system, the ‘global/earth system’ (Farrell and Twining-Ward 2004). This refers to tourism’s integration and interdependence with the ecological world. Specific explanation of the environments’ influence on tourism will be made where appropriate throughout this thesis. Actors within the tourism system as

well as the sub-systems would benefit from a clear understanding of the interfaces with the environments and other sub-systems. Even if they are unaware of these interfaces, actors will be influenced by them and will need to adapt or respond to changes in them in order to survive.

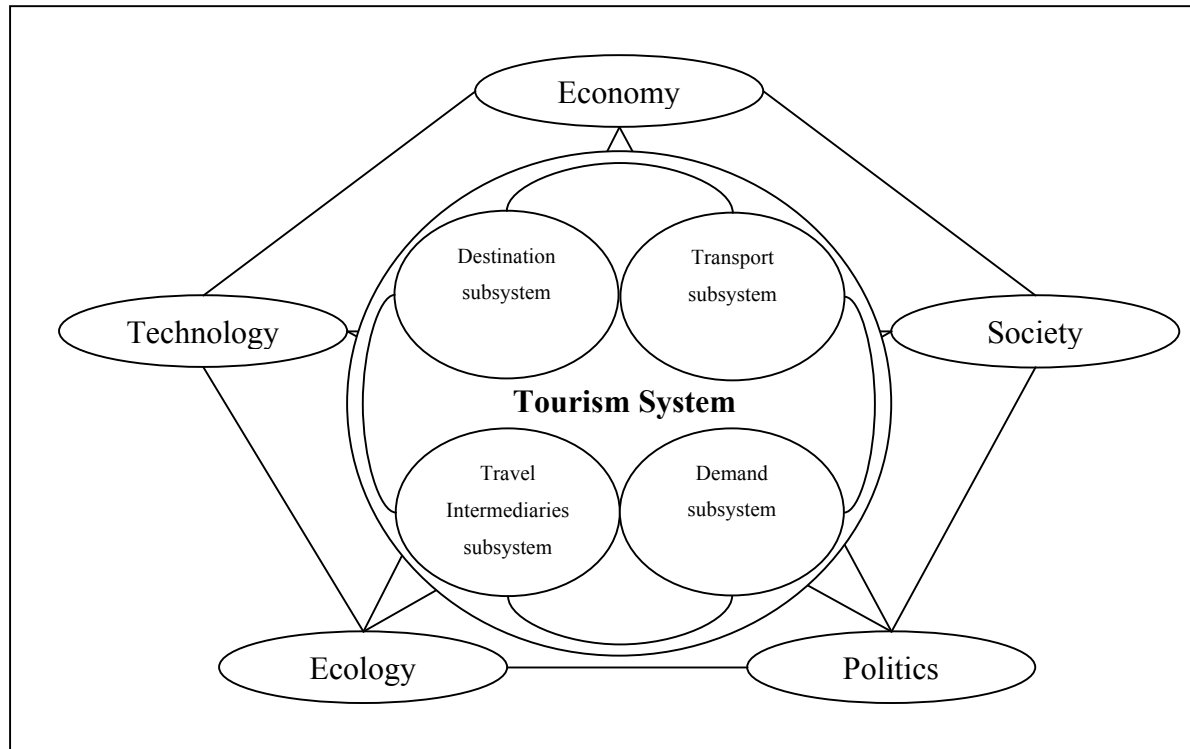


Figure 2.1: The tourism system (static) (Bieger 2006)

Apart from the demand subsystem, the other three subsystems represent the supply side of tourism. This is similar to the approach of Booms and Bitner (1980), who also break the tourism supply system into three operational components; the channelers, the transporters, and the receivers of tourists. This is essentially the tourism value chain and corresponds closely with the three subsystems of intermediaries, transport, and destinations. When examining the subsystems within tourism, they too are composed of interrelated and interacting elements, which in turn can be further broken down into smaller parts. The subsystems are in close relation to one another and each component is vital for the operation of the whole (Bieger 2006). From this it can be assumed that improvements of the function of one can improve the system as a whole. The four subsystems will be used as headings under which to describe the tourism system, as it is conceptualised in Figure 2.1. Most attention is given to the destination sub-system, as it presents the object of study for this thesis.

2.2.2 The demand subsystem

This corresponds closely to the tourism generating region in Leiper's tourism system (Page 2003). The 'location' of this region depends on the observer, since what is a generating region for some, like Europe for example, is a destination for others. The demand system explains how demand is generated through the interplay between motivations to travel and influencers on the potential tourist (Bieger 2006). Tourists are motivated by a combination of push and pull factors. The push factors are generally a desire to escape from everyday life and the pull factors are the attraction points at certain destinations that motivate travel to them (Gnoth 1997; Keller 2006; Nicolau and Mas 2006). These attraction points may be cultural attractions, natural attractions or man-made attractions, such as theme parks (Bieger 2006). They make up the raw materials of tourism, around which investments into the supply of tourism services are made and destinations built (Keller 2006). They are discussed further in the destination subsystem, where they are located. From a destination marketing perspective, this system is the 'market', where marketing techniques are applied to entice people to visit a certain destination (Jafari 1987).

2.2.3 The transport subsystem

This system is primarily responsible for transporting tourists from their usual place of residence to their destination and transporting them during their stay within the destination (Prideaux 2000; Bieger 2006). This involves the coordination of many interconnected transport networks, including air, rail, and road networks. What is interesting about the logistics of tourism is that instead of the product being moved from the place of production to the place of consumption, the tourist is imported to the destination to parttake in the co-production of the product (Von Friedrichs Grängsjö 2003). Hence from a systems perspective, the tourist is an input as well as an output of the tourism sub-systems. Each sub-system has the responsibility of meeting or exceeding the tourists' demands, as the entire experience will be judged as a whole (von Friedrichs Grängsjö 2001; Von Friedrichs Grängsjö 2003). The transport is the facilitator of the movement between the tourism generating and tourism receiving area, the destination, in the model described by Page (2003) and Leiper (1979; Prideaux 2000). It is important for destination managers and marketers to be aware of the different modes of transport tourists may use to reach their destination, since delays or inefficiencies in the transport system may discourage tourists from visiting (Prideaux 2000).

2.2.4 The travel intermediaries subsystem

This system links demand, the transport operations, and destinations that will satisfy these demands (Bieger 2006). It is separate from the transport system, because it involves more than the movement of physical objects and people, playing more of a facilitation role. Specifically, this system provides five essential services:

Integration: Integrating various tourism services (hotels, attractions, etc.) into customisable (if required) service packages for the customer. There is a trend from mass markets to individual solutions.

Assortment: Offering a wide variety of tourism services from which the customer can make the final decision. Intermediaries match heterogeneous consumers with heterogeneous providers. The Internet offers a nearly complete assortment and has increased competition.

Information: Provision of relevant and accurate information about tourism services to the customer. Since the tourism product is very abstract and hard to evaluate until after consumption has occurred, first time travellers often rely on professional sources for their information (Baloglu and Mangaloglu 2001).

Distribution: Managing bookings (by informing the supplier) and presenting respective tickets to the customer. There is a strong trend away from paper based systems to online or virtual systems, which reduces distribution costs.

Payment: Clearing payments between the customer and the final provider of the tourism service. Use of online payment mechanisms as well as credit cards allow for easy movement of funds (Bieger 2006).

In the last fifteen years, the rise of the Internet as well as improved information technology in general has had a large impact on tourist behaviour as well as the tourism system as a whole. This can be seen particularly in the development of new intermediaries within the tourism industry, or the travel intermediaries system, that facilitate the exchange of information between the heterogeneous suppliers of tourism services and their customers, instantly and globally (Wynne, Berthon et al. 2001). Examples of these are booking agents such as Expedia.com, Travelocity.com, and Orbitz.com. In addition the vast amount of information available to tourists for planning their trip, during their trip, and for sharing their experiences after their trip is cluttering the space of traditional marketing messages in

tourism. User-generated content (Web 2.0) on sites like Tripadvisor.com is becoming more important in the decision making process (O'Connor 2008). These trends towards more information and more interaction between tourists (whether potential or past clients) pose new challenges for marketers of tourism products. The new technologies provide market access and marketing that especially small tourism businesses would not otherwise have (Buhalis 1998), but at the same time give consumers more choice and more information on which to base a decision. Destination marketers must be aware of all the new and old marketing channels, as these constitute interfaces between them and their customers.

2.2.5 The destination subsystem

It is at the destination that the tourist interacts with the local resources to co-create a tourism experience. The destination is the place where most of the tourism activities occur within the tourism system and it forms the competitive unit in tourism (Leiper 1995; Pavlovich 2003; Ritchie and Crouch 2003; Von Friedrichs Grängsjö 2003; Nordin and Svensson 2005; Bieger 2006; Keller 2006). Destinations, at varying geographical scales, from a continent, right down to the individual towns that provide a full tourism service, are the competitive unit in the modern tourism industry. This means that continents compete with continents, countries with countries, regions with regions, towns with towns, and resorts with resorts. From a tourist's point of view, as the distance from the tourist's home to the destination increases, the definition of a destination changes (Bieger 1997). The greater the distance, the larger the destination perceived tends to be (see Figure 2.2). A New Zealand resident may define Queenstown as their destination, where a European travelling to New Zealand would most likely define New Zealand or even Oceania as their destination. The definition can also depend on the particular need or motivation the tourist has to travel. In the case of a pilgrimage, a certain place or site will be the destination for the trip, no matter from how far away the pilgrim must travel. This difference in the perception of what a destination is creates challenges for destination marketers, since they need to adapt their communications to different market segments.

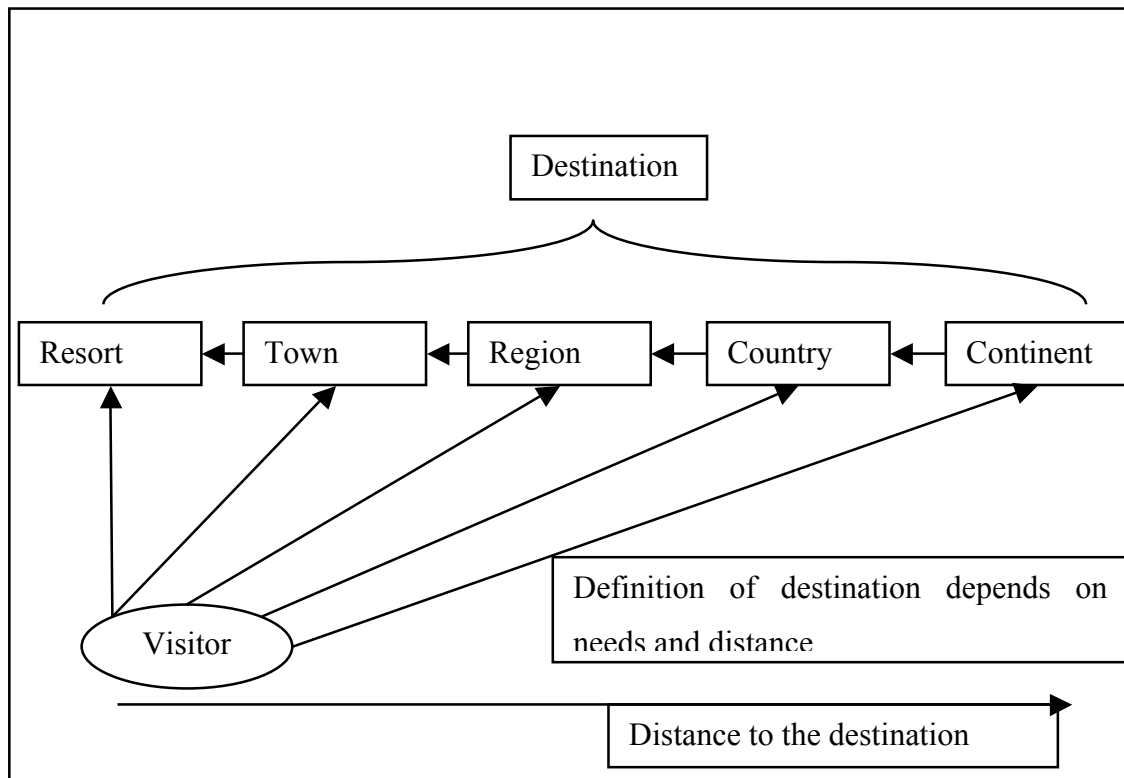


Figure 2.2: The different definitions of destinations from the visitor experience, dependent on need and/or travel distance (based on Bieger 1997).

National, regional, and resort level marketing organisations are usually responsible for marketing destinations of corresponding geographical sizes (Pike 2004). Tourism is often only one industry of many in medium to large cities. This dilutes the influence tourism operators have on the branding of the city, since other industries may take the lead to attract skilled employees or capital, rather than tourists (Trueman, Klemm et al. 2004; Kavaratzis and Ashworth 2005). In fact different foci for marketing are suggested for destinations at different geographical scales (Caldwell and Freire 2004). Townships are the smallest scale at which a full experience can be provided, even though their linkages and embeddedness within larger systemic structures need to be acknowledged. Therefore the development of tourism destinations in peripheral locations is of particular interest, as these destinations are generally reliant on tourism as their main form of income. This makes the development of tourism in these areas more concentrated and important. Tourism can have major social impacts on these small communities, both positive and negative, which is why tourism needs to be managed responsibly. It also presents challenges, as the population often lacks education, formal training and financial resources to make the most of the entrepreneurial opportunities that tourism presents. The lack of

adequate management and organisational structures can further complicate development (Wanhill 1997). The next section integrates the concepts of the tourism system and process.

2.2.6 Integration of the tourism system and process

When analysing the system and the tourism process, it is of interest to analyse which systems are active during which stages in the process. From the description in the literature it can be summarised as shown in Table 2.2.

	Pre-trip	Trip	Post-trip	Summary
Demand sub-system	Push and pull factors entice the tourist to search for options to escape their everyday environment. Planning takes into account information from intermediaries, transport operators as well as destinations. Past experiences and customer networks also factor into the decision to travel.	A constant comparison of actual value created with expectations influences the overall experience. Contact with other travellers during the trip may create demand for further trips or experiences.	The tourist evaluates the trip and stores the impressions gained which will be used to decide on future trips. Information exchange with peers or contacts within the customer network will influence the planning for others.	The demand system is active in all phases of the tourism process, since new information or experiences extend the tourists horizon and create demand for further trips or eliminate options for future trips.
Intermediaries sub-system	Information provision, booking services, trip planning	In the case of guided tours, the intermediary influences the trip and bundles the experiences the tourist will have. In the case of independent tourists, intermediaries may be used in transit or destination regions to perform bookings or provide information for onward travel.	Through follow-ups with intermediaries and possible feedback surveys the transport operators can improve their service and bind customers to them for future trips. Customers will often voice their complaints about a past trip after they return home.	If used, travel agents are involved throughout the whole process. Otherwise, tourists may use online booking agents or tour operators to arrange/book smaller parts of their trip.

Transport sub-system	Information provision only	The transport operators provide mobility towards, within and away from the destination of choice and are an integral part of the trip.	Through follow-ups with customers and possible feedback surveys the transport operators can improve their service and bind customers to them for future trips.	Transport is most important during the trip stage of the process, but tourists will seek information regarding possible modes of transport before the trip and evaluate the service for future use after their trip.
Destination sub-system	The destination will provide information to potential tourists to assist in planning their trip. The destination will also provide booking assistance for local services, accommodation, etc. where required.	This is where the primary service provision for the destination occurs. The value for both the tourist and the destination is co-created during the trip. Alliances or arrangements with transport operators or intermediaries may allow the destination to influence the travel to and from the destination also.	Through follow-ups with customers and possible feedback surveys the individual operators in the destination can improve their service and bind customers to them for future trips. This sort of analysis will allow the configuration of better service bundles for future tourists.	The destination plays a role in all stages of the destination process, but the main service provision occurs during the trip and the tourists' stay in the destination region. An awareness of the pre- and post-trip process would help destination managers in their goal to provide better service potentials.

Table 2.2: Integration of the tourism system and tourism process models

As can be seen in Table 2.2, the subsystems are all in constant communication, as individual tourists interact with them before, during and after their trip. Awareness of these interactions is important for destination marketers, since they need to position their destination so that it becomes an attractive place to travel to within the tourism system. Positioning is an important concept in marketing and refers to a brand's place in the consumer's mind in relation to its competitors and is the primary source of competitive advantage (Ries and Trout, 1986). The next section now discusses the topic of destination competitiveness, where competitive advantage is a key concept.

2.3 Destination competitiveness

Destinations at various scales are where most of the activities in tourism take place. For the purpose of this thesis, a destination will be defined as:

“A physical space ... (that) includes tourism products such as support services and attractions, and tourism resources within one day's return travel time. It has physical and administrative boundaries defining its management, and images and perceptions defining its market competitiveness. Local destinations incorporate various stakeholders often including a host community, and can nest and network to form larger destinations” (UNWTO 2004, p. 8)

As this definition proposes, a destination provides all necessary facilities required for the tourist's stay, including accommodation, hospitality, entertainment and activities. It can be delimited from its environment as the actual product and competitive unit in tourism, which must be managed as a strategic business unit (Bieger 1997). Destinations can be seen from a managerial perspective as a strategic business unit, because just like a single firm, the destination needs to leverage its resources in order to create values for their customers in the markets that they are targeting (Tinsley and Lynch 2001; Pavlovich 2003). In order to do that the destination ought to engage in strategic activities, like marketing, as any business unit.

At a resort level the destination is a complex system, made up of interrelated components, comprising a network of businesses, organisations, and infrastructure that together provide the tourism experience (Bieger 2006). Stakeholder groups and communities must be considered in destination planning at all geographic scales (Pike 2004). As a complex system, a destination is similar to a business unit or corporation in the sense that it should

have goals, produce an experience and be reliant on individual elements to work together in order to achieve those goals. To examine the organisation of tourism destinations, it is first of all important to define what is meant by an organisation. An organisation is a system which is primarily orientated towards fulfilling a specific goal, which is what differentiates it from other social systems (Parsons 1960). “An organization is a system which, as the attainment of its goals, ‘produces’ an identifiable something which can be utilized in some way by another system; that is, the output of the organization is, for some other system, an input” (Parsons 1960, p. 17).

However, the setting and achieving of goals may be complicated by the fragmented nature of the leadership structures of most tourism destinations as well as the variety of actors involved in providing the tourism experience. A comparison of destinations and corporations based on leadership and success indicators is provided in Table 2.3.

Criteria	Destination	Corporation
Leadership		
Cohesion secured through	Satisfaction of actors’ individual interests	Executive management/authority to issue directives/ satisfaction of actors’ individual interests
Institutions/divisions	Voting public	General assembly
	Political bodies	Board of Directors
	Tourism organisations	Executive Management
	Companies	Divisions
Success indicators		
Mid-term goal	Competitiveness	Competitiveness
Quantifiers	Destination value creation	Corporate value creation

Table 2.3: Comparing destinations with corporations (Translated from Bieger 1997, p. 80)

As Table 2.3 shows, the goal of both destinations and corporations is competitiveness and value creation. However, the leadership of destinations is not as clearly formulated as it is in a corporation. According to Ritchie and Crouch (2003), tourism competitiveness must

take into account economic, social, cultural, political, technological and ecological¹ strengths. Hence, destination competitiveness is defined as “... its (*the destination's*) ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations” (Ritchie and Crouch 2003, p. 2). Hence, the sustainable creation of value without exploitation of local environmental and/or social resources is vital to destination competitiveness.

The whole destination provides the tourism experience and the individual players are interdependent in providing the tourist with a well-rounded experience. Therefore the whole destination is a competitive unit and can be seen as a ‘virtual service firm’ (Bieger 2006). In order to stay competitive the players need to present themselves to the market in a coherent and strategic manner (Camprubi, Guia et al. 2008). The difficulty here is that most destinations do not have their services integrated sufficiently and are unable to control the service delivery. Coordination of the various service providers is challenging, since the ‘staging’ of the tourism experience (MacCannell 1973) in networked destinations involves many legally autonomous, yet strategically interdependent actors. Therefore, it is more appropriate to think of a destination as an ‘improvisation theatre ensemble’ rather than a scripted production (Weick 2001; Von Friedrichs Grängsjö and Gummesson 2006). Taking this metaphor further, it is important for actors to have a common understanding of where they are going, but they do not need to be bound to a fixed structure or script (Weick 2001). This requires different means of coordination than in a corporation, where all activities are embedded in a hierarchical structure with top-down, coercive power.

Historically, governments have assisted and regulated the private sector in tourism development, since the complexity of tourism products makes it unlikely that private markets will provide for all elements of tourism policy. This includes providing a good balance and range of facilities to meet visitor needs, benefit host communities and also be compatible with the ambitions of the host community (Wanhill 1995). Incentives can

¹ ‘Ecological’ has been substituted for ‘environmental’, since the latter is used in a more holistic manner throughout the thesis. Ecological refers to the interaction between humans and the natural environment.

correct for market failure to provide certain aspects of the tourism experiences and foster public-private partnerships in tourism. In a move towards more market led economies, government intervention has been questioned and budgetary pressures have made governments withdraw funds from projects. More justification is now needed for government spending, even in tourism (Wanhill 1995).

A range of studies have focused on the relationship between public and private sector entities in tourism development (Palmer 1996; Nordin and Svensson 2005). The basic understanding gained is that public bodies, local government, councils, etc. largely specify the framework within which the tourism experience is provided. Private tourism firms provide the services involved in the tourism experience, while drawing more or less heavily on infrastructure and other publicly provided tourism services. The importance of effective governance for tourism destinations is thought to be vital for innovation in destinations. The destination as a whole is seen as responsible for innovation, since individual businesses generally do not innovate in isolation (Nordin and Svensson, 2005).

The coexistence of small and large players, with foci on mass and niche markets, as well as evidence of monopolistic and oligopolistic competition, make tourism a very complex and varied industry (Papatheodorou 2004). Since small, individual players can often not achieve economies of scale and scope, external economic relationships or partnerships are advantageous. Through agglomeration and co-location of multiple tourism enterprises in a resort location, large infrastructure projects become possible and the attractiveness of the resort to tourists and residents alike is enhanced (Papatheodorou 2004). These economies of scale and scope essentially become network effects since only networks of operators can achieve them (Bieger and Rüegg-Stürm 2002). This benefit of networking also brings with it the problem of coordination, which needs to be solved to take true advantage of these network effects.

Halme and Zadeeva (2001) argue that networking in tourism is similar to other strategic planning processes in that the goals for sustainable development need to be defined and agreed upon by the actors involved. This includes stakeholders from all parts of the local community. The reason for this is that the actions that are required to achieve these goals tend to be community based. Although some improvements may only require some member enterprises to make changes, the community as a whole is required to play their

part and support the initiatives. The outcomes of these actions can be evaluated against the goals and against whether they have made improvements that have added value to the persons, firms, the region or society as a whole. All of this occurs within the context of the place. Contextual influences could be the country, the history of the place, the political framework and more. Their influence is mediated by the local actors' perception and uptake of these influences. The context also mediates the success factors for the goals and can act as a barrier to the necessary actions.

Networks that focus on sustainable development can drive change within the destination. They can focus on environmental, social, cultural and economic goals, which relate to the environmental variables of the tourism system. In order for a destination to be sustainable a focus on all of these is necessary (Halme and Fadeeva 2001). Actors in these networks may represent a number of stakeholder groups, including but not limited to tourism businesses, authorities, NGOs, associations or interest groups, or academia. The networks studied by Halme and Zadeeva (2001) were purposefully established to serve a certain purpose and with clear membership, which means they are coordinated operational systems, rather than just serving the same market by accident (New and Mitropoulos 1995). However, all of them also had beneficial side effects that created value over and beyond what was planned in the goals for the network. The community approach to planning poses the challenge of balancing commercial activity with a sustained community feel at the destination level.

At a more managerial level, Selin and Chavez (1995) introduced an evolutionary model of tourism partnerships, which was based on the following assumptions: 1) tourism organisations operate in a turbulent environment but they are able to influence their environment through strategic planning; 2) a 'domain level' focus, which means that managers take into account the surrounding network of actors that are joined by a common problem or purpose; and 3) that a process-orientated approach can be applied. Their model therefore focuses on partnerships as an open dynamic system, that constantly changes due to changes in the external and internal environment (Selin and Chavez 1995). The research underlying this model focused on tourism partnerships, not on whole destinations. However, the model still provides an interesting framework for the process of destination development. At every step in the ongoing development process, the outcome of an activity, partnership or project, adds to or takes away from the antecedents for the

following activities. A more cyclical model may show this more clearly than the original figure (see Figure 2.3). All these examples of destination management raise the question of how best to coordinate networks or systems.

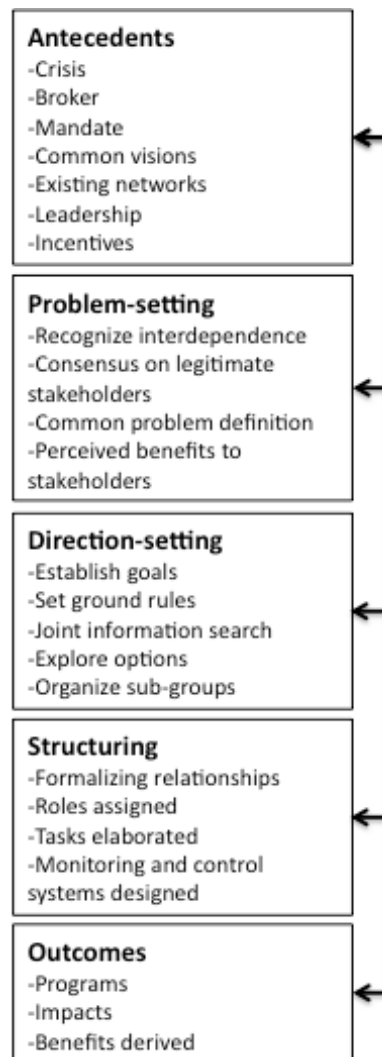


Figure 2.3: Cyclical tourism development model (based on Selin and Chavez 1995)

In general terms, coordination towards goals requires three types of decision to be made: policy decisions, which determine how the organisation will aim to attain its goals; allocative decisions, concerned with the entire organisation's commitment to its utilisation of resources; and integration decisions, that basically facilitate the cooperation of members and cooperation with external systems (Parsons 1960). All decision levels are essential for the coordination of actors within a network or system and the more strategically decisions are made, the more likely an organisation is to achieve its goals. "A fundamental contrast between strategic and operational decisions is that the latter are based on transaction cost calculations, while strategic choices are determined by the perceived benefits from future

activities” (Todeva and Knoke 2005, p. 129). This implies a longer planning horizon and a focus on long-term benefits. As soon as actors invest in cooperative relations, where they share both the risks and benefits of the collective activity, transaction costs no longer suffice in explaining their behaviour. Relational costs involved in maintaining the relationship as well as potential negative consequences from defection of a partner ought to be considered (Todeva and Knoke 2005). There are different ways in which destinations can manage the challenge of coordination across different actors.

2.4 Managing in complex systems

To examine the process of coordination, it is important to first discuss the management of complex systems as a whole. Complex systems are characterised by the factors shown in Table 2.4, which also gives examples of how these factors apply to organisations and destinations. The examples show that both organisations and destinations display the factors and can therefore be classified as systems. The elements are interdependent and their interactions are probabilistic in nature. The interactions produce emergent properties within the complex system. This means that a particular outcome cannot necessarily be traced back to the characteristics of individual elements, but instead is created by patterns of interaction over time (Rüegg-Stürm 2005).

Descriptions and interpretations of systems are always selective, since they are dependent on the view point of the observer as well as the context (Rüegg-Stürm 2005). Complex systems often behave unexpectedly and the direct cause and effect relationships can be difficult to understand (Skyttner 2005). This is also referred to as emergent behaviour, which does not allow for deterministic prediction (Cilliers 2000). However, this unpredictability does not imply that systems are chaotic or completely unpredictable. Although all systems tend towards entropy, or disorder, regulating forces can detect deviations and correct the trajectory towards a “stable state of dynamic equilibrium” (Skyttner 2005, p. 54). The way the system is regulated is through intrinsic and extrinsic feedback loops (see Figure 2.4), which control the amount and level of inputs used to sustain the system. There are usually many direct and indirect feedback loops at work in a system (Cilliers 2000).

System factors	Organisations	Destinations
Composed of many elements	Composed of many people, machines, infrastructure	Composed of many people, companies, infrastructure, attractions
Many interactions between the elements	People, machines and infrastructure interact often and in many ways to create value	Companies, the local community and the environment interact in many ways
Elements do not have predetermined attributes	Different people could be employed to perform the same tasks	Different companies can provide the individual services in a destination
Interaction between elements is loosely organised	There is no prescribed way of interacting in organisations although the individuals adopt common norms	Operators in a destination are loosely arranged to serve tourists, but there are no prescribed procedures
Elements are probabilistic in their behaviour	The actions of individual people at work cannot be predicted with certainty	The response of an individual operator to market conditions cannot be predicted with certainty
The system evolves over time	Organisations are in a constant state of change and grow or shrink over time	Destinations expand or grow in relation to their lifecycle
Subsystems are purposeful and set their own goals	Each person in the organisation has a purpose there and sets goals	Each tourism operator sets their own goals, yet is part of the whole
The system is influenced by behaviour	Every action taken by an individual influences the organisation	The behaviour of individual operators influences the destination as a whole
The system is open to its environment	An organisation imports resources and energy from the environment to produce outputs	The destination imports various resources as well as tourists to co-create a tourism experience

Table 2.4: Factors of complex systems, with examples (Author's own representation, based on Skyttner 2005, p. 106)

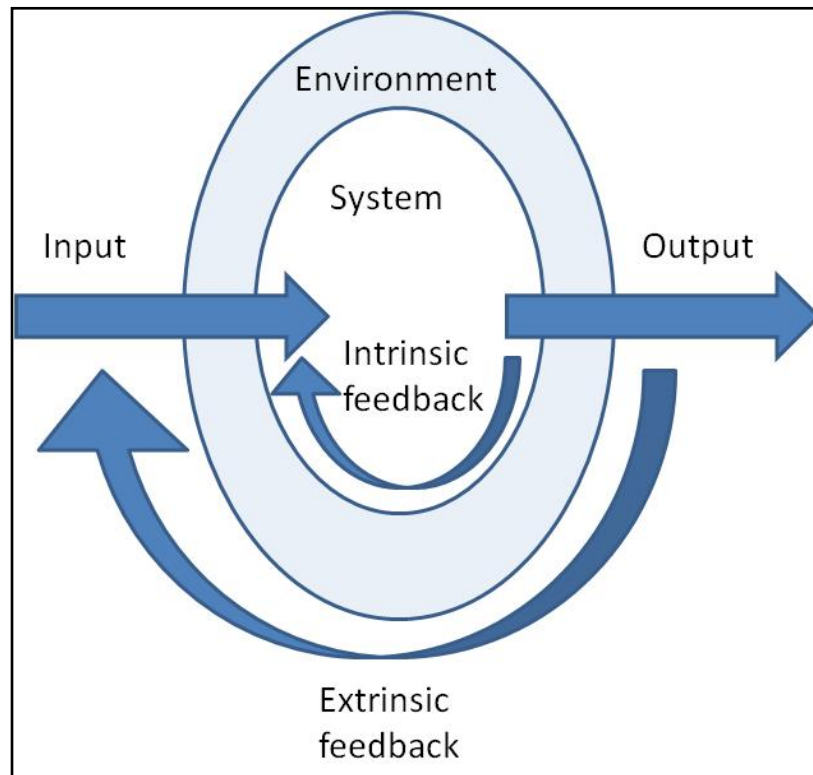


Figure 2.4: Intrinsic and extrinsic feedback in complex systems (Based on Skyttner 2005)

Figure 2.4 shows that extrinsic feedback refers to external responses to the output of the system, which impact the future inputs. In a business example, this may be the market response to a new product, providing feedback in terms of both revenue and customer satisfaction. These new inputs can then be used to improve the product in future cycles, which if done successfully will sustain the system. Intrinsic feedback relates to internal control of the system's outputs. An example of this is the management's influence on the processes within the system and its response to environmental stimuli. The outputs of the systems may therefore be modified before they are 'released' across the system boundary into the environment. This 'control' in and of a system's processes is not deterministic, but instead an ongoing process of observation, feedback and influence (Schwaninger 2009). That way systems can adapt their internal structure without influence from an external agent (Cilliers 2000). In the case of self referential systems, those that include intrinsic feedback mechanisms, "Effective (self-) control implies a dynamic equilibrium at a satisfactory level of performance, between an organization (or an organizational unit) – e.g., a corporation, a company (or a division) – and the milieu in which it operates" (Schwaninger 2009, p. 48). So how can this control be applied to companies and destinations?

2.4.1 The St. Gallen Management Model

Scholars at the University of St. Gallen in Switzerland have been working towards an integrated management model since the mid-1960s, focusing on transdisciplinary approaches to devise a model for general management (Schwaninger 2001). The first St. Gallen Management Model was published in 1972 by Ulrich and Krieg and was “...conceived as a framework for the description and the structuring of managerial issues.” (Schwaninger 2001, p. 1211). Further developments and improvements to the model based on systems theory led to the latest version, the New St. Gallen Management Model (NSGMM), shown in Figure 2.5. It is widely accepted in German speaking countries as a model for both management education and research (Schwaninger 2001; Rüeegg-Stürm 2005). It takes a complex systems approach to business management and provides a ‘map’ to the elements of a business system and the relationships between them. The basic elements of the model are explained below and their relevance to destinations discussed.

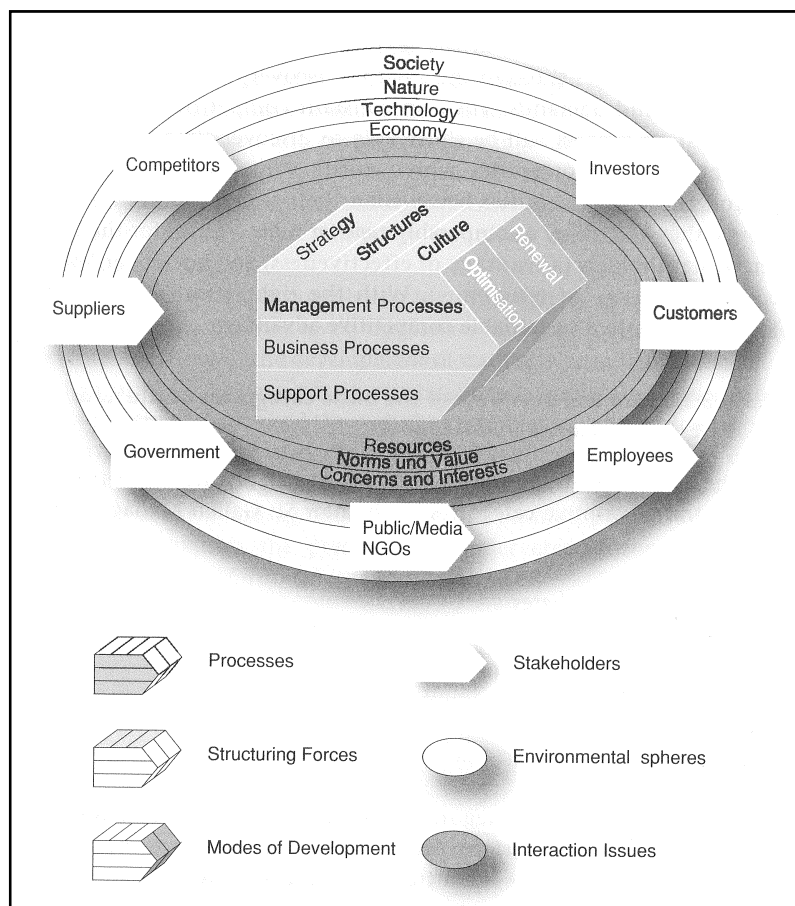


Figure 2.5: The New St. Gallen Management Model (Rüeegg-Stürm 2005, p. 12)

2.4.1.1 Environmental spheres

These spheres represent the environment that the organisation, as an open system, operates in and interacts with. These are categorised as society, nature, technology and the economy. Society, which includes political forces, is seen as the most important sphere, because it frames the organisation's interpretation of the other three spheres. The spheres are not separate from each other and only provide basic categories to order issues affecting the organisation (Rüegg-Stürm 2005). Management can use these as guidelines to group the forces and interact with them appropriately.

2.4.1.2 Stakeholders

In order to achieve its economic, social and ecological objectives, an organisation must interact with various stakeholders. In the NSGMM, the stakeholders that provide inputs and frame the operating environment of the organisation are shown on the left side of the model. On the right are the stakeholders that are involved in or affected by the value creation of the organisation (Rüegg-Stürm 2005). The increasingly competitive environment that exists today creates the need for more stakeholder-orientated management, since management of stakeholder relationships has a bearing on the overall performance of an organisation. Customers, for example, are better informed than before through advances in online media and they are more easily able to switch suppliers in favour of competitors, if their interests/expectations are not being met (Jansson 2005).

There are many ways of identifying the relevant stakeholders for an organisation, which are differentiated based on the ethics underlying the choices. One approach is to only consider as stakeholders those who have direct influence on the operation and viability of the organisation (Freeman 1984). These are also referred to as active stakeholders, for example employees, customers and shareholders (Campbell 1997) and the role of management is to secure their continued support for the organisation. Another more ethically inclusive approach is presented by Ulrich (2001) wherein everyone that is positively or negatively impacted by the operation of an organisation is seen as a stakeholder. An organisation applying this approach must consider its decisions in regards to the interests of all stakeholders, not just those that can actively influence its performance. This gives passive stakeholders (Campbell 1997) a voice and gives the organisation the role of a "...respectful, impartial, responsible world citizen" (Rüegg-Stürm 2005, p. 20).

Whichever approach for classification is chosen, the core consideration in regard to stakeholder management is the matching of stakeholder interests with those of managers and the organisation they represent. These can be matched through laws or other legal instruments as well as control and/or incentives (Jansson 2005). The interaction between stakeholder groups is particularly important in the management of destinations, since in a small geographic locale, people are more likely to be part of multiple groups and directly impacted by tourism. For example, someone may be a business person and local community member, a manager and school parent. Additionally more stakeholder groups are likely to be involved in the active management of community destinations, which will be discussed in a later section. An important definition in this context is that of stakeholder collaboration, which can be defined as "...a process of joint decision making among autonomous, key stakeholders of an interorganisational, community tourism domain to resolve planning problems of the domain and/or to manage issues related to the planning and development of the domain." (Jamal and Getz 1995, p. 188) This also implies that stakeholder management ought to be focused around joint decisions regarding the domain, or system, of which they are part. Interaction issues dictate how these decisions are made.

2.4.1.3 Interaction issues

When making decisions, an organisation must consider and evaluate the concerns and interests of their stakeholders. The decisions should be based on a normative frame of reference, which is ethically bounded within the prevailing norms and values in the organisation's environment (Rüegg-Stürm 2005). The norms and values also influence the interaction with stakeholders regarding the organisation's procurement and utilisation of resources for value creation. The normative, strategic and operational management decisions must be legitimised with the stakeholders to avoid disputes or conflict from stakeholders. These three broad categories of interaction issues are likely to be equally, if not more, important in tourism destinations. However the challenge will be aligning the normative, strategic and operational management of the various actors to provide a coherent destination response on these issues.

2.4.1.4 Structuring forces

The model presents three criteria that must be fulfilled for any system to remain viable in the long-term. First, the organisation must have a sense of direction, which ensures that the right value producing activities are performed at the right time. This is generally achieved through a strategy, be it in form of a written plan or the thoughts in the head of the

proprietor. Secondly, the activities need to be ordered so that the activities are performed consistently and correctly. This requires coordination, which is provided by a business structure put in place to support the achievement of the strategy. The third requirement that holds the organisation together is a vision or shared sense of purpose, which is reflected in an organisation's culture (Rüegg-Stürm 2005). These three structuring forces are in constant interplay with one another and are never static.

Strategies can be developed from the outside in, based on opportunities in the market, or from the inside out, based on the available resources and core competencies within the organisation (Rüegg-Stürm 2005). A combined approach is most promising as the firm needs to be aware of both the market environment and the resources it has available to fulfil those market needs. Any strategy should cover five issues (Rüegg-Stürm 2005): 1) Who the stakeholders of the organisation are, what expectations they have of the organisation, and how best to communicate with them; 2) what products are to be offered and what benefits these provide to the target markets; 3) what part of the value creation process the organisation will perform and what is to be outsourced through market or relational mechanisms; 4) in what areas, with whom and how the organisation will cooperate; and 5) what core competencies does the organisation already have or need to establish in order to create a long-term competitive advantage in the market (Prahalad and Hamel 1990).

In terms of structure there are two forces at play: the trend towards ever greater specialisation and differentiation of tasks through the efficient division of labour, as well as the need to then integrate the intermediate outputs into a coherent product (Rüegg-Stürm 2005). In regard to tourism destinations, individual operators specialise on different partial services that are then, in co-creation with the customer, combined into a full destination product. The success of this overall product is then dependent on the service quality of the individual operators as well as the coordination and integration between operators. From an organisational structure perspective, the destination is then a divisional or product-related organisation, since each operator tends to only provide the particular product they specialise in. The process structure in a destination is harder to define, since it is not linear and is determined by the preferences of the individual tourist (Gnoth 2002). Structural regulations could be implemented to provide some coherence and guidelines for interactions between actors. Ongoing 'processes of structuration' lead to developed

structures, which in turn provide the basis for further structuration (Giddens 1984). It is the continuous interplay of these elements, through interaction and communication, that shapes the self-organising system (Rüegg-Stürm 2005).

Culture provides a common purpose within an organisation and can be described as a common understanding of the context and the rules by which the organisation operates. Cultures are very context dependent and can vary between different departments and over time. They are subject to a constant reinterpretation by the people involved regarding the meaning and purpose of events within an organisation. Communication and interaction is important here, because the individual participants collectively discover the social ‘reality’ in which they operate. Through this interaction common descriptions, and explanations of identity, success, and appropriate service quality, for example, can be generated by the participants (Rüegg-Stürm 2005). These ‘local theories’ the participants have of their context in turn shape the local context, its structure and the routines performed. “There is thus a circular logic to the development of local theories, to processes of structuration and to the emergence of materialised structures and everyday routines...they are self-organising...” (Rüegg-Stürm 2005, p. 46). Structures are only the tip of the organisational iceberg, with the structuring force of culture influencing the organisation from ‘below the surface’. Culture is important in destinations, but as this section suggests, difficult to measure or grasp, except maybe through its influence on the other two forces of strategy and structure.

2.4.1.5 Processes

A process is a sequence of tasks that are accomplished in succession to achieve a desired output. Each intermediate output of one task becomes the input for the next task, each adding value to the whole. In the case of a service process, the customer will be included in the process at certain stages as he/she co-creates the service (Vargo and Lusch 2004). At various levels, every organisation can be seen as a system of processes. Porter’s (1985) description of the value chain showed the sequence of the primary activities that deliver customer value as well as the support activities that are required to facilitate the primary activities. This differentiation between primary and support activities has also been discussed in regards to destinations (Bieger 2000). For the purpose of the NSGMM, Rüegg-Stürm (2005) differentiates between three different levels of value-adding

processes: Business Processes, Support Processes, and Management Processes. These will be discussed in regard to how these may apply in a destination.

Business processes are equivalent to the primary activities in Porter's (1985) value chain model that provide direct benefits to customers. There are three business processes, according to the NSGMM: 1) Customer processes are concerned with activities encouraging the customer to buy, including customer acquisition and retention, as well as brand management; 2) Supply chain management processes, which ensure the timely delivery of the right quality product or service to the customer; and 3) Innovation processes, which facilitate systematic product development. In a tourism destination, most of these processes will be performed both by individual operators as well as by networks of operators together. In order to provide the best tourism experience, a coherent destination product must be presented, requiring coordination between actors (Camprubi, Guia et al. 2008). Especially in regard to branding and customer acquisition, small operators pool their resources, often by means of a Local Tourism Organisation (LTO) (Pike 2004). On a meta-level, destination management processes influence business processes. How this can best be achieved will be discussed in a later section on management processes.

Support processes provide infrastructure and internal services to facilitate efficient and effective business processes. These can be classified into the areas of personnel work, educational work, infrastructure care, information control, communication processes, risk control, and the process of law. Within a company these are managed by the appropriate departments, like Human Resources handling personnel work, for example (Rüegg-Stürm 2005). Within a destination, most of these activities are likely to be undertaken within the individual companies. However, they are all equally important at the destination level, across individual operators. Different actors may take on different tasks and the role distribution may vary between destinations. Networks or a sufficiently large actor can manage the care of common infrastructure and resources, like mountain walks and roads, for example. Pavlovich (2001) showed that the move away from a centrally managed destination towards a network structure can improve the sustainable management of ecological resources.

The management processes in an organisation can be classified into three dimensions, which are part of the Model of Systemic Control² (Schwaninger 2004): 1) Operative management; 2) Strategic management; and 3) Normative management. Each of these levels is concerned with different factors relating to organisational fitness (See Figure 2.6). The operative level is concerned with decisions regarding the daily efficient utilisation of scarce resources within the business and support processes. The activities at the strategic level are related to developing and implementing appropriate strategies to compete and collaborate, resulting in sustainable competitive advantage. The normative dimension of management revolves around legitimisation of the business within the conflicting claims, concerns and interests of the stakeholders (Schwaninger 2004; Schwaninger and Koerner 2004; Rüegg-Stürm 2005). These levels are likely to be as important and applicable in destinations as in a single business, but the tasks performed are all likely to be performed in networks. This would make the communication between different levels and between different actors vital for the viable operation of the destination.

“Good managers have always known that the attainment of operative goals is bound to preconditions that have to be created in advance.” (Schwaninger 2009, p. 53).

This means that the higher levels of management (normative and strategic level) must set the framework conditions for value to be created or co-created with the customer (operational level). On the right, is a list of indicators that are thought to give insight into the performance of that sub-system. For example, a clear structure, vision, and identity are seen as a sign that the normative management is working. Of course the final ‘success’ of the entire destination system is built on the constant interaction and exchange with its environments, both internal and external, of resources and information.

² For a comprehensive discussion of Management Cybernetics and the Model of Systemic Control see

Schwaninger, M. (2009). Intelligent organizations: powerful models for systemic management. Berlin, Springer.

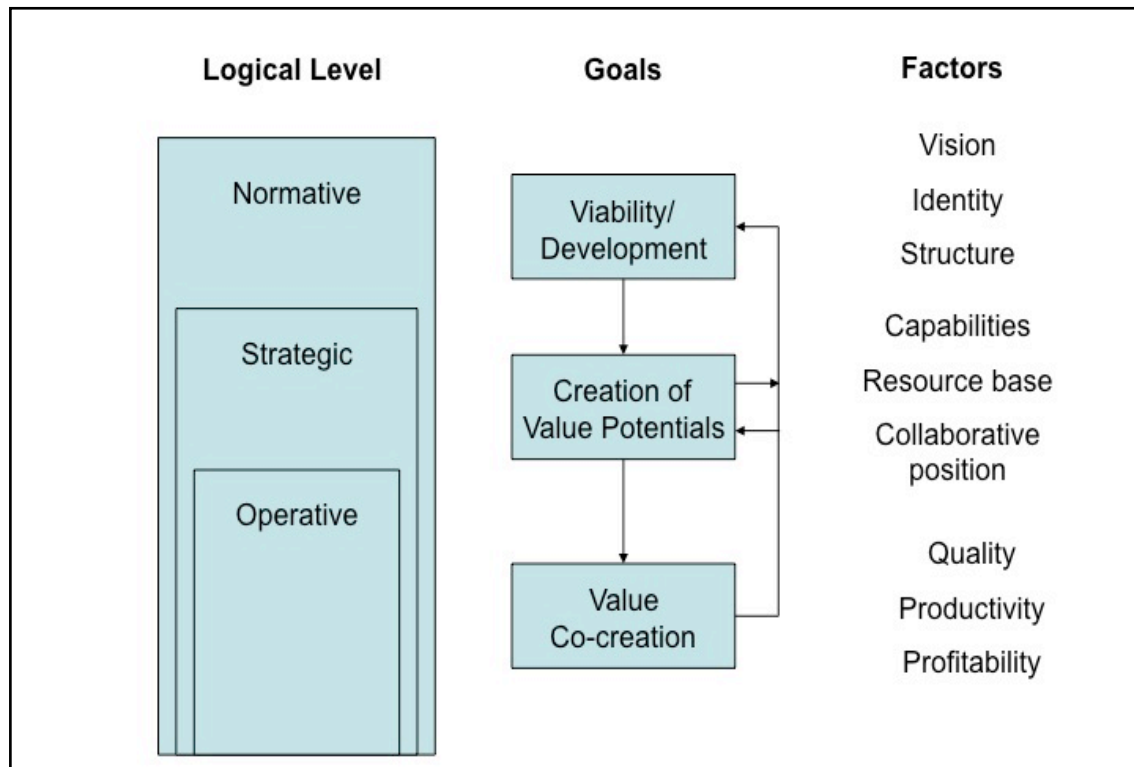


Figure 2.6: The logical levels of management, their goals and factors (based on Schwaninger 2004; Schwaninger and Koerner 2004)

Figure 2.6 also describes the reinforcing effects of the different interacting levels. This is related to the virtuous value cycle, depicted in Figure 2.7. This shows that viability increases value potential, the execution of services along with and in line with these value potentials creates value. This in turn improves the viability of the system. In the case of a destination, the viability could refer to the setting of a vision and building an identity (maybe in form of a brand) at the normative level to create viability. From there, strategic plans are made and collaborative positions explored, creating new value potentials. These potentials are then leveraged and together with the visiting tourists, the individual operators co-create value. This value adds to the reputation of the brand, which in turn increases the viability of the destination. However, crises, mismanagement or other systemic failures could also create a downward, or negative, spiral. The long-term development of the destination is linked to the general modes of development, which specify the rate and nature of change.

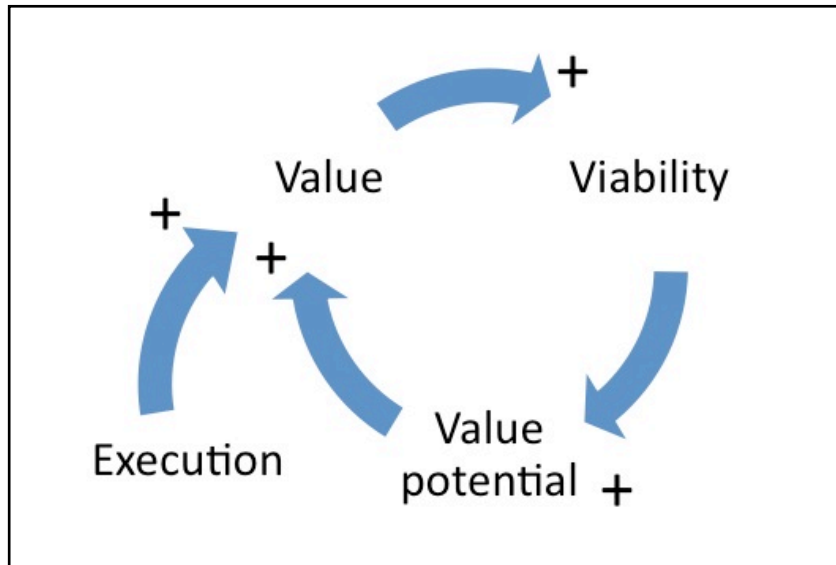


Figure 2.7: The virtuous value cycle (Schwaninger 2009)

2.4.1.6 Modes of development

Renewal and optimisation are presented as the two primary modes, which drive organisational development. The two modes can be likened to evolutionary and revolutionary change (Rüegg-Stürm 2004). This implies that periods of continuous and incremental development (evolution) are interspersed by periods of radical change, which shapes the business ‘landscape’ for future innovation. These modes are likely to be as applicable to destinations as to organisations, and closely related to the theory of destination lifecycles (Butler 1980; Beritelli 1997). However, the change in destinations is likely to be less radical, since innovation within one business may be offset by decline in another.

2.4.2 Applying the model to tourism

Bieger et al (2004; 2006) applied the framework of the New St. Gallen Management model to regional and tourism development. They state that these management concepts are applicable for regions, but that leadership of the management processes requires a “new regional elite” to form. This elite is likely to include central actors from different stakeholders groups, which have the common goal of developing the region strategically and work jointly towards this goal (Bieger, Derungs et al. 2006). The development of these elites will form new networks and institutions that take an active interest in managing the region strategically. There is no ideal form for these networks, since each region will need

to find the structure and process that is appropriate to the local situation (Bieger, Derungs et al. 2006). These networks replace the ‘core group’ of management that provides the cohesion of a business system in relation to various stakeholder interests (Bieger 2000). The networks will be charged with securing the ongoing development of the destination in relation to the three dimensions of normative, strategic and operational management. In fact, there may be different networks involved in the different levels of management. Before discussing this model of network leadership further, the next section will outline network theory as a method for analysing the structures of destination systems.

2.5 Analysing networks

Network theory is commonly used to examine and study organisation in sociology (Granovetter 1973; 1983; 1985; 1992; Sydow 1992; Galaskiewicz and Wasserman 1994; Kilduff and Tsai 2003), in industrial markets (Ford, Gadde et al. 2002; Gummeson 2004), in entrepreneurship (Larson and Starr 1993; Coviello and Munro 1995; Greve 1995; Hultman 1999; O'Donnell, Gilmore et al. 2001; Hoang and Antoncic 2003; Miles, Miles et al. 2005; Cope, Jack et al. 2007), and in tourism destinations (Bieger 2000). Before network theory can be applied, some key concepts will be considered and elaborated on. What follows is a short review of both social network theory and the industrial networks tradition, based on the Industrial Marketing and Purchasing (IMP) literature. Both of these fields contribute valuable insights into networks that can be used to analyse networks in destinations.

2.5.1 Social network theory

Network theory is a tool that allows the analysis of systems with all their complexity and within context (Gummeson 2006). The theory states that business or work activities are embedded in networks of social interactions, therefore reasons for actions may not be purely economically rational (Granovetter 1985; 1992; Kilduff and Tsai 2003). This can account for nepotism or favourable treatment of friends and close acquaintances in business dealings, but also has wider implications. When speaking of networks, nodes refer to points in the network and ties to the type of relationships between actors (Kilduff and Tsai 2003). Nodes, or actors, can refer to anything from a person, to a company, to a group of companies, depending on the unit of analysis (Galaskiewicz and Wasserman 1994; Kilduff and Tsai 2003). Ties, or relationships, and the patterns they form are the

core of network research in the social sciences. Relational ties can be dyads (between only two actors), triads (three actors and their relations), subgroups and groups (systems of actors) (Wasserman and Faust 1994). The individual ties can be categorised as strong or weak, where strong ties have more frequent contact and are more structured than weak ties (Granovetter 1973; Granovetter 1983; Kilduff and Tsai 2003). Since weak ties are looser and there is less overlap in relationships between members of the network, they are advantageous when looking for new information or connections with other groups (Granovetter 1973; 1983). This has implications for business as the strong ties between actors are thought to increase efficiency in the relationship, whereas weak ties are the primary source of innovation or new information not available in their immediate social circle (Granovetter 1983; Kilduff and Tsai 2003). The network structures that an actor is embedded in can present both constraint and opportunity for action.

Density in networks is calculated as the ratio of actual connections between actors divided by the possible number of connections. Therefore a density of 0 refers to a grouping of autonomous individuals, where a 1 would signify perfect connectivity (Kilduff and Tsai 2003). Centrality refers to the degree to which the network is centred on individual actors or groups of actors (Wasserman and Faust 1994). Networks with a single centre are more mechanical, where multiple centred networks are more organic in nature (Kilduff and Tsai 2003). High centrality can improve efficiency, but can also constrain change. However, it is not only the connections between actors that shape a network, but also the structural holes that exist where two groups are not joined directly. This can provide opportunities for actors that liaise between or perform a bridging function between two distinct groups (Burt 1995). The actors filling these holes have a high degree of betweenness centrality, which refers to them being connectors between actors not otherwise connected (Kilduff and Tsai 2003). Reachability within a network is a very important construct when examining communication in networks. It refers to the number of intermediaries a message must pass before reaching individual actors (Kilduff and Tsai 2003). The higher the reachability, the faster messages or values diffuse through the network. This depends on the structure of the network, where a hub and spoke network will have high reachability and a more distributed network will exhibit lower reachability. It can be assumed that networks, such as a destination, would be more responsive and adaptable the higher their reachability is. So both their structure and the way information is disseminated within the

system are likely to affect the responsiveness of the entire network to external and internal stimuli.

Another measure which is interesting in destination networks is balance, which is the degree of reciprocity and transitivity within a network (Kilduff and Tsai 2003). This ascertains whether ties between actors are symmetric in dyads and to what degree ties between three or more people are complete (meaning that if A likes B and A also likes C, then B will also like C). Reciprocity is also important at the individual tie level, where the tie can be symmetric or asymmetric.

Another very popular and widely applied construct from social network theory is social capital (Borgatti and Foster 2003), which is a measure of the value an actor's relationships create for the actor or the larger collective (Lin 2001). Social capital is a valuable resource for actors, but it is not under the control of one actor and relies on other actors honouring their social debt/responsibility. In regard to a network, or destination, social capital can be defined as "...the benefit that accrues to the collectivity as a result of the maintenance of positive relations between different groups, organizational units or hierarchical levels" (Kilduff and Tsai 2003, p. 28). Burt (2001) contrasts two theories of how social capital is generated, the structural holes and the closed network theories. The former contends that an actor who connects multiple otherwise-unrelated networks has greater access to entrepreneurial opportunities and information and therefore has more social capital than an actor without these boundary spanning ties. This is an example of the notion that weak ties have an advantage over strong ties in that they provide novel input and resources to an actor (Granovetter 1973). The latter theory argues that the actor with a more densely connected network has more social capital since the stronger connections in the network improve communication and trust between actors, allowing greater cooperation and efficiency. Burt (2001) concludes that although the brokerage of information through structural holes adds value, the dense ties of a closed network may be required to properly exploit these opportunities. Hence, there is a need for balance between strong and weak ties (Granovetter 1973; 1983) and both have value as social capital (Burt 2005).

One dynamic network factor that is very relevant for this thesis is the concept of network trajectories, which can be either goal-directed or serendipitous (Kilduff and Tsai 2003). The differentiation between these two is important, because the type of trajectory is

likely to influence both the development and overall operation of a destination. Goal-directedness refers to the situation where a group of actors in a network are striving towards a common 'network-level' goal, one they all subscribe to. This type of change is identified by the emergence of an administrative entity that plans and coordinates the change of the network as a whole (Human and Provan 1997). This can be a network actor or an external entity. The trajectory develops around common goals shared by all actors. All relationships are structured around the 'network-level' goals. This is analogous to the normative management level setting the agenda and framework conditions for the strategy and operation of the destination.

The serendipitous trajectory on the other hand develops unplanned through interaction between individual actors. Individuals here make choices as to who to have relationships with, without guidance from a central entity or based on a unifying goal. Each actor acts in his/her own best interest. These are ideal type trajectories and many actual network trajectories will exhibit both processes (see Table 2.5 for more detail). In management, this differentiation is similar to the distinction between networks of firms who happen to supply the same markets and networks of firms as a coordinated operational system targeting a market (New and Mitropoulos 1995). When applying this differentiation to tourism destinations it seems that the 'destinations as networks' fit more closely into the first category, where the firms in the network happen to target the same market - tourists. However, in order to get the most out of a destination's capability and to increase competitiveness, the second category of a coordinated operational system is more promising. This type of system would qualify as a virtual service firm, which is a term for a group of actors working together to provide a joint service that cannot be provided by the individual actors (Bieger and Beritelli 2006).

	Goal-directed process dominant	Serendipitous process dominant
Underlying Assumptions	Teleological and instrumental. Actors share a goal. Network is formed to achieve this goal. Success is measured against this goal.	No pre-existent goal. Network evolves through random variation, selection and retention process.
Typical Network Growth	Fast to form around shared goals. Survival threatened by both success and failure. New goal discovery prolongs lifespan.	Slower to form. Grows through dyadic ties. Long-lived, robust survival in times of change.
Structural Dynamics	Centralized structure with a leader: core-periphery. Minimizes structural holes. Tight coupling. Clear boundary. Growth based on eligibility. Less likely to survive sub-network formation.	Decentralized structure with no single leader. Produces structural holes. Loose coupling. Diffuse boundary. Growth based on dyadic match. More likely to create sub-networks, over time.
Conflict	If conflicts arise over goals, probable break-up of network.	Sub-groups, each with internal solidarity, can survive in the same network.
Implications for individual actors	More homogenous actors. Actors participate based on shared goals. Mobility across similar organisations. More predictable career path. Emphasis on network-wide trust.	More diverse actors. Actors participate based on shared ties. Mobility through network links. Unexpected career change may occur. Emphasis on interpersonal trust at dyadic level.

Table 2.5: Ideal network trajectories (Kilduff and Tsai 2003, p. 91)

The main difference between the two types is teleology or purpose. The goal-directed network also has rules and procedures of conduct, for example the payment of dues. Usually goal is established first, then meetings set up and rules discussed, then an outside search for more necessary resources can begin. Conversely the serendipitous network evolves through a process of clustering and bridging. A goal orientated network can have a central core with many peripheral actors, who although they share the goal are not as

involved or tightly connected as the central core. The core actors in the network are likely to have more power than the others and hence have greater influence over the system's overall production (Storper and Harrison 1991). A serendipitous network has no centre/leader. Individual actors are influenced by the trajectories of the networks that they engage in. This framework will be discussed further in regards to the marketing and management of destinations, as the interplay between these two trajectories is likely to play a considerable role in tourism destination networks. The next section introduces the primary models developed in industrial network theory and how they can be applied to destinations.

2.5.2 Industrial network theory

The IMP group, which originally started amongst Nordic researchers, has been applying an interaction or network approach to business marketing since about 1976 (Ford 2004). They focus on interaction between buyers and sellers in the provision of complex product offerings (Ford 2004). Business activity takes place in complex networks of interrelationships, and 'No business is an island' (Håkansson and Snehota 1989; Håkansson and Ford 2002). Interdependency between actors and interaction are considered important when analysing business activities (Johanson and Mattsson 1987). This emphasis on networks and relationships posits that companies can be analysed as organisational forms at an aggregate level above the individual company. This is very similar to and complementary to the systems approach, which also analyses subsystems and the larger wholes of which they are parts.

In a business network, both companies (actors) and threads (ties) are laden with resources, knowledge and understanding due to interactions, adaptations and investments within and between companies (Håkansson and Ford 2002). Networks form 'quasi-organisations', where relationships are complex, long-term and usually based on previous interaction (Håkansson and Ford 2002). The most prominent contribution from the IMP group, which acts as the foundation for many studies in their tradition, is the Actors, Activities and Resource (AAR) model (Håkansson and Johanson 1992) (see Figure 2.8 below). The model proposes that the overall structure of any network is made up of the interacting elements of actors, activities, and resources.

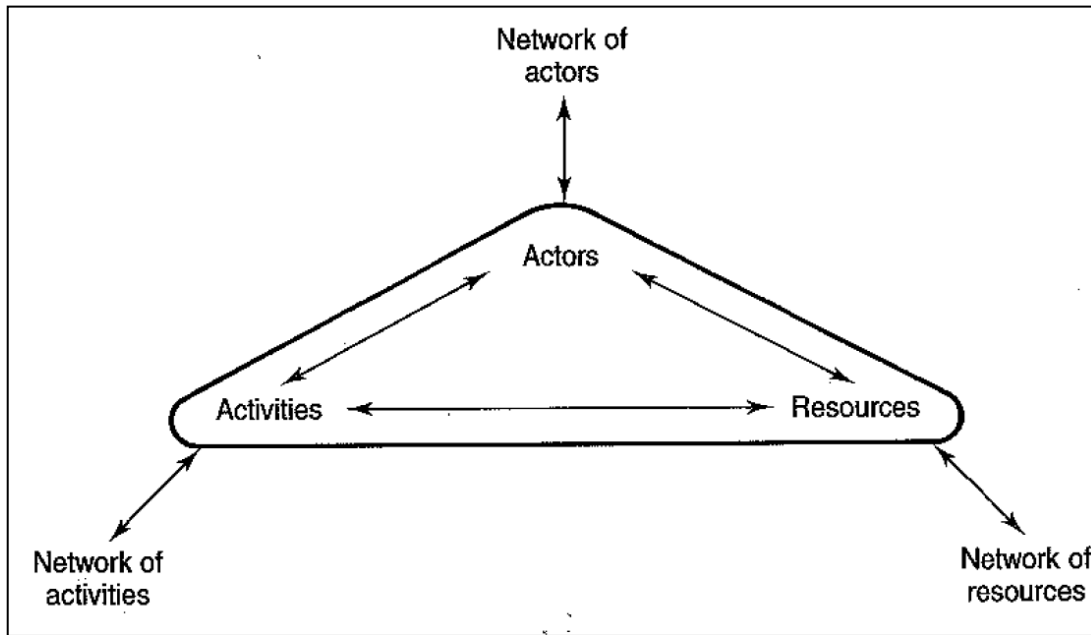


Figure 2.8: The AAR model of industrial networks (Håkansson and Johanson 1992)

Håkansson and Johanson (1992) base the model on the following assumptions:

Actors are embedded into networks with other actors. They perform and control activities within the network. Relationships between actors develop through exchange processes over time. Actors' activities are determined by their control over resources, either directly through ownership or indirectly through relationships with other actors. The basic goal of any actor is to increase their control over the network, which is achieved through either control over resources or activities. This does not imply that there is a 'network-level' goal. The actors in a network have differing levels of knowledge relating to the activities, resources and other actors in the network. Stability and development of networks over time is facilitated by a struggle for control and actors attempting to improve their position in the network (Håkansson and Ford 2002).

Activities happen when actors combine, develop, exchange, or create resources by use of other resources. They can be categorised as either transforming activities, when resources are changed, or transferring activities, when resources move from one actor to the other. These two characteristics are most important in physical production networks. Activities are linked to other activities in the network and changes in these constellations can affect the efficiency of the network as a whole.

Resources are required to perform activities and are controlled either individually or jointly by actors in a network. All resources are heterogeneous and can be used in an unlimited number of combinations of activities. The value of resources is determined by the activities they are involved in (value in use). Actors' knowledge and experience with resources increases over time as actors perform activities with them, potentially changing their value.

These definitions of the core elements are basic and act as a useful framework for analysing networks of all kinds. No part of the network can be understood without examining the interaction with other elements within the network (Håkansson and Johanson 1992). When actors operate in these complex networks there are thought to be three managerial paradoxes at play (Håkansson and Ford 2002). The first contends that networks present both opportunities and limitations to action. The investment in networks can produce great payoffs through innovation, but can also restrict the individual actor through the embeddedness in relationships. This can be seen as a trade-off, rather than a paradox, as managers can determine which action to take based on cognitive maps of the opportunities and constraints (Ballantyne and Williams 2008). The second paradox managers ought to be wary of is that they both influence and are influenced by their relationships in the network. This is due to the complete interdependence of nodes and threads. Once again, there are steps a manager can take, including mapping their key relationships and making a judgement on the reciprocal value of the relationships (Ballantyne and Williams 2008). The third paradox is between controlling and being out of control. As mentioned earlier, the goal of any actor is to control the network (Håkansson and Johanson 1992); however achievement of this goal would turn the network into a hierarchy and the network benefits would disappear (Håkansson and Ford 2002). These three quasi-paradoxes allude to the inherent complexity in networks and the need to be aware of the elements as well as the whole. The next section will discuss the use of network theory in regards to tourism destinations, building on both the social networks and industrial networks literature.

2.5.3 Tourism destination networks

The interdependence between actors in networks has the effect that any strategic action performed by an actor does not only affect the actor and the actors connected to it, but can

also restructure the market in which they operate. In that sense, every action changes the playing field for all actors involved in the network or market (Hertz and Mattsson 2004). Time is an important construct in regards to networks research, since the network at any given time is a result of past action and can both open up opportunities for or constrain future action within the network (Hertz and Mattsson 2004). As mentioned earlier, an important distinction can be drawn between networks as groups of firms who happen to supply the same markets and networks of firms as a coordinated operational system (New and Mitropoulos 1995). When applying this differentiation to tourism destinations it seems that destinations as networks fit more closely into the first category, where the firms in the network happen to target the same market - tourists. However, in order to get the most out of a destination's capability the second category of a coordinated operational system is more promising. Due to the characteristic small-business structure of most alpine tourism destinations in Europe, it is necessary for a tourism organisation to help these small players to coordinate their resources in order to be able to compete effectively with larger players in the global market (Pechlaner and Tschurschentaler 2003). These authors emphasise that tourism organisations need to adapt to the modern environment and become more market orientated in order to fulfil their role successfully. When a tourism organisation, is introduced to coordinate the efforts of the individual players, the destination begins to look more like a coordinated operational system.

Tourism destinations provide a good opportunity to study an interacting supply system in a limited geographical space. When tourism destinations are viewed as networks, interaction and interdependence occur due to the nature of the tourism product (Von Friedrichs Grängsjö 2003). Attractions are the most important part of the tourism system as they are what draws tourists towards destination areas (Gunn 1980; Lew 1987; Leiper 1990). In fact, attractions themselves are systems, that contain human elements (the tourist and operators), a nucleus (an attraction), and a marker (information regarding the attraction point) (Leiper 1990). Cohen (1995) discusses 'natural' as opposed to 'contrived' attractions, where natural attractions are places that are 'completely unmarked' and where no intervention (physical or symbolic) has taken place to make them more appealing, accessible or more easily noticed by tourists. This is an idealistic notion, since such an attraction generally forms the base for a tourism product. The raw material needs to be formed and enhanced in order to make the attraction into a destination. Contrived attractions, on the other pole, are set up purely for tourism and have no natural elements,

like a theme park for example. The polar types of natural and contrived form a continuum on which destinations that have some natural and some contrived elements are positioned.

This suggests that the tourist co-creates the experience and requires information about it in order to be motivated to travel there (Leiper 1990). Natural and cultural attractions are essentially the raw materials in the tourism product and are tied to a place (Keller 2006). This drives the need for tourists to travel to the destination to experience them (Von Friedrichs Grängsjö 2003) and for touristic service providers to arrange themselves in their vicinity (Bieger 2006; Bieger and Wittmer 2006). Attractions can be categorised into four broad types (see Table 2.6).

Type	Sub category	Examples
Type 1: Natural attractions	Unique landscapes	National parks, nature reserves, glaciers, etc.
	Nature points	Waterfalls, mountains, etc.
Type 2: Built attractions (originally not built for tourism)	Historical buildings	Museums, cathedrals, bridges, etc.
	Historical transport systems	Historical railways, ships, etc.
Type 3: Built attractions (built specifically for tourism)	Themeparks	Disneyland, Waterworld, etc.
	Walks	Theme walks, historical walks, etc.
Type 4: Events and festivals	Events and festivals	Concerts, sports matches, Olympic Games, etc.

Table 2.6: Types of attractions (Based on Caflisch, Dillier et al. 2006; Zehrer and Raich 2006)

Whereas some of these attractions, like theme parks for example, can provide a full range of services by themselves, the others require networks of complementary services to make up the touristic product (Keller 2006). A unique landscape by itself is not a touristic product until access is provided by means of a ski lift, a walking track, or through horseback transport, for example. The whole product is sometimes referred to as an ‘attraction point’, a type of highly intangible service product, which requires an integrated management approach (Bieger and Wittmer 2006). Networks that contribute to the success of a destination are thought to be sets of relationships between actors that are delimited at the point where actors are no longer helping participants to capture value (Jarillo 1995).

These network structures provide actors with the opportunities to access resources that the company has not internalised, without buying them on the open market. This can increase the economies of scale for networks, while simultaneously reducing uncertainty in supply and supplier relationships. Networking takes effort and mutual commitment of time, energy and other resources and is therefore more geared towards long-term economic development, rather than 'short-termism' (Dennis 2000). The pooling of resources, in terms of marketing and information systems allows even small companies, which might otherwise be limited to their local markets, to target customers internationally (Dennis 2000).

Since economic actors are embedded in social structures (Granovetter 1985; Granovetter 1992; Uzzi 1997) it is also necessary to consider the interactions with the wider community or environment. This is very relevant for destinations as the economic actors are located within the destination, staffed by local residents, and most SMEs will distribute their profits locally. Networks in tourism destinations make sense from a resource dependency point of view, since the actors within them try to each provide or control a piece of the overall tourism experience. Hence, they become valuable to other actors within the destination, who also want tourists to travel there, which can only be motivated by the overall experience being presented. In improving the value of their service, or access to resources (land, finance, etc), actors try to reduce their dependence on others, by simultaneously increasing others' dependence on them. In IMP terms they are improving their network position (Håkansson and Ford 2002), which affects their opportunities and constraints within the network (Johanson and Mattsson 1987).

As mentioned earlier, the benefits of these networks are balanced by the need for coordination in destination networks. Although individual tourism businesses are not dependent on other tourism business in their day-to-day operation, they are interdependent with other companies and public stakeholders within the destination to create the destination product (Von Friedrichs Grängsjö 2003). Hence the destination is reliant on a network of actors who contribute their individual resources to the destination (Elbe 2003). These value patterns, which define the fundamental orientation of social systems, are very important when analysing the structure of systems, as the underlying values direct participants in their actions (Parsons 1960). The values, in the case of a tourism destination are a sub-set of the values of a larger social system within which the destination operates.

This means that the actors within the destination are bound to the values of their environment, including ethical standards, strategies, etc., but also into the local culture of the host community. These values motivate actors and provide the framework under which the organisation's goals are to be attained. The values determine how the organisation procures the resources necessary for the attainment of its goals, the processes internal to the organisation that facilitate goal achievement, and general patterns governing the organisation's operations in relation to society as a whole.

Von Friedrichs Grängsjö (2003) defined two different value sets within a destination that influenced the way actors networked. She differentiates between *Gemeinschaft* and *Gesellschaft*, which refer to the entrepreneur thinking that “the company serves the destination's interests” and “the destination serves the company's interest” respectively. Under the former, emotional and personal relationships are most important, which determines how the entrepreneurs operate within the destination. The latter refers to a more economical, rational thought pattern related to the operation of an actor's company. Von Friedrichs Grängsjö (2003) found that the *Gemeinschaft* and *Gesellschaft* value sets were in a dialectic relationship with one another and it was in their interaction that the destination product evolved. So it is not always true that actors need to abandon their individual thinking and work in alignment and agreement with others, particularly any Regional Tourism Organisation (RTO) or other unifying organisation (Franch, Martini et al. 2006). Instead, individualistic and collective thinking, in balance, seem to create the success of a destination. So now, after discussing network theory as a way to analyse the possible structures of leadership in destinations, I return to the concept of coordination of the destination system through networks in more detail.

2.6 Coordination through networks

As discussed in the previous section, destination services are an amalgamation of tourism service providers, arranged in networks around an attraction or attractions. Under turbulent market conditions, the challenge for destinations is to move with the market and to be flexible enough to adapt to the constantly changing environment. In order to achieve this, the three logical levels of management need to be aligned with one another and there needs to be communication. In a corporation, the communication and leadership would come from the executive management. But how does this work in destinations?

2.6.1 Leadership in destinations

One key difference between applying systems management models, like the NSGMM model, to corporate situations and to destinations is that there is usually no clear leadership in destinations (Bieger, Scherer et al. 2004; Bieger, Derungs et al. 2006). Instead, networks take the role of coordinating the service offering of the whole destination, either by default or strategically (New and Mitropoulos 1995). Theoretically, the strategic, purposeful networks are more likely to generate a competitive advantage for the destination, since the common goal should help in generating scale and scope economies. Dredge (Dredge 2006) suggests that in order for the management of a strategic, or goal-oriented, network to function properly and achieve the objective of presenting a consistent and united front to the destinations' stakeholders, five issues need to be addressed within the network:

1. Leadership issues need to be resolved to take into account the power differences between network members and especially between public and private interests in the network.
2. The wider community, including primary and non-primary stakeholders, need to be involved in the decision process, because this will give a better representation of the ideas and perceptions that are held within the social community in which the network is embedded. It is also likely to lead to greater buy-in at the community level, when the strategies are implemented.
3. The roles and responsibilities of the network itself, as well as its various public and private members need to be clearly articulated in order to avoid confusion when it comes to decision making.
4. Rules of conduct within the network need to be openly discussed and negotiated. In other words, actors of all sizes should have input into the network's decisions, to avoid large firms drowning out smaller operators to further their own interests.
5. Resource allocation for the network will not be easy in networks that are characterised by small or micro businesses. According to Dredge "The fragmented nature and predominance of small enterprise in the local tourism

industry and the weak relational ties between actors makes it difficult for an industry network to support itself.” (Dredge 2006, p. 278)

These issues are interesting in that they all address challenges for coordination at the normative or strategic level of management. This implies that the real difficulty that destinations face is not necessarily at the operative level, the actual provision of services, but at the higher coordination level. This would make sense, since compared to hierarchical corporate structures the less formal networked structures are more prone to internal co-opetition (Brandenburger and Nalebuff 1996), which means that the players within the destination are cooperating and competing simultaneously (Von Friedrichs Grängsjö 2003). This would make the operators competitive in providing their own service, but more likely to cooperate with competitors on larger tasks, like destination marketing. In fact, this is exactly what needs to happen. As mentioned by several authors, tourism provides a special set of circumstances, where actors cooperate to promote the destination, but then compete to promote themselves once the tourist has arrived (Ritchie and Ritchie 2002; Von Friedrichs Grängsjö 2003; Von Friedrichs Grängsjö and Gummesson 2006). “Business is cooperation when it comes to creating a pie and competition when it comes to dividing it up” (Brandenburger and Nalebuff 1996, page 4). However, if the amount of internal competition makes individual operators more reluctant to participate in destination level tasks, this could have disastrous consequences. So the question to consider is one of governance and how the destination can best facilitate the balance between the benefits of networks, without losing the common direction. The next section will now discuss several different governance options for networks in tourism and outline the challenges for destination management and marketing that they present.

2.7 Alternative models of destination networks

Destinations are the competitive unit in tourism and part of the larger tourism system, as discussed earlier. If they work towards a common goal they can be described as virtual service firms, representing a potential for a tourist to co-create an experience and value to both parties. Destinations consist of networks of private and public actors that cooperate (ideally) to provide the tourism experience. Core networks are thought to perform the role of destination management (Bieger, Scherer et al. 2004; Bieger, Derungs et al. 2006). Networks have been discussed in the economics and sociology literature as an alternative

governance form on the continuum between market and hierarchy (Williamson 1973; Williamson 1975; Powell 1990; Williamson 1991; Podolny and Page 1998; Williamson 2002). Between the extremes of market and hierarchical forms of inter-organisational relations, there are many different 'hybrid' governance forms. Todeva and Knoke (2005) list eleven more or less formal 'hybrid' arrangements that can be found in the literature³. This section will focus on a smaller subset of network governance forms and outline how they manifest themselves in destinations.

Storper and Harrison (1991), in an important article on industrial districts, differentiate between four types of governance systems, based on the power an actor has within the production system. The types are differentiated based on the existence of core and peripheral organisations in the network, which they term the 'core' and the 'ring'. The types are described in Table 2.7.

These governance types are not permanent and tend to move towards consolidation through ownership into hierarchical structures (Storper and Harrison 1991). According to Hjalager (1999) tourism destinations tend towards symmetric governance mechanisms in the form of a core and ring with a lead firm. She describes these lead firms as usually travel intermediaries who increase external exposure of the core ring and provide economies of scale. These external agents have high purchasing power and can put pressure on destinations or even break local alliances and arrangements.

³ The full list is in order from most to least formal structure: hierarchical relations, joint ventures, equity investments, cooperatives, R&D consortia, strategic cooperative agreements, cartels, franchising, licensing, subcontractor networks, industry standards groups, action sets, and market relations (p. 125).

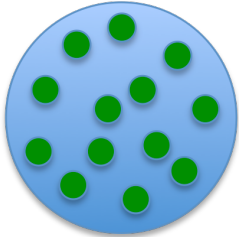
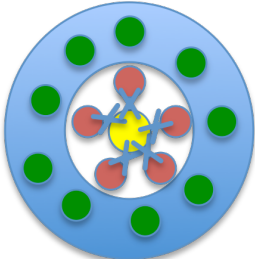
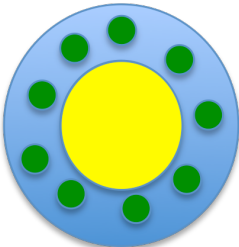
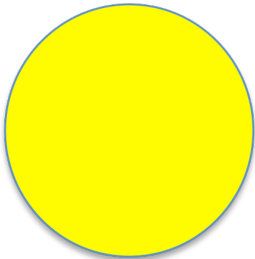
Type	Description	Diagram
All ring, no core	There is no core group or network of actors. All the actors are distributed in the ring.	
Core and ring with a co-ordinating firm	There is a core and a ring of actors. Within the core, there are several actors, coordinated by one firm.	
Core and ring with a lead firm	The core is made up of one firm and all other actors are in the ring, around this core.	
All core, no ring	There is only one actor, which forms the core. All production processes are internal to the firm.	

Table 2.7: Types of network governance systems (based on Storper and Harrison 1991)

A similar argument about the possible structures of destinations is made by Bieger (2006) who differentiates between destinations based on the contractual arrangements within them, on a continuum from market to hierarchy. He includes three “network” or “cooperative” destination structures that could be likened to options from the industrial districts typology of Storper and Harrison, referred to above. The structure based on implicit contracts resembles the ‘all ring, no core’ example and the two explicit contracts arrangements are similar to the ‘core with ring’ types. Both then differentiate between a network with a central, or lead, actor and one without. This is interesting for destination marketing, since central players in destination marketing tend to control resources that others rely on. Such resources can include a primary attraction, a significant share of a

supporting service, access to distribution channels, a central brand, financial resources and more (Elbe 2003). Elbe (2003) found that if a destination becomes organised around a 'core' of central actors, it can be seen as a quasi- organisation, where each actor holds a different role. Unlike in a hierarchical structure, the workings of the network are instead influenced by power and relational characteristics as well as trust and social ties between individuals.

A destination can develop into a structured network, where actors contribute their resources to coordinated marketing and so contribute to a more effective resource allocation. Effectiveness can rise with increased cooperation. Tourism organisations can be these central actors that can contribute to how a destination and its marketing develops (Elbe 2003). This is echoed by Ryan and Zahra (2004) who state that "To be effective networks require density of points, communication flows, discerned directions, information and willingness to participate. Within their own communities RTOs and DTOs provide a key component in such networks, and thereby play an important role in information dissemination and opinion formation" (p. 105). Just like for other organisations, market orientation contributes to the competitiveness of destinations. This "... involves the organization-wide dissemination of information and developing of appropriate responses related to current and future customer needs and preferences" (Kohli and Jaworski 1990, p.188). In order to achieve that, communication and coordination between actors is a key success factor and RTOs often hold this position. But is this true in all types of governance structures?

Table 2.8 introduces a classification of five organisational structures for destinations, from market-based structures through to hierarchical organisations. It is necessary to examine network governance in relation to hierarchies and markets, since they have advantages over both, but in different ways (Podolny and Page 1998). Therefore the table includes the 'pure' forms of markets and hierarchies (shaded), although the focus of this thesis is on the network forms. The different theoretical structures vary on several factors, which have been distilled from literature. These factors are proposed as descriptive measures for the destination structures and will form the basis for several research issues examined in this thesis.

Factors	Market based structures	Cooperation/Network based structures			Hierarchical structures
		Implicit Contracts	Explicit Contracts		
			Decentralised (No lead firm)	Centralised (Lead firm)	
Number of actors	High	Medium	Medium	Medium	Low
Size of actors	SME	SME	SME	SME and large players	One large
Actor transaction costs	Very high	High	Medium	Medium/ Low	Very Low
Actor goals	Independent	Inter-dependent	Inter-dependent	Inter-dependent	Dependent

Table 2.8: Organisational Structures of Tourism Destinations (based on Bieger 2006; Ermen and Gnoth 2007)

The different forms are now introduced in more detail, starting with the two extremes and then focusing on the networked structures. The descriptions go beyond the fields in Table 2.8, so that they can lay the basis for the research issues discussed in Section 2.6, where some additional factors are introduced.

2.7.1 Market based

In a market based destination structure there are a large number of small players that offer their individual services to tourists. It is through the number of different offerings and the role awareness of the individual actors that the place becomes a viable destination (Bieger 2006). There is no coordination between actors, except through market transactions, and their preferences are independent. Marketing is undertaken by individual businesses for themselves and there is no destination marketing or management, except where this is instigated by a public organisation in the form of place branding. Communication efforts between actors and stakeholders are not coordinated and are dependent on individual managers.

2.7.2 Hierarchical structures

At the other end of the continuum are traditional hierarchies or corporations. It has been predicted that due to uncertainties in the tourism system, tourism destinations will tend to consolidate into hierarchical structures owned by a corporation in order to increase competitiveness (Bieger 2006). This would be similar to other industries characterised by collective competition, in which groups of actors compete with each other, rather than individual actors. These industries are thought to be more prone to consolidation through mergers and acquisition (Hertz and Mattsson 2004). The best examples of these are American ski destinations owned and operated by a corporation, like Whistler or Vail. These corporations have internalised all necessary services and have therefore achieved low transaction costs. They lead the destination and are responsible for both its marketing and management. Other actors in the destination, for example the local government, are dependent on the key player. Stakeholder communication is highly integrated and strategic.

2.7.3 Cooperation/network-based structures

These structures have a medium number of mostly SME actors and are coordinated through relationships between the individual actors. The actors' goals are interdependent, because they individually could not provide visitors with a full tourism experience. However, the goals of all actors are not necessarily aligned and therefore coordination through either implicit or explicit contracts is necessary.

2.7.3.1 Implicit Contracts

In a destination relying on implicit contracts transaction costs are still high, because although social contracts provide some coherence there is no formal coordination of actors, no core. There is possibly coordination through an LTO, but depending on the power the LTO wields it may be difficult to drive development. The behaviour of actors is governed through their interdependence and fear of future sanctions, if they disrespect a fellow actor. Destination marketing can be undertaken by the individual businesses together with a LTO, if one exists. Destination management on the other hand is most likely undertaken by the local government with a legal framework or regulations. Communication with stakeholders might be coordinated to a limited degree, but still dependent on the initiative of individual managers.

2.7.3.2 Explicit Contracts

In this type of destination network, the actors have chosen to coordinate the relationships more formally through explicit contracts. This reduces risks and lowers transaction costs, since interactions are now enforceable. These types of networks are assumed to have a core of actors, with either a coordinating or lead firm. These destinations represent either a decentralised or centralised network.

Decentralised Network

In a decentralised network the actors are SMEs and, like the network based on implicit contracts, this is an 'equal-partner network' arrangement, where no single actor leads the network. However the power of individual actors is also not necessarily uniform (Dennis 2000). This network can be organised through a RTO or coordinating actor. In that case the RTO would take the role of the coordinating firm, described by Storper and Harris (1991). Potentially, this role could also be taken by another type of organisation, like a DMO or LTO. A strong RTO can be responsible for marketing the destination, in cooperation with individual businesses, and can be involved in managing the destination in cooperation with the local government. Stakeholder communication is possibly also coordinated through the RTO. Informal and social level communication is likely to also play a role, since all business activity is embedded in the local network of social relations.

Centralised Network with a focal firm

In a centralised network one larger player takes a leadership role when it comes to destination marketing and management. This arrangement is also referred to as a 'dominated network' (Dennis 2000) or the corporate model (Flagestad and Hope 2001). The player has enough power and access to resources to provide a major part of the tourism experience and other actors follow the direction proposed by the leader. However, the small SMEs and the large player are still interdependent, since neither can provide the whole tourism experience. Stakeholder communication is coordinated through the larger player.

The different structures are ideal types and different variations are possible in reality. The communication between actors within the different structures is of interest, since communication is an essential part of interaction in any system. Effective interaction or cooperation between actors towards common goals is essential if destinations are to compete effectively with their consolidated counterparts. In addition, in cooperative as

well as hierarchical destinations, actors must manage the desires of all stakeholders in and surrounding the destination in order to present the destination as one (Ritchie and Crouch 2003). Since there are many different actors which have stakes in the destination and who might have different expectations in regards to the development of tourism, effective communication between actors is necessary to facilitate the strategic decision making of the destination as a whole. The next section will now present the research question for the thesis, in relation to the most important points from the literature.

2.8 Research problem and issues

As discussed in Section 2.4, the NSGMM proposes certain structures for the sub-systems that make up a complex system and their relationships to each other. The three logical levels of management that interact and reinforce themselves within the system are of particular interest here, since they can be applied in the analysis of different systems, for example businesses (Rüegg-Stürm 2005), project management (Schwaninger and Koerner 2004), and services (Bieger 2000). Since destinations are also systems and theoretically should be managed like a business, I argue here that all destinations also exhibit the three logical levels of management and that they can be influenced by the actors to steer the destination.

A conceptualisation of the three levels of destination management and the relationship to the tourism process are shown in Figure 2.9. To re-quote Schwaninger:

“Good managers have always known that the attainment of operative goals is bound to preconditions that have to be created in advance.” (2009, p. 53)

Hence, in order to improve the operational marketing and management of a destination, the framework preconditions need to be created at the higher levels of management. Figure 2.9 integrates the three levels of management with the tourism process from a destination’s point of view. The actual ‘Moment of Truth’ happens when the tourist comes in contact with the value potentials created by the destination. It is in this interaction that the value for both tourist and tourism operator is generated. The diagram shows the higher levels of management that provide the framework conditions for this interaction to occur and be influenced by managers. I believe that this basic framework will be the same in all destinations, however the actors involved and the way in which the support activities at the

higher levels are performed will differ depending on the destination type. Also, the level of cooperation and communication between actors at different levels and between different levels is likely to differ in various network types. I will apply this model to present a framework for destination marketing for networked destinations.

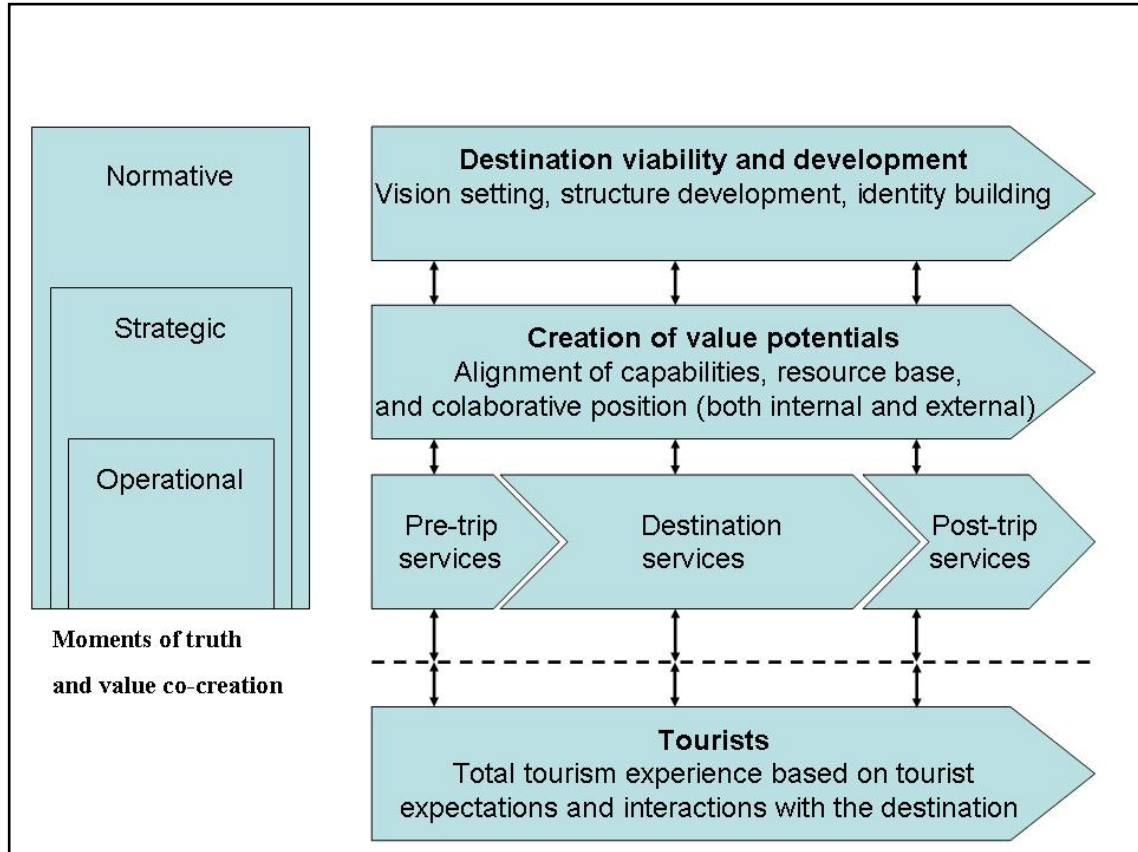


Figure 2.9: The three levels of management in relation to the tourism process in a destination

2.8.1 Research problem

In a network destination, the different sub-systems are not internalised into one formal organisation and therefore relationships between actors act as a precursor to the operation of the sub-systems. It is therefore important to know how the relationships between actors and the networks they form influence the destination management at the three logical levels of management as well as between levels. Here lies a gap in the academic knowledge so far and hence, the research question that the thesis examines is:

In what ways does a destination's network structure affect the destination's normative, strategic and operative management?

I argue that all tourism destinations must perform the same essential functions to provide the tourist experience; the way in which this is done varies based on the structure of the network/s at a destination and the interaction between actors. The problem is that although models of different destination types and structures have been applied in the tourism literature, these have not been delineated based on their underlying characteristics. In addition to structure, the communication between actors in the destination is of interest. Communication is essential for a system to function and provides cohesion to the system. Figure 2.10 shows a simplified representation of the logic behind this research question.

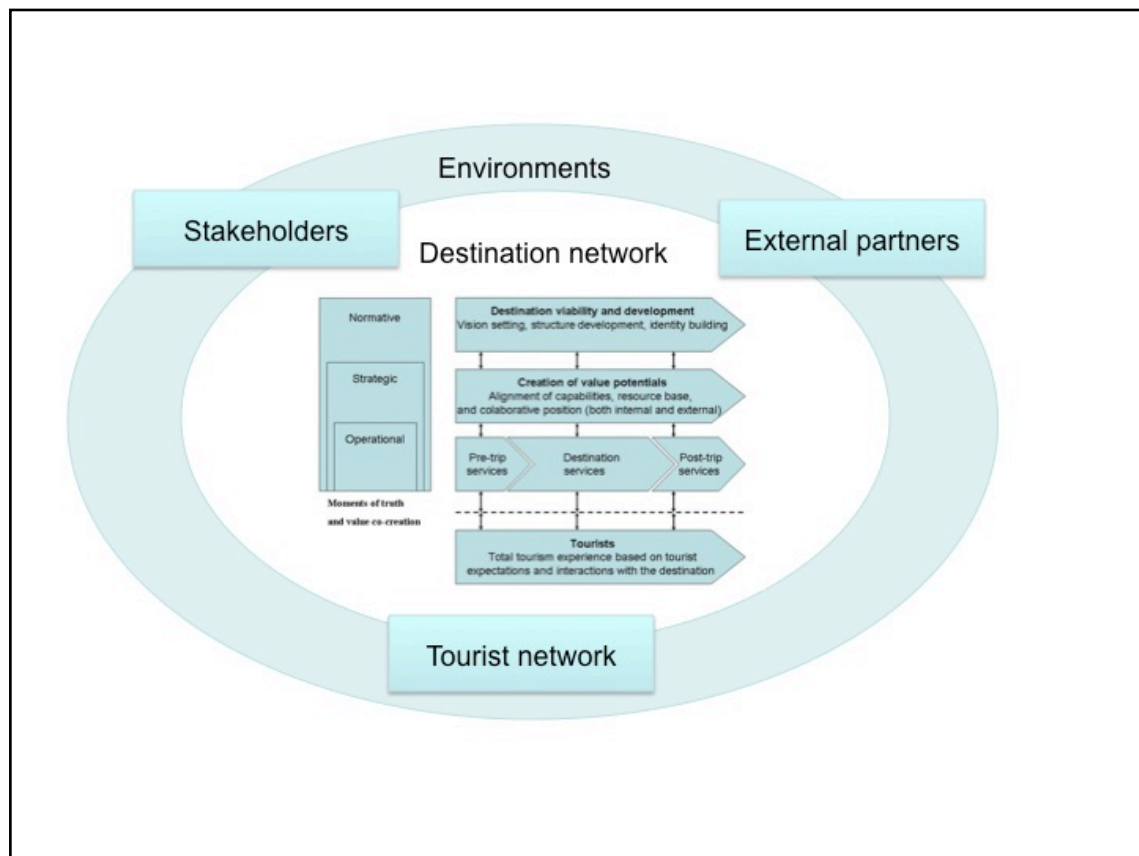


Figure 2.10: Simplified model of the relationship between the destination network and the management levels

The basic assumption is that the management processes at the normative, strategic and operative level are all facilitated or hindered by the network. In turn, like the virtuous cycle in Figure 2.7, the outcome of the processes will affect the network. So the network can both be the independent and dependent variable (Hoang and Antoncic 2003). However, for the purpose of this thesis, the research question implies that the network is the independent variable and the management processes are the dependent variable. Where

feedback loops are found, they will be discussed and will provide a more complete picture of the interplay between structure and process. Stakeholders, external partners and the tourist network are also included in the diagram since they are thought to be groups that also impact the operation of the destination at different levels. The tourist network, representing the connections a tourist has to peers and fellow travellers, is not within the bounds of this thesis. The relationships with stakeholders, like the local community, environmental groups, and others, as well as with external partners to the actors in the destination will be explored in the analysis of the networks.

In order to analyse the networks at the destinations, I will employ constructs from network theory. The first three factors on which networks may be differentiated structurally were applied by Pavlovich (2003) in her historical analysis of destination network evolution. They are centrality, density, and the balance between strong and weak ties. The goal of the balance is also referred to as structural optimisation. The other factor that will be examined is the contractual basis for the network, which can be either implicit or explicit (Bieger 2006). The purpose in the differentiation is to determine whether a more hierarchical destination automatically switches to a more formalised or explicit contract mode.

Table 2.9 again shows the different types of destination networks, this time leaving out the pure markets and hierarchy, since they are not of interest to the empirical research. The factors presented propose differences between the destination structures in regard to network theoretical factors. The labels for centrality and density – ‘low’, ‘medium’ and ‘high’ – are used as gradients of the factors and do not imply an interval scale. The values given to the ‘strong/weak ties’ and ‘contractual basis’ factors are aligned, since coordination through explicit contracts implies a stronger tie than an arms length transaction. These assumptions will be examined during the research to determine whether they hold true and a more accurate label determined based on the findings. These results will provide the basis for the description of the networks in the destinations.

Factors	Network based structures		
	All ring	Core with ring, coordinating firm	Core with ring, lead firm
Centrality of main actors	Low	Medium	High
Density	Low	Medium	High
Strong ties/weak ties	More weak than strong	More strong than weak	More strong than weak
Contractual basis	Implicit contracts	Explicit contracts	Explicit contracts
Levels of management and actors involved			
Destination leadership (normative)	Networks (s)/LTO	Core network with coordinating actor/LTO	Core network with lead actor/LTO
Destination marketing (strategic)	LTO/ Individual Businesses	LTO /Core network/Individual businesses	LTO/ Lead actor/Core network/Individual businesses
Destination management (strategic)	LTO/Local Government	LTO/Local Government/Core network	LTO/Local Government/Core network
Coordination of service delivery (operative)	Limited coordination through LTO	Coordination through coordinating actor/ LTO	Coordination through lead actor/ LTO

Table 2.9: Factors differentiating networked destinations

Also presented in Table 2.9 are some assumptions regarding what type of actors may be involved in destination management at the three levels of management. The normative level is presented in terms of who leads the destination. In all cases this is assumed to be a network of actors, however in the destinations with the core structure, or regional elite, this is more focused. The strategic level encompasses both the marketing and management of the destination, where it is also assumed that the core networks will play a stronger role. At the operative level, the destination is concerned with delivering services to tourists and providing value. As discussed throughout the literature review, this requires coordination. So this level is differentiated based on who facilitates the coordination. Based on the

extant literature it is assumed that every destination has a local tourism organisation (LTO), which is involved in most of the destination level activities.

In order to answer the research question posed for this thesis, there are several smaller research issues that will be examined. These relate to the structure of the networks as well as the three logical levels of management. The next sections will now present the research issues relating to each of these factors.

2.8.2 Structural issues

The first issues that need to be addressed relate to the structure of the destinations, which is essentially the independent variable for this piece of research. As mentioned before, the network factors shown in Table 2.9 – centrality of main actors, density of the network, balance between strong and weak ties, and the contractual basis for the networks – will be used to analyse the networks. Therefore the first research issue is:

RI 1: Do the network factors differ between destination types? And how?

Since the purpose of the research is to determine the effect the networks have on the different levels of destination management, it is also of interest to find out whether the same networks influence all levels. It is conceivable that an actor with high centrality at the normative level actually has no involvement in the operative management of the destination. Hence, the second research issue is:

RI 2: Does the network structure differ between levels of destination management?

The structure here still refers to the same factors as for RI 1, but additional insight may be gained from determining who is involved in each level. A differentiation will be made here between public actors, private actors and not for profit (NFP) actors, since the constellation of destination networks can affect the performance (Palmer 1996; Mistilis and Daniele 2004). These two research issues provide the basis for the analysis of the management processes at the different levels of management.

2.8.3 Normative level issues

At this level of destination management, the actors are (or ought to be) concerned with the viability or development of the destination. This can include vision setting, structure development and identity building (Schwaninger 2009). Basically it is providing a coherent basis on which the destination can offer and provide its services. In Table 2.9 this

is referred to as leadership, since it can be seen as the leader's role to bring a coherent framework into the destination.

Coherence at the normative level would mean that the actors in the destination are all aligned in regards to a common vision and that they are working towards the same goals. At least the core actors of the destination would need to agree on which direction the destination should develop, in order to coordinate their efforts. Therefore it can be assumed that the network affects the normative level and the resulting alignment of the actors. The network structure refers to the factors described in Section 2.6.1.1 and in Table 2.9. As shown in the table, the actors thought to be involved differ between destinations and this is also likely to affect the normative level. Since the actual actors involved in each destination will differ, it is of interest to determine the types of actors involved and the way they operate on the normative level. This should provide insight into the success factors for destination management networks at the normative level. The third research issue then is:

RI 3: Does the network structure affect the normative management of the destination? And how?

Several studies have shown that cooperation between actors can increase the competitiveness of the destination (Elbe, Hallen et al. 2009). However, how cooperation affects the normative level specifically has not been determined. If the normative level is responsible for leadership of the destination, then it can be assumed that cooperation between the actors is vital here. Therefore, the fourth research issue is:

RI 4: What influence does cooperation between actors have at the normative level?

These research issues provide insight into the workings of the destination at a normative level. Here the framework for strategic action is created. Next the strategic level will be broken down further and research issues presented.

2.8.4 Strategic level issues

At the strategic level, the destination is concerned with the creation of value potentials. One part of this is the marketing of the destination and the other is the creation of the value proposition, the offering. The value potential needs to be carefully communicated, both inside the destination and outside to prospective visitors, so as not to over or under promise. Marketing these offerings makes promises and creates expectations, which then

need to be satisfied by operations (Grönroos 1994; Schreuer 2000). In a destination, there are multiple actors involved in marketing the destination. The actors involved will differ between the different destination types (see Table 2.9), but they will always need to cooperate to market the destination coherently. The other side of the equation is then fulfilling the promises made in destination marketing by presenting a coordinated destination product for guests. This is still at the strategic level and relates to the generation of experience potentials through management of resources, core competencies and cooperation. Therefore the next research issue is:

RI 5: Does the network structure affect the strategic marketing and management of the destination? And how?

The interplay and coordination between the destination marketing and management are thought to be important for the creation of value potentials. The alignment of the actors' capabilities with the resources available to them is important as well as the cooperative positions the actors have within the destination as a whole. Therefore it is also important to know how the constellation of actors affects the marketing and management of the destination. Hence, the sixth research issue is:

RI 6: What influence does cooperation between actors have at the strategic level?

These strategic issues provide the background on which to analyse the actual delivery of service at the operative level.

2.8.5 Operative level issues

At the operative level, the individual actors provide services to the tourists. Together the actors provide the destination experience. However, the quality of the overall experience is not only dependent on the quality of the individual services, but also on their integration. The framework for this cooperation or coordination is likely to be developed at the higher levels of management and the way they influence the operative level is of particular interest. Therefore, the seventh research issue is:

RI 7: Does the structure of the network(s) at the higher levels influence the service delivery at the operative level? And how?

Together these research issues will allow me to answer the research question in a comprehensive and cohesive fashion.

2.9 Conclusion

This chapter has introduced systems theory and network theory as the foundation for the discussion of interactions within tourism and particularly within destinations. An analysis of the tourism system (Leiper 1990; Bieger 2006) and the tourism process (Leiper 1979) framed the study and application of destination marketing. Competition in tourism occurs between destinations and they must therefore be marketed as a coherent product (Bieger 1997). Attractions are at the core of the destination product around which tourism businesses, infrastructure, and services are arranged (Keller 2006). Since different actors provide individual parts of the tourism experience, but simultaneously tourists perceive the destination as a coherent unit, it is important for actors in the destination to market the destination together (Von Friedrichs Grängsjö 2003). Building on the NSGMM, the three levels of management have been presented as the basis for the analysis of destination management. Potential network governance arrangements have been proposed based on differences and similarities in the coordination and interaction between actors. The research question and specific issues for the thesis have been presented. Chapter 3 now describes the most appropriate methodology for answering the research question and developing new insights into destination marketing.

Chapter 3 – Methodology

3.1 Introduction

This chapter will outline the research strategy adopted for the thesis. First an overview of the various paradigmatic viewpoints in the philosophy of science is presented, with emphasis on the critical realist paradigm, which underlies this thesis. Secondly, abductive research strategy and the qualitative research approach are justified. Thirdly, the specifics of the comparative case study method employed for this thesis are discussed, including case selection, research quality measures, and data collection tools used. Fourthly, the analysis procedures for the collected data are described. Finally, the presentation of the results in the following chapters will be introduced.

3.2 Scientific paradigms

The philosophy of science is concerned with the researcher's view of the world and his/her approach to research. The various philosophical viewpoints in the scientific community are grouped into paradigms, which refer to a researcher's philosophical or theoretical orientations (Kuhn 1970). These philosophical orientations, for the purpose of this discussion referred to as paradigms, form the foundations for theories in a discipline or field (Arndt 1985). The paradigms specify certain assumptions regarding reality and the creation of knowledge in relation to that reality. It is not the purpose of this thesis to discuss the philosophy of science in great detail, but the most important paradigms and their assumptions are discussed in this section to provide some background.

A researcher's paradigm, or 'worldview', influences the way he/she thinks about ontology, epistemology and methodology, where "...ontology is reality, epistemology is the relationship between that reality and the researcher; and methodology is the techniques used by the researcher to discover that reality" (Sobh and Perry 2006, p.1194). Ontology and epistemology are both core concepts in research design and influence the type of methodology and specific methods of inquiry chosen (Easterby-Smith, Thorpe et al. 2002). Table 3.1 below introduces simplified descriptions of the four most common scientific paradigms in marketing research.

	Positivism/Post-positivism		Interpretivism/Relativism	
	Positivism	Realism/post-positivism	Constructivism	Critical Theory
Ontology	Reality is real and apprehensible	Reality is “real” but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to understand it	Multiple local and specific “constructed” realities	“Virtual” reality, shaped by social, economic, ethnic, political, cultural, and gender values, crystallised over time
Epistemology	Findings true – researcher is objective by viewing reality through a “one-way mirror”	Findings probably true – researcher is value-aware and needs to triangulate any perceptions he or she is collecting	Created findings – researcher is a “passionate participant” within the world being investigated	Value mediated findings – researcher is a “transformative intellectual” who changes the social world within which participants live
Methodology	Mostly concerned with testing theory. Thus mainly quantitative methods such as: surveys, experiments, and testing of hypotheses	Mainly qualitative methods such as case studies and convergent interviews	In-depth unstructured interviews, participant observation, action research, and grounded theory research	Action research and participant observation

Table 3.1: Overview of scientific paradigms (based on Sobh and Perry 2006)

The paradigms can be divided into positivist and interpretivist subgroups, based on their view of reality. The two primary paradigms of interpretivism are constructivism and critical theory. They both postulate a subjective view of reality, where reality is socially constructed. Positivism and realism on the other hand assume that there is a reality out there that is independent of the observer (Easton 2002). The four paradigms are discussed in more detail in the following sections. The paradigms are presented in their order of appropriateness for this particular study. More attention is given to realism, and critical realism in particular, as this is the paradigm closest to the researcher’s worldview.

3.2.1 Constructivism

On a continuum from pure positivism to pure interpretivism, the constructivist paradigm could be seen as the opposite to the positivist worldview in terms of ontology. The constructivist researcher believes that there are multiple realities and that these are individually and socially constructed (Mertens 2005). This means that there is no objective, external reality to be generalised to and the aim of this type of research is not measurement, but elicitation of meaning (Healy and Perry 2000). The researcher is a 'passionate participant' in the phenomenon under investigation and must recognise the bias and subjectivity this introduces into the research (Healy and Perry 2000). Inductive approaches are generally used, meaning that the researcher enters the field with little or no preconceived theories. In the case of grounded theory, the stated aim is to discover theory from data, meaning that data come first, theory second (Glaser and Strauss 1967). The aim of constructivist research is to gain deep and meaningful understanding of the participants' perceptions. This is reflected in the types of methodologies used, including, participant observation, and in-depth unstructured interviews. This type of research is useful to understand the views and realities of individuals, but the lack of comparability limits its usefulness for this study.

3.2.2 Critical Theory

Like a constructivist, the critical researcher also maintains that reality is socially constructed, but goes one step further and aims to change the phenomenon he/she is investigating (Perry, Riege et al. 1998). Hence the researcher will take an active role in the process or organisation under study. The researcher's direct and active involvement with the phenomenon creates subjectivity. Action research and participant observation are the most common methodologies employed for this critical research (Sobh and Perry 2006). This paradigm is not appropriate for this thesis, since the aim is to compare different destination models, so some objectivity must be reserved. Also it is not the researcher's aim to change the destination in any direct way, but merely study it. However for future application of the findings in industry and further research, action research could well lead to interesting results.

3.2.3 Positivism

Positivist research, also referred to as logical empiricism, is usually associated with the 'hard' or natural sciences. The positivist logic in social sciences has been questioned for

attempting to quantify social interactions without acknowledging their broader context (Neuman 2003). However it has been widely used in marketing in an attempt to make marketing more scientific (Hunt 1983; Arndt 1985). The positivist researcher assumes that there is a reality out there and that it can be measured directly. The researcher is thought to be entirely independent from the reality he/she is studying, observing it in a value-free objective manner (Healy and Perry 2000). The research techniques used are deductive and primarily quantitative, relying on statistically significant findings to generalise to a population. The aim is usually to identify and quantify causal relationships between data points so that the relationships can be predicted in future. Hence the research mostly tests theory by generating hypotheses from literature, which can then be proven or rejected within certain populations.

This paradigm is not appropriate for the current study, since the aim here is to build theory, which will lead to testable propositions.

3.2.4 Realism

Realism, also referred to as post-positivism due to its ontological similarities to positivism (Guba and Lincoln 2005), can take many forms. As Hunt (1990) states “A major problem for realism is that there are so many different versions of it” (p. 8). He is referring to a range of philosophical stances that he groups under ‘empirical realism’ (Hunt 1990). Realism in general contends that there is an external reality that exists independently of it being observed (Hunt 1990; Easton 2002), but that this is only probabilistically and imperfectly measurable (Sobh and Perry 2006). The purpose of science is then to develop knowledge that is as close to the reality as possible, even though it can never be known with certainty (Hunt 1990) and only portrays one view of the underlying reality. It is this lack of certainty that differentiates realism from positivism. Researchers are encouraged to continue to be critical of any theory and its limitations in representing reality, referred to as critical realism (Hunt 1990). Critical realism (CR) has its roots in the writings of Roy Bhaskar (1979) and has since been applied in many disciplines, including sociology (Sayer 1992), information science (Mingers 2004) and marketing (Hunt 1990; 1992; Perry, Riege et al. 1998; Easton 2002; Sobh and Perry 2006; 2009).

What differentiates CR from other forms of realism is that the ontology is conceptualised in three stratified domains of reality, the ‘real’, the ‘actual’ and the ‘empirical’ (see Figure 3.1). This has important implications for epistemology (Easton 2009). The ‘real’

encapsulates enduring structures and mechanisms, which can be social or physical, as well as the other two domains. The mechanisms, which could be interpreted as the interactions between elements in systems (Skyttner 2005), are not conceived of as clearly structured or invariant (Easton 2009). Instead they are more likely to have complex properties that make them probabilistic. The term mechanism can be replaced by ‘deep structure’ or ‘generative process’, but mechanism is the standard term used. The ‘actual’ domain represents the outputs, or events, of the mechanisms within the ‘real’ system as well as non-events. The ‘empirical’ domain is then embedded inside both of the other strata and represents the events the researcher has observed and interpreted. Interpretation is a very important concept here, since different researchers may interpret the same event differently (Easton 2009).

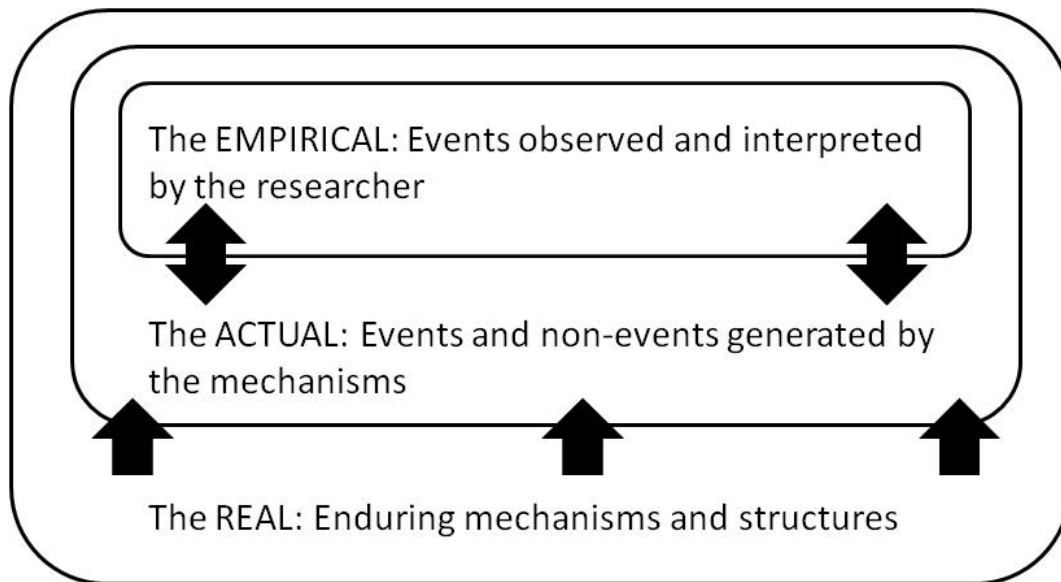


Figure 3.1: The three domains in critical realism (Based on Mingers 2004, p. 94)

Accepting this ontology, the researcher’s aim is to gain access to the ‘real’ domain through the window of the ‘actual’ events. “Events or outcomes are what critical realists investigate, that is the external and visible behaviours of people, systems and things as they occur, or as they have happened” (Easton 2009, p. 120). From the observed events, a researcher can then attempt to determine causal explanations of why these events have occurred. Certain assertions about the nature of the underlying mechanisms and structures can be made, but the researcher must remain open to alternative explanations. A possible description of the process is retrodution, which Sayer (1992) describes as a “...mode of inference in which events are explained by postulating (and identifying) mechanisms

which are capable of producing them...” (p. 107). This process is commensurate with the study of destinations, since the whole destination system with all its complexities and influences from other parts of the tourism system cannot be studied based on its elements. Identifiable events, such as a strategy process or groups forming to lead the destination, can be used to determine potential mechanisms. Network theory is useful here as it allows the study of the interrelationships between actors within the system.

CR is useful for generating new theory since the researcher maintains some objectivity, allowing for generalisation to theory, and the researcher can use induction to build theory (Perry 1998). CR remains flexible in its axiology, allowing for both qualitative and quantitative research tools to be used in the explanation of reality. For the research question studied in this thesis a qualitative approach seems most beneficial due to the complexity of the cases and the social nature of the processes. CR has already been established as suitable for both network research in marketing (Easton 2002) as well as case study research (Perry 1998; Perry, Riege et al. 1998), which are both components of this thesis.

Under the critical realism paradigm, this researcher believes that there is an objective reality in which the tourism destination exists, although parts of it are socially constructed. Within the ‘actual’ domain, the ‘real’ structures of destinations and their marketing processes are discernable through the events they produce. In the ‘empirical’ domain the perceptions of multiple participants can be used to gain insight into the underlying reality (Healy and Perry 2000). Triangulation of multiple viewpoints is used to help the researcher come closer to reality and make the results more coherent (Easterby-Smith, Thorpe et al. 2002). Qualitative research in general and case studies in particular are good methods to study systems and their complexity (Gummesson 2006). Case studies are the preferred research tool for studying complex phenomena in their context and building theory (Eisenhardt 1989; 1991; Gummesson 2000; Yin 2003; Eisenhardt and Graebner 2007). The next section now explains the relationship between induction and deduction within the abductive research strategy chosen to conduct the case studies for this thesis.

3.3 Research Strategy

In order to study the reality of tourism destinations and produce useful results, it is necessary to triangulate multiple perceptions of a destination and/or multiple destinations. Under the CR paradigm, the researcher works with events within tourist destinations and assesses what could have caused them. This is a two way process (shown in Figure 3.1) in interaction between the actual observed events and their interpretation, which can be referred to as retroduction or abduction. “Retroduction means ‘moving backwards’ and that is what the process involves. It asks ‘What must be true in order to make this event possible?’” (Easton 2009, p. 123). Hence there is interplay between induction and deduction in this pragmatic research strategy. It provides a middle ground between the purely deductive positivist methods and the purely inductive aspirations of grounded theory.

Primarily in the Nordic countries, the process of exchange between induction and deduction, between theory and reality, is also referred to as abduction (Dubois and Gadde 2002; Kovacs and Spens 2005). Some other authors, like Weick (Weick 2006), criticise a different form of abduction as relying on ‘acts of divination’, which can lead to confusion. The Nordic use of the term is based in the claim that most scientific endeavours were not discovered through pure induction or deduction. Abduction can be defined as “...the systematized creativity or intuition in research to develop ‘new’ knowledge” (Kovacs and Spens 2005, p. 136). This research approach is popular in management research in Scandinavian countries and accepted as highly appropriate for case study research (Dubois and Gadde 2002; Kovacs and Spens 2005). Figure 3.2 shows the process. The researcher starts with prior theoretical knowledge and a research question in mind. This can be termed ‘pre-understanding’ in the hermeneutical sense (Gummesson 2000). Through real-life observations in the empirical world insights are gained towards the research question. From there a more concrete theoretical framework is developed, aiming to understand the phenomenon (Alvesson and Skoldberg 2000). This may have several iterations of interpretation, going between the real world and the theoretical constructs, in hermeneutical loops of pre-understanding, understanding and explanation (Gummesson 2003). The confrontation of theory with the empirical world then is ongoing throughout the research process (Dubois and Gadde 2002).

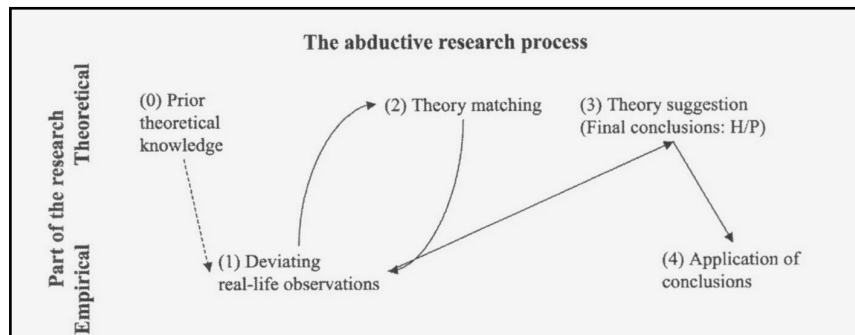


Figure 3.2: The abductive research process (Kovacs and Spens 2005)

In order to build theory, it is necessary to be able to generalise the research results. Generalisation from case studies differs in comparison to quantitative methods. Where the aim of quantitative methods is statistical generalisation, case studies focus on analytical generalisation (Yin 2003). Case studies allow for both inductive and deductive approaches, as they can be used for both theory generation or theory testing (Gummesson 2000; Easton 2005). Usually there are elements of both present within a case study, which is why they lend themselves to the abductive strategy (Dubois and Gadde 2002). In summarising the appeal of cases to industrial networks scholars, Dubois and Araujo (2004) give the reason that "... cases are made through a convoluted process of systematic iteration and combination of empirical evidence, theoretical frameworks and persistent reframing of what it is we are studying. Interactions between ideas and empirical evidence result in the progressive refinement of the nature and boundaries of the case and, in the process, reframe and transform these relationships" (p. 224). This somewhat messy process is well suited to studying the messy reality of management, where the complexity of the systems, its context and even the people involved in the research must be considered (Gummesson 2006).

The abductive strategy is adopted for the thesis, since it facilitates the generation of theory within a structured approach. It relates the research to theory, but also allows new insights to emerge from the data. The conceptual model and research issues outlined in Section 2.6 are the prior theoretical knowledge taken into the field. These help to focus the researcher on the types of events that may be observed and provide the basis for possible explanations. The observations in the cases will provide grounds for theory matching during the analysis stage. The interplay between induction and deduction adds to the richness of the findings and their relevance to the context. Once the researcher is

convinced of the appropriateness of the theoretical explanation, final conclusions will be drawn and form the basis of testable propositions. An application of the conclusions to further research or practical industry problems completes the strategy. The particular decisions based on the abductive strategy will be elaborated throughout this chapter.

3.4 Case study methodology

Case studies are considered appropriate for studying complex subjects at a systemic level and with network methods (Gummesson 2007). Historically case studies have been thought of as ‘inferior’ or ‘soft’ tools for research by protagonists of the quantitative research traditions (Patton and Appelbaum 2003). However case studies have been embraced by researchers in many social science fields as a rigorous methodology to study phenomena in their context (Yin 2003). Their use as tools for thesis research in marketing has also been discussed and accepted (Perry 1998; Gummesson 2007). “...qualitative approaches such as case study research entail efforts to address complexity accepting that the object of study can be confusing and ambiguous. They can further be used to put variables and categories in a context. Less rigour than in a traditional quantitative approach, yes, but more realism and relevance” (Gummesson 2006, p. 173). It is this relevance that makes case studies a good tool for research that is to contribute to both theory and practice. In addition, there are many tactics to ensure credibility and rigour in case study research, which I will present later in this chapter. The different types of case studies available are discussed next.

3.4.1 Types of case studies

When studying change or processes a longitudinal study is best, because it allows the researcher to follow the same unit or units of analysis through a change process (Pettigrew 1990). However, longitudinal research is very time and resource intensive and not particularly suited for a PhD research project. Archival data can and has been successfully used to substitute for the longitudinal data (Pavlovich 2003), but it is only able to provide insight to a past reality through those events that have been recorded somewhere or still exist in people’s memory. In a critical realist view, the archival documents are records of events and some inference can be made as to the mechanisms that evoked them. When looking at interaction in networks, which are very complex and dynamic structures, it is of advantage to interact with the actors in the present. In some cases, historical documents

may not provide a very rich data set to work with and may not allow the kind of in-depth analysis required to understand the reality of networked structures. So alternatives must be sought.

A comparative case study approach provides the possibility to look at multiple cases at different stages of development or in different configurations and compare them using a full set of data collection methods. The comparative method does have its complications, in the sense that different units or cases that operate in a different context and comprise of different actors must be compared. Therefore it is vital that care is taken when selecting the cases in order to gain valuable insights towards theory from their comparison. Case study literature suggests that cases should not be chosen randomly (Eisenhardt 1989), but be selected to fill theoretical categories on either literal or theoretical replication dimensions (Eisenhardt 1989; Pettigrew 1990). For the purpose of this thesis, cases will be chosen on both literal and theoretical replication dimensions in order to ensure that cases are literally comparable, based on certain dimensions, and theoretically different in order to gain insight into underlying processes in the cases (see Section 3.3.3). This reduces the difficulty of comparing cases, because they are similar in some dimensions, which makes them more likely to be comparable, where at the same time the theoretically important dimensions can be compared at different levels. Contextual variables need to be monitored and their effect on the case acknowledged.

As with quantitative, positivist research, there are certain quality criteria that apply to case studies in order to make the theory generated by them ‘trustworthy’. These are outlined in Table 3.2 and the research choices made for this thesis are presented.

Issues to consider	Design options chosen
What is the primary purpose of the study?	Applied research – the study will deepen the understanding of the chosen topic and therefore contribute to knowledge
What is the focus of the study?	The study will look deeply at the issues at hand, allowing some room for breadth where unforeseen information is presented
What are the units of analysis?	Alpine tourism resort destinations, with sub-cases (individual respondents)
What will be the sampling strategy or strategies?	Purposeful theoretical sampling will be used, initial leads taken from local experts and further respondents added on recommendation
What types of data will be collected?	Qualitative data collected through interviews, documents and observation
What type and degree of control will be exercised?	Unstructured, but with guidance through an interview topic guide
What analytical approach or approaches will be used?	Thematic analysis, abductive research process
How will the validity of and confidence in the findings be addressed?	Triangulation between multiple respondents in each destination (also see Section 3.7)
Time issues: When will the study occur? How will the study be sequenced or phased?	Three cases were conducted sequentially with analysis afterwards
How will logistics and practicalities be handled?	Access to people was facilitated through local experts/contacts
How will ethical issues and matters of confidentiality be handled?	Informed consent, protection of privacy
What resources will be available?	One researcher carried out and managed the data collection, analysis and reporting

Table 3.2: Research considerations (based on Patton 2002)

3.4.2 Units of analysis

One particularly important design component for case study research is the unit of analysis (Yin 2003), which is the entity that a researcher wants to investigate. Since destinations are seen as the competitive unit in the tourism industry (Bieger 2006) and are the focus of the research questions for the thesis, they are also the unit of analysis for this study. Destinations are best defined geographically, since the study of their networks would make their 'boundaries' difficult to determine otherwise (Jarillo 1988). Since the aim of this research is to compare entire destinations, these must be geographically small enough to allow detailed study with the time and resources available. Therefore resort towns, which are the smallest unit able to provide for all touristic needs will be used.

It is acknowledged that there are multiple actors, stakeholder groups, and other interested individuals contained within each destination. In fact, these individual actors make up what from the outside looks like a coherent destination unit. Since the communication and cooperation between these actors is a key component of this thesis, it is necessary to delve deeper and examine them in more detail. The individual groups, will be treated as embedded cases (Yin 2003) since their responses will be used to reveal the underlying reality. The triangulation between the individual groups/persons' perceptions of the destination will allow assumptions to be made about the whole case, the destination as a whole.

3.4.3 Case selection criteria

In choosing cases, it is first of all important to define the population from which the cases will be chosen. In this example, the study examines full service tourism destinations that are away from major centres and therefore dependent on tourism. Since there are too many such destinations, some criteria need to be introduced in order to limit the number of considered cases. With no firm guidelines as to how many cases are appropriate for a comparative study (Perry 1998; Eisenhardt 1989), it is at the researcher's discretion to ascertain how many are needed to answer the research questions (Merriam 1998). The method employed here is similar to what Eisenhardt (1989) and Pettigrew (1990) refer to as filling theoretical categories and incorporated selection both on literal and theoretical replication basis. The variation in cases is purposefully chosen to be able to make comparison between the cases during analysis (Patton 2002; Flyvbjerg 2006). Table 3.3, below, shows both the literal and theoretical replication dimensions considered when

making case choices in the context of this study. The dimensions are discussed in the following two sections, which are followed by a discussion of the contextual variables that influence the cases.

Literal Replication	Theoretical Replication
Alpine destination	Destination type – three levels, based on implicit vs. explicit contracts, centralised vs. decentralised (core and ring networks) structures
Size - village	
Dependent on tourism – little other industry	
Peripheral destinations – not close to major town or industry	
Full product offering	
Accessibility - opportunism	
Language – researcher’s ability to communicate	

Table 3.3: Dimensions of literal and theoretical replication used in case selection.

3.4.3.1 Literal Replication

Since the cases are supposed to be compared, it was necessary to assure some similarity between the destinations, so that they would be more readily comparable. These literal replication dimensions were chosen because they are easily identifiable traits, that allow the researcher to delimit the population from which the sample can be drawn, based on theoretical replication dimensions. The type of destination, which meant that only alpine tourism destinations would be considered, and the size of the destinations should be similar, which already narrows the choices down significantly. The destinations should also be dependent on tourism, be peripheral, would have a similar product offering to the others and, most importantly, be accessible to the researcher. In addition to literal replication issues, the dimension of language was included after it became clear that the theoretical replication needed for the present study was not possible within the original single country of emphasis, New Zealand. These dimensions essentially provide the population from which specific cases can then be chosen, based on theoretical categories.

3.4.3.2 Theoretical Replication

Based on the literature review in Chapter 2, it was assumed that the destination type and the corresponding relationships in the network would impact on destination management at the normative, strategic and operative levels. Cases were chosen to theoretically replicate the three different destination types in the study, to enable conclusions to be drawn as to how the relationships between actors influence the destination management. In order to find destinations that are similar on the literal replication factors and yet represent the three theoretical types, the study was broadened to include international destinations, because not all types were found in New Zealand. The types under investigation formed the main criteria for case selection amongst those destinations that fulfil the literal replication dimensions from Table 3.3.

3.4.3.3 Context Variables

Choosing cases in different countries increases the complexity of researching the destinations within their context. This section acknowledges the fact that no two tourism destinations are the same, since the tourism product or experience is very closely tied to its place of production, the individual destination. Due to this fact, they can be expected to be different based on their exact location. This difference could be magnified by the choice of destinations in different countries, since each destination will be influenced by different contextual situations in the given countries. The social, technological, environmental, economic and political (STEEP) model can be used to analyse the forces of change and their effects on tourism (Nordin 2005) and as long as the differences on these variables between locations are acknowledged when analysing the findings, they will only add greater depth to the analysis.

Preliminary research and consultation of experts helps to choose relevant cases. For complex units of analysis, like tourism destinations, it is then necessary to carefully choose the appropriate respondents, since it is through their perception that the researcher gains access to the case reality. Although interviews are the most interactive and valuable tool for data collection in this research, the triangulation with general findings from secondary documents and observation can add to the validity of the developed theory.

3.5 Research specifics

This section covers the details of the research carried out for this thesis, including the cases chosen and the recruitment of respondents in each case.

3.5.1 Cases chosen

The first case for this research project, Wanaka, New Zealand, was chosen because it represents the first category of the theoretical replication dimension and because it was easily accessible from my University. Then in order to make comparisons between cases with different structures and to maximise the variability between cases (Patton and Appelbaum 2003) the other cases were selected using the literal and theoretical dimensions. Of the literal replication dimensions accessibility and language were deemed very important, since there is no use in selecting cases that fit the model perfectly, when the researcher is unable to gain access to the case or communicate with people in the case (Gummesson 2000). Hence, the cases were delimited based on the languages spoken by the researcher and the accessibility first, and then the other literal and theoretical criteria were applied.

3.5.1.1 Language

The languages spoken by the main researcher on this research project are English (native), German (native), and Swedish (advanced fluency), which reduced the initial list of countries in which the research could be conducted. The reason is that interviews and document analysis are used for data collection for this project and a good knowledge of the local language was therefore necessary. Although English is spoken all over the world, the researcher chose countries where one of his three spoken languages was a national language, in order to reduce the risk of misunderstandings. To ensure consistency, all Swedish interviews were recorded and checked by a native speaker for possible misinterpretation by the interviewer. The languages spoken narrowed the list of countries down significantly and made it possible to search for possible cases based on the access dimension within these countries.

3.5.1.2 Access

Access to cases and to the reality of the cases demands access to the right information and people within the case (Gummesson 2000). In order to gain access to networked structures, one must access actors within these networks that are able to provide information. Possible cases that would be accessible to the researcher were discussed with expert contacts and a

shortlist developed. With expert input and preliminary Internet research, destinations that fit the two remaining destination types were chosen for the study.

Three cases were chosen, because they were believed to cover the theoretical ground to a satisfactory extent and would allow triangulation of findings between them. Although they are in three different countries – New Zealand, Sweden, and Switzerland – they are similar on all of the literal replication dimensions. And the three countries are actually also quite similar, in regards to the factors measured by Hofstede’s value dimensions (2001) (see Table 3.4).

Country	Power Distance	Uncertainty Avoidance	Individualism	Masculinity	Long/ Short-term Orientation
New Zealand	22	49	79	58	30
Sweden	31	29	71	5	33
Switzerland	34	58	68	70	40

Table 3.4: Comparison of New Zealand, Sweden and Switzerland on Hofstede’s value dimensions

The only dimension that does differ markedly is ‘Masculinity’, where Sweden is far more feminine than the other two countries. Awareness of these possible cultural influencers is important and the context variables will be examined during the research process in order to determine their effect on the results. Table 3.5, below, shows the three cases chosen, based on the expert consultations and basic Internet research.

	Wanaka, New Zealand	Åre, Sweden	St Moritz, Switzerland
Organisational Structure	Implicit contracts, no major players, all ring, no core	Explicit contracts, core with ring, centralised, lead firm	Explicit contracts, core with ring, decentralised, strong brand

Table 3.5: Cases selected for the current studies with their perceived organisational structure.

As can be seen in Table 3.5, the first case, Wanaka, was selected because it fit the description of an ‘all ring, no core’ destination, which means that under Bieger’s (2006) classification, it should be governed through implicit contracts. This could also be referred

to as the community model (Flagestad and Hope 2001). Åre, the second case, was selected since the destination was assumed to be driven by a lead firm (Skistar), around which the tourism product in Åre was thought to be centralised. St. Moritz was also assumed to have a core, coordinated by a lead actor, in this case a very strong RTO (KVV). These categorisations are based on preliminary secondary research as well as one informal interview in Wanaka and discussions with tourism experts from Switzerland and Sweden. The assumptions underlying the categorisations are examined during the empirical research and will be discussed in the results section of the thesis. The cases selected are all very complex and only through multiple respondents would it be possible to gain a detailed picture of each case. The next section discusses respondent selection in detail.

3.5.2 Respondent recruitment

Since the research aims to discover the overall dynamic at the destination and get a deep insight into the communication that occurs to facilitate strategic action, it is necessary to speak with as many of the local stakeholders or interest groups as possible. It is likely that some of these will have widely differing views and opinions on how the destination ought to develop and behave towards the stakeholders. In amongst all of this, a deep, rich picture of reality should emerge.

In order to gain insight into as many of the groups that are represented in a destination as possible, preliminary interviews with expert local contacts and a snowballing technique were used to identify possible groups and representatives of these groups to include in the study. A snowballing technique refers to the process of asking respondents to identify other relevant respondents for further interviews (Frankwick, Ward et al. 1994). The aim was to speak to people as high up in every group or organisation as possible, because it was assumed that these people would have a better perception of the normative and strategic level dynamics that occur within their own group and in its conduct with others. Hence, CEOs, chairmen or women, board members, trustees, councillors, directors and other people in positions of influence were the preferred interviewee from each organisation. Where these people were not available, other people from within the organisation were asked to participate in their place. Table 3.6 shows the respondents in the three destinations, along with a brief description of their role as well as the code used to identify them for the research.

Type of Organisation	Wanaka, New Zealand	Åre, Sweden	St. Moritz, Switzerland
Public			
	CEO LTO (W1)	Mayor of Council (A1)	Council Manager (S1)
	Councillor – head of Chamber of Commerce (W2)	Business Manager – Council (A2)	PR/Communications Manager of LTO (S2)
	Head of the Wanaka office of the Department of Conservation (W3)	Environmental Manager – Council (A3)	Local Police Chief (S3)
		CEO of RTO (A4)	Chairman of LTO (S4)
			Manager of neighbouring LTO (S5)
Private			
	Hotelier – on board of LTO (W4)	Manager for Ski field operator (A5)	Local Ski field umbrella organisation Marketing Manager (S6)
	Activity Operator – Helicopters (W5)	Consultant to ex-local DMO (A6)	Local Hotelier – Owner/CEO (S7)
	Activity Operator – Ski field (W6)	Hotelier – CEO of largest Hotel (A7)	

	Hotelier – chairman of LTO board (W7)	Communications Manager – World Cup organising company (A8)	
	Development Consultant (W8)		
NFP	Farmer – on several environmental committees (W9)	Manager – Swedish eco-tourism association (A9)	N/A
	Hotelier – Trustee on sustainability group (W10)	CEO – Chamber of Commerce (A10)	

Table 3.6: Description of interview respondents for all three cases and their identifying codes for the results section

3.6 Data collection methods

Data collection methods are the tools employed by the researcher to attempt to come close to the imperfectly ‘knowable’ reality of what is being studied. The use of multiple tools or multiple ‘data points’ is generally thought to be favourable, as it allows triangulation between the results, to get even closer to the subject matter. The rich data provided by multiple tools or respondents allows the generation of theory that is closer to the management reality in the case and allows recommendations to be more readily implemented by practitioners (Gummesson 2000).

Figure 3.3, below, shows a conceptualisation of the interaction of the researcher with each of the chosen cases. As an example, the destination (D) is made up of multiple groups (G1 to G4), and the researcher approaches the destination with various tools. How these tools were used for this research project is described in the following sections. The tools are described in the order of their importance and contribution to the final results.

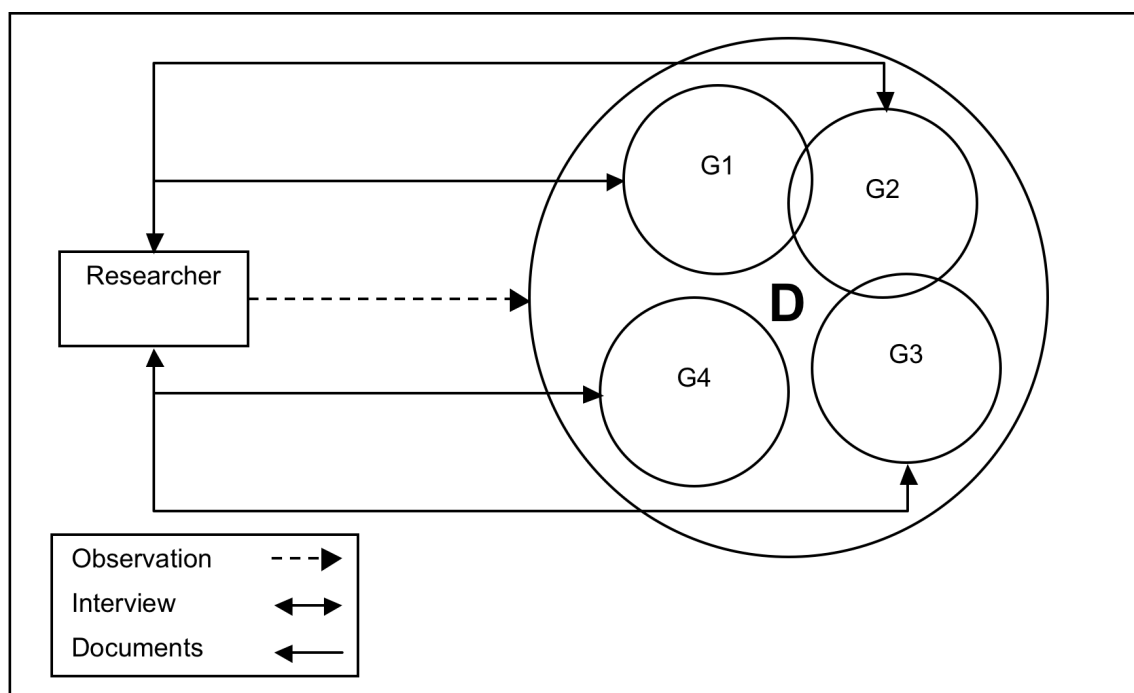


Figure 3.3: Conceptualisation of the researcher's interaction with the destination and its groups

3.6.1 Interviews

The in-depth interviews, shown by a 2-way arrow, are a direct interaction with people engaged in the various groups or actors. The arrow depicting the information exchange runs in both directions, due to the more personal level of interaction. Interviews were the main form of primary research, because they allowed the researcher to discuss issues with

the chosen respondents in depth and allowed the elicitation of new issues (Merton and Kendall 1946). These interviews were conducted with all respondents identified through the pilot interviews and the snowballing technique, discussed in section 3.3. The interviews were field interviews, as opposed to survey interviews (see Table 3.7), which means that an interactive conversation between researcher and respondent took place, rather than an interview based on a predetermined set of ‘survey-like’ questions (Neuman 2003). This was guided by an interview topic guide that outlined the general areas to be discussed and listed some questions to ask the respondent if the conversation stalls. The topic guide was used, instead of a structured interview protocol, because this is consistent with the more inductive intentions of theory generation.

The topic guide (Appendix A), intended to keep respondents within certain limits, but not restrict them to specific answers like in a survey interview (Merton and Kendall 1946). The broad topics covered in the interviews were (not necessarily in this order):

- Interviewee Background
- Thoughts on the structure of the destination, including major players and governance
- Thoughts on stakeholder communication within the destination
- Thoughts on strategic decision making in the destination (who fulfils the different support activities)

	Typical Survey Interview	Typical Field Interview
1.	Has a beginning and a clear end.	The beginning and end are not clear. The interview can be picked up later.
2.	The same standard questions are asked of all respondents in the same sequence.	The questions and the order in which they are asked are tailored to specific people and situations.
3.	The interviewer appears neutral at all times.	The interviewer shows interest in responses, encourages elaboration.
4.	The interviewer asks questions and the respondent answers.	It is like a friendly conversational exchange, but with more interviewer questions.
5.	It is almost always with one respondent alone.	It can be with one respondent or in a group setting.
6.	It has professional tone and businesslike focus; diversions are ignored.	It is interspersed with jokes, asides, stories, diversions, and anecdotes, which are recorded.
7.	Closed-ended questions are common, with rare probes.	Open-ended questions are common and probes are frequent.
8.	The interviewer alone controls the pace and direction of interview.	The interviewer and interviewee jointly control the pace and direction of the interview.
9.	The social context in which the interview occurs is ignored and assumed to make little difference.	The social context of the interview is noted and seen as important for interpreting the meaning of responses.
10.	The interviewer attempts to mould the communication pattern into a standard framework.	The interviewer adjusts to the respondent's norms and language usage.

Table 3.7: Survey Interviews versus field research interviews (Adapted from Neuman, 2000)

3.6.2 Documents

The collection of secondary documents from tourism offices, councils, businesses, websites, and other sources was the second form of data collection. This helped to triangulate some of the information attained in the interviews. Documents were especially

useful when looking at the structure and the development of a destination, since this information was often documented. Even if the documents did not answer the research questions directly, they provided additional insight. The arrow shows a one-way flow of information since the researcher had no direct input into these documents. A full list of documents used for the purpose of the case studies is provided in Appendix B.

3.6.3 Observation

Observation allowed me to get my own impression of what the destination feels and functions like. This is shown as a two-way arrow (Figure 3.3), since I visited the destinations and actively interacted with people and service providers there. However, the arrow is dotted, since this was not a formally ethnographic approach (Arnould and Wallendorf 1994) and only used to add richness to and comprehend better the other sources of information. By spending some time in each of the destinations, I was able to observe what was happening at the destination and to get an impression of the tourism product offered there. Information that was recorded during that time took the form of unstructured notes and photos taken in each destination. These helped me to remember the context of the destination when conducting the analysis.

Between these three data collection methods, a rich picture of the communication and cooperation processes that occur at a destination (how) and some reasons for these (why) appeared.

3.6.4 Ethical Issues

The study was granted Category B ethical approval from the Department of Marketing of the University of Otago. In line with this approval, the following procedures were implemented for the interviews.

- Respondents were assured their confidentiality
- Only the researcher and his PhD supervisors had access to the interview recordings
- The respondents' anonymity was assured by not using their names in the presentation of data⁴

⁴ In small towns, like those under study, other residents might be able to deduce the respondents' identity from reading the respondents' descriptions. This cannot be avoided without losing the richness of description required for the presentation of the qualitative research findings.

- Contact information for the researcher and his PhD supervisors was provided to all respondents
- Respondents were advised of their right to not participate or to discontinue participation in the study at any time
- Respondents were clearly told how and by whom the information collected was to be used (who will have access), and how data was to be stored

The respondents were provided with an information sheet (see Appendix C), in either English (used in New Zealand and Sweden) or German (used in St. Moritz), which outlined the above points. Respondents were then asked to sign a Consent Form (see Appendix D) that once again informed them of their rights, as listed above.

3.7 Data Analysis

Qualitative data analysis is not a clear cut process and takes place simultaneously and in interaction with the collection of data (Dey 1993; Merriam 1998; Dubois and Gadde 2002). As mentioned in Section 3.3, this thesis takes an abductive approach to research, which emphasises the continuous interplay between the preconceived research framework and the cases studied (Dubois and Gadde 2002). Figure 3.4 shows the four components of qualitative data analysis. Data display, data reduction, and drawing/ verifying conclusions are seen as a cyclical and interactive process.

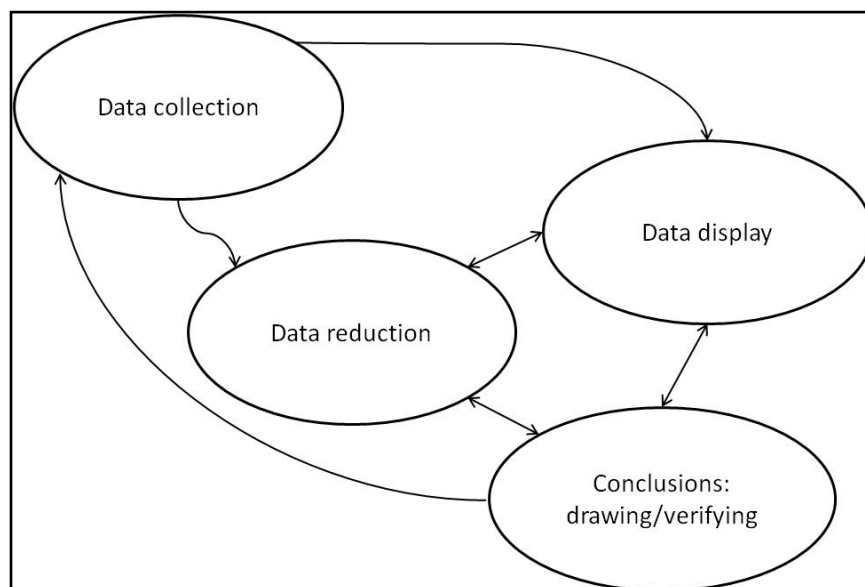


Figure 3.4: Components of data analysis shown in a flow model (Miles and Huberman 1984, p. 23)

3.7.1 Transcription

The process of analysis for this thesis began by preparing a full transcription of all recorded interviews⁵. The transcripts were prepared in the language that the interview was conducted in. Since the researcher is very familiar with both German and Swedish, it was deemed unnecessary to translate the transcripts to English. A native speaker checked the Swedish transcriptions to ensure quality and to interpret those turns of phrase the researcher was not familiar with. For coding, the transcripts were also left in their original language and only the quotes used to illustrate points within the text in the results chapters were translated into English as accurately as possible. Spot checks of translations were performed to ensure correctness.

3.7.2 Documents

Documents that were collected during the research were used in the analysis to find supporting or contrary information to what interviewees had stated. A list of the documents used during the research is provided in Appendix B. The documents were not analysed in the same way as the interview transcripts, but were simply consulted and quotes and impressions taken from them where appropriate. All reference to specific documents in the results chapters is cited according to the style used throughout the thesis.

3.7.3 Coding the interviews

I read each interview transcripts several times to familiarise myself with the data. The fact that I conducted all the interviews myself also helped in this process, since I was already familiar with the material. I then entered the interview transcripts into the NVivo software programme for coding. NVivo makes it easy to create new codes and to arrange them in preliminary structures for analysis. The coding used thematic analysis, analysing at more than the word level. This is important, since the meaning of constructs needs to be interpreted across three languages. The themes that were discovered under the initial categories were further broken down into smaller categories. The coding for each destination started with a fresh coding sheet, since the cases were initially to be presented separately for the in-case analysis. Themes were collected in relation to the three logical levels of management as well as the cross-level issues of communication and leadership.

⁵ Unfortunately in four interviews the recording device failed to record even though it looked like it was working. Detailed notes from the researcher covered these interviews.

These formed the basis for the results discussion in the in-case and then cross-case analysis.

3.7.4 In- case analysis

This is where the description and classification of data takes place and some initial connections between pieces of data may also already be made. It is important to note here that since the cases are located in different countries with different contexts, some issues identified in one destination may not be present in others. Therefore the coding for individual destinations was performed separately and with separate additions to coding sheets. So although the initial coding outline was followed to start coding all transcripts, different issues and themes emerged under these categories. This provides interesting comparisons of the destinations for the cross-case analysis.

The results of the in-case analysis, which essentially is a rich description of each destination in relation to the topic areas of interest to this study, are presented in Chapters 4 to 6. Each chapter presents general background information about a destination, followed by data produced by the research interviews, document analysis and observation.

3.7.5 Cross- case analysis

The cross-case analysis is where the research moves further away from description and classification and creates connections across cases (Dey 1993). The in-case description and classification (coding) provides a basis on which to do this. Contextual differences play a role here, as it is likely that some processes, procedures and activities will only work in certain contexts.

The focus of the cross case analysis is to determine those factors that are common/different between the destinations in order to move to a more etic understanding of the destination management process at the three logical levels. Although, as mentioned earlier, generalisation to a population is not possible from a qualitative exploratory study such as this, it is possible to extrapolate common elements to build a model for future testing (Patton 1990). This model is presented in Chapter 7 with recommendations for further testing proposed in Chapter 8.

3.7.6 Ensuring validity and reliability

Flyvbjerg (2006) suggests that since social science has so far failed at building general, context-independent theory, the contextual nature of case studies is an advantage, not a limitation. In addition, he states that “... the case study produces the type of context-dependent knowledge that research on learning shows to be necessary to develop from rule-based beginners to virtuoso experts” (Flyvbjerg 2006, p. 221). The quote describes the way that knowledge gained from case studies allows the fast development of skills necessary to become an expert. In the same way the rich, context-dependent knowledge can be used to develop theory. This thesis aims to build theory in the area of tourism destinations and will therefore draw conclusions that will allow generalisation to theory. In order to ensure the quality of the results and the conclusions drawn from them, I will outline how I have addressed validity and reliability issues for this project. Table 3.8 shows Yin’s set of tactics for improving quality in case study research and which stage of research they apply to. Each of the different criteria is discussed below in relation to this project.

Criteria	Tactics	Phase of research where tactics apply
Construct validity	Use of multiple sources of evidence Establish chain of evidence	Data collection Data collection Composition
Internal validity	Do pattern matching Do explanation building Use rival explanations Use logic models	Data analysis
External validity	Use theory in single-case studies Use replication logic in multiple case studies	Research design
Reliability	Use case study protocol Develop case study database	Data collection

Table 3.8: Criteria for evaluating research quality in case studies (Yin 2003)

3.7.6.1 Construct validity

In order to be able to draw conclusions from case study research, we need to be sure that the constructs in the study measure what they are intended to measure. In order to ensure this, Yin (2003) suggests that multiple sources of data be used, a chain of evidence is established and key informants are asked to review results. This research project aimed to increase construct validity by collecting data from multiple respondents in each destination and backing up the primary interview data with documents and observation. Triangulating these different sources provided a clear picture of the constructs under examination. In addition, by using multiple methods and multiple respondents, which are likely to hold different views of reality, in each case, the contingent validity is increased (Simpson 2004) as well as the likelihood of useful theory being constructed from the results. Contingent validity was further increased by asking in-depth questions and considering the context of the case in the description of results. To reduce bias amongst the interviewees “A key approach is using numerous and highly knowledgeable informants who view the focal phenomena from diverse perspectives” (Eisenhardt and Graebner 2007, p. 28). This was achieved by selecting high-level respondents with experience in the destination to represent the organisations studied.

A clear trail of evidence was established by recording the interviews, fully transcribing them, and then conducting the analysis using a computer database and analysis software. Quotes from the interviews will be used in the presentation of results to link the researchers interpretations back to the respondents’ original answers. The draft results were discussed with experts and comments integrated into the findings.

3.7.6.2 Internal validity

The internal validity can be increased during data analysis, through pattern matching, explanation building, the creation of rival explanations and the use of logical models (Yin 2003). The continuous process of data display, data reduction and conclusion drawing facilitates these tactics well. Patterns within the data were first matched within cases to yield rich descriptions of each case and then compared with the other cases in the in-case analysis to draw out the more etic factors. Rival explanations, also referred to as disconfirming evidence (Creswell and Miller 2000), were sought throughout the analysis and produced some interesting results. Data within cases and between sources was

generally very consistent, but the differences between cases and theory were some time larger than expected.

Potential sources of bias within qualitative inquiry are the researcher's own assumptions, beliefs and biases that can influence the interpretation of the results. One way to address this is for the researcher to clearly disclose these within the narrative (Creswell and Miller 2000). My beliefs and assumptions represent part of the pre-understanding that I took into this research project and presenting my background here will help the reader to understand where I departed from.

I was born in Germany and first travelled to New Zealand when I was six years old. I grew up moving between these two countries, but have spent considerably more time in New Zealand. I attended high school and University in New Zealand. I have lived and worked in other countries in Europe and Asia. During my PhD I have worked as a marketing and tourism consultant. From my travel experiences I have a good understanding of tourism in different countries from a tourist perspective and have always been fascinated by what goes on behind the scenes in order to produce these experiences; even the bad ones. My beliefs about the world were shaped by my multi-cultural upbringing and work experiences in different countries. In addition, I spent time in both Switzerland and Sweden as part of my thesis research, so I am quite familiar with the countries where the case studies were conducted. Speaking the local languages in these countries was certainly an advantage and helped me to understand the cases better, since much of understanding and creation of meaning is linked to language.

3.7.6.3 External validity

External validity addresses whether the findings from the research project are generalisable beyond the cases studied. The use of similar destinations on the literal replication dimensions ensures that they are comparable and also provides a good basis for theoretical generalisation. Although the number of cases studied is small, they were chosen to particularly represent theoretical categories against which the findings can be compared. The findings from case studies are not intended to be representative of the population and only aim to generalise to theory (Yin 2003). This means that results are compared to prior theory in order to draw inferences about how the theoretical constructs may present

themselves in other cases. Through the use of multiple cases and multiple respondents this research project aims to find evidence to support or refute the theoretical framework proposed in Section 2.6 and generalise the findings to a set of theoretical propositions to be tested in future research.

3.7.6.4 Reliability

Reliability questions whether another researcher could replicate this study and indeed come to the same conclusions. This is a difficult question in qualitative research, but there are certain precautions that can be taken in order to increase reliability. During data collection, the researcher should compile a case study database and work from a case study protocol (Yin 2003). I would argue that if someone spoke to the same respondents during the same general period of time, they would have collected very similar data. If the researcher had then had a similar background, with similar experience as me, then the analysis and their conclusions would likely have been much the same. I used protocols and a research database to keep track of all information related to the case, so that if someone wanted to replicate it, they could. However, with tourism being a very dynamic industry, it is unlikely that the people will be in the same positions they were in or that the destination will be the same as it was.

3.8 Presentation of Results

The results of the in-case analysis and cross-case analysis were separated, since they essentially represent different stages in the data analysis. First the in-case analyses are presented one case at a time, in the order they were researched; Wanaka (Chapter 4), then Åre (Chapter 5), then St. Moritz (Chapter 6). These rich case descriptions include information from documents, observation, as well as the research interviews conducted within the destination. Seven sections are presented for each case, relating to 1) background of the destination, 2) the actors in the destination, 3) the structure of the destination network, 4) findings related to the normative level of management, 5) findings relations to the strategic level of management, 6) findings related to the operative level of management, and finally 7) a summary of case. These seven sections provide a thorough review of the destination and present the necessary results to compare the destinations in regard to the individual research propositions in Chapter 7. Data matrices and tables are used to present the results in these sections in order to help make sense of the results

(Miles and Huberman 1994). The matrices are just one way of displaying information and direct quotes from the interviews are provided where relevant to add richness to the descriptions.

The cross-case analysis (Chapter 7) orders the research results and discussion in relation to the research issues presented in Section 2.6. A separate section discusses each group of research issues; the structural issues, normative issues, strategic issues, and operative issues. Building on the detailed description of the individual cases, the results in each section are aggregated within each case and the findings are compared across cases. Discussion of possible interpretations of the results, including quotes from the respondents to add depth, integrates the results with previous literature. Data matrices are used to show similarities and differences in the destinations, based on the primary concepts under study. This discussion of the individual issues leads to the ‘answering’ of the research question and the presentation of a model of the network’s influence on the three levels of management in destinations.

3.9 Conclusion

This Chapter introduced the abductive research strategy for this thesis and has presented critical realism as the philosophical basis for the study. The implications of this for the research methodology and development of theory were discussed. The specific details for this research project, the selection of cases, and the data collection tools were presented. The iterative process of qualitative data analysis was explained along with details on the in-case and cross-case analysis. Chapter 4, 5 and 6 now discuss the results of the in-case analysis for the three cases in detail, based on data from the interviews and other documents.

Chapter 4 – Wanaka, New Zealand

4.1 Introduction

This chapter presents the in-case analysis for Wanaka. First, general background about the destination is provided, followed by descriptions of the actors identified from the interviews. A summary is given on the roles and activities they perform in the destination. This sets the scene for the discussion of the case in terms of the research issues presented in Section 2.6. The structural issues are discussed first, then the normative, strategic, and operative issues. Each group of issues is discussed in relation to themes that emerged from the interviews. The chapter finishes with a case summary of the critical factors in relation to the three levels of management and how the network structure empowers or constrains the destination management.

4.1.1 Background

Wanaka is a small town in the Otago region of New Zealand's South Island (see Figure 4.1). The town is located on the shores of Lake Wanaka, New Zealand's fourth largest lake. Mountains, farmland and Mount Aspiring National Park surround the town and lake. The closest large city is Dunedin (pop. 118,000; Statistics New Zealand 2010) about 3.5 hours drive away, on the Otago coast. Aircraft can also access Wanaka, with daily flights from Christchurch.



Figure 4.1: Map of New Zealand's South Island showing Wanaka

Wanaka has a population of about 5,000 (Statistics New Zealand, 2010) and is a popular tourism destination for both national and international tourists, attracting 240,000 domestic visitors and 360,000 international visitors in 2009/10 (see Figure 4.2). In the 19th century a gold rush occurred in the area, which was followed by a growth in farming. Tourism in the area began early, with a paddle steamer taking first sightseers to the head of the lake in 1881. Although farming still plays a role in shaping the landscape, tourism is the largest income earner and employer.

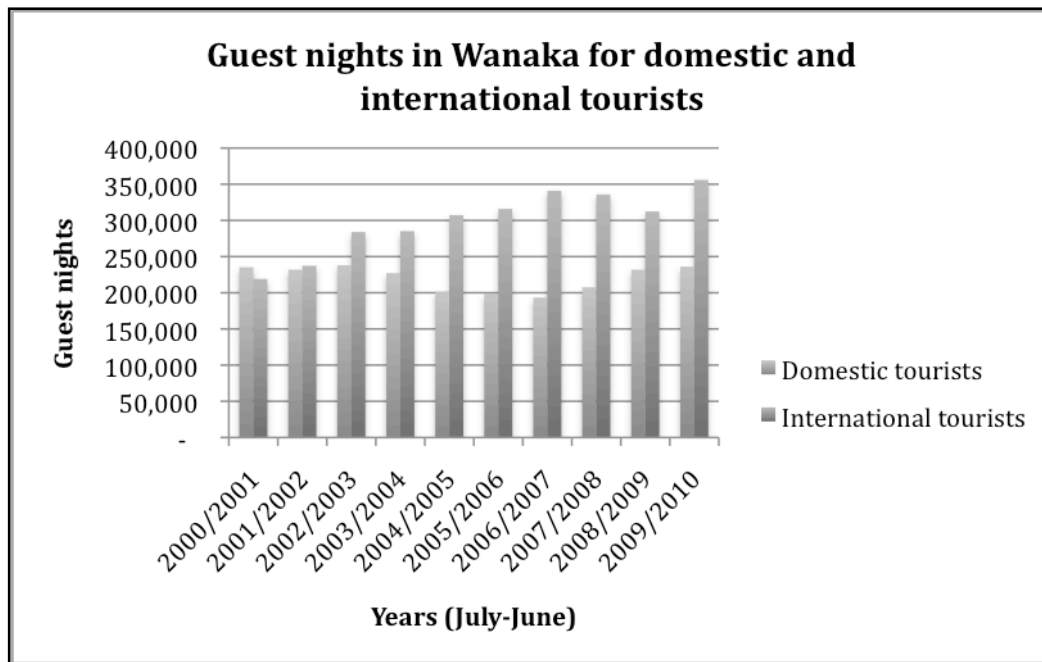


Figure 4.2: Guest nights in Wanaka for domestic and international tourists 2000-2010

The next section will identify the primary actors in Wanaka based on the interviews and supporting documents.

4.2 Actors

This section presents an overview of the actors involved in the destination level activities in Wanaka. They can be involved in one or more of the three management levels in the destination. The primary actors, which were mentioned by at least two interviewees, are: Lake Wanaka Tourism (LWT), Wanaka Community Board (WCB), Queenstown Lakes District Council (QLDC), Otago Regional Council (ORC), Department of Conservation (DOC), Sustainable Wanaka (SW), accommodation providers, property developers, farmers, Upper Clutha Environmental Society (UCES), ski fields, and Wanaka

Wastebusters (WW). Table 4.1 shows a summary of these actors in Wanaka along with brief descriptions of what activities they perform, their involvement in destination level activities as well as the key relationships they have with other actors inside or outside the destination. All other actors were only mentioned by single respondents and are listed in Table 4.2 in Section 4.2.13.

Actor	Description	Primary activities	Destination level activities	Key relationships
Lake Wanaka Tourism (LWT)	Local organisation for tourism for Wanaka.	LWT's primary activity is marketing Wanaka and the region as a tourism destination. This includes developing brochures, attending tradeshow and other activities.	LWT is responsible for destination marketing, but also works towards integrating and improving the tourism product in Wanaka.	Outside: Other local, regional and national tourism organisations Inside: WCB, QLDC, SW, DOC, skifields, accommodation providers
Wanaka Community Board (WCB)	Group of Wanaka representatives to the QLDC.	WCB works with planning and regulatory issues affecting Wanaka.	They represent Wanaka on the regional governmental level and protect Wanaka's interests there.	Outside: ORC, government organisations Inside: QLDC, LWT, WW, DOC

Queenstown Lakes District Council (QLDC)	District government for Wanaka and Queenstown.	Responsible for planning, regulations and policy in the entire Queenstown District.	QLDC sets many of the frameworks within which Wanaka operates. They provide the legal basis for resource usage and business activity in the region.	Outside: ORC, other regional government organizations Inside: WCB, LWT DOC
Otago Regional Council (ORC)	Regional government for Otago.	Responsible for resource and environmental management in the whole Otago region.		Outside: other regional and national government organisations Inside: WCB, QLDC, DOC
Department of Conservation (DOC)	National governmental department charged with protecting the New Zealand environment.	DOC manages the national parks as well as other resources, like walking tracks and tramping huts, in and around Wanaka. They award concessions to tourism operators in the national parks.	DOC also provides information to tourists and sell passes to tourists who want to spend a night in one of DOC's huts.	Outside: DOC head office, other governmental departments Inside: LWT, QLDC, WCB, concessionaries, outdoor users groups

Sustainable Wanaka (SW)	An organization supported through government funding to encourage sustainability practices.	SW is a project organisation that supports a select group of businesses to improve the sustainability of their operations.	They promote the business case for sustainability in Wanaka and plan to make the whole destination more sustainable through their projects.	Outside: Other sustainability groups Inside: LWT, accommodation providers
Accommodation providers	All accommodation providers in Wanaka.	Provision of accommodation. Types include holiday homes, motels, camping grounds, Bed and Breakfast accommodation, and more.	Together these actors provide opportunities for guests to stay in Wanaka.	Outside: National associations (hotel, motel, etc.) Inside: LWT, local Motel Association

Property developers	The group of companies and private people performing real estate development in Wanaka.	Development of real estate for commercial and private usage. This includes subdivision of rural sections and development of retail space.	The property developers are a strong lobby group towards the council. Some actors are critical of their efforts to develop new areas for residential property.	Outside: Investors, national property associations Inside: QLDC, WCB
Farmers	The local farming community.	Primarily sheep, deer and dairy farming operations around Wanaka.	The farmers are responsible for land management on their own properties.	Outside: national and regional farming associations Inside: WCB, DOC, LWT
Upper Clutha Environmental Society (UCES)	A local environmental group.	UCES acts as a watchdog for the environment.	They provide opposition to property developers and ensure that the natural beauty of the area is not lost in development.	Outside: Unknown Inside: Unknown

Ski fields	These actors provide downhill and cross country skiing opportunities around Wanaka. Namely, they are Cardrona, Snowfarm, Snowpark, and Treble Cone	Provision of lift facilities in both summer and winter. Some combine this with other services, like accommodation, equipment rental, and hospitality services.	In winter the ski fields are a major attraction in Wanaka and make up a core part of the winter product. In summer some lifts are also opened for bike or hiking access.	Outside: Other ski fields in the country and internationally, Inside: LWT, QLDC, WCB, DOC
Wanaka Wastebusters (WW)	A community organisation established to provide recycling services for Wanaka.	Provide recycling and waste management services in Wanaka and have been expanding to also manage waste from other New Zealand towns.	Help to maintain the environment in the destination by reducing the waste that goes to landfills.	Outside: Partner company in Northland Inside: WCB, charities that funded the project initially

Table 4.1: Summary of primary actors in Wanaka

The following sections provide additional information on the primary actors, followed by a summary of the other actors in Wanaka. Quotes are used where appropriate to describe the actors, which gives a closer insight into how they are perceived by the interviewees.

4.2.1 Lake Wanaka Tourism (LWT)

LWT is the local tourism marketing organisation formed in 1993, which has set itself the objective to

“... enhance the Wanaka region’s profile as a year-round visitor destination, to increase visitor numbers and their length of stay.” (Lake Wanaka Tourism 2010)

This objective places their focus on promoting Wanaka and the region, but they also aim to foster cooperation amongst industry players and stakeholders (W1). LWT are part of the Southern Lakes Promotions group, which also includes marketing representatives for the Southland region, Queenstown and previously also Central Otago. This gives them greater reach and allows them to align themselves with other regional LTOs (W1). Respondents generally thought that LWT does a good job in promoting Wanaka (W2, W4).

“Lake Wanaka Tourism is very active in the area of promoting Wanaka as a good place for visitors to come to.” W2

Businesses automatically become members of LWT when they pay commercial rates and a portion of the rates is given to LWT to fund their activities. This means that LWT have a very broad membership base, which extends beyond businesses engaged in tourism to the support businesses.

“If you pay commercial rates in this town you’re automatically a member of LWT, but not everybody would actually action that membership or go along to meetings.” W8

The comment that not all members will action their membership suggests that some businesses do not see their direct relationship to tourism. For example a plumber may not have any direct contact with tourists, but is still a member of LWT. This could mean that although LWT have a large membership base, the members might not be very committed to the organisation, which reduces LWT’s power within the destination.

In addition to the marketing activities, LWT is often asked to provide education to local tour operators although they are not paid for this and it is outside of their responsibilities.

This leads to some frustrations amongst local tourism operators, since they believe that LWT should focus on marketing the destination and not get distracted with other tasks. The reason why LWT is often approached for education or coaching is that there are many operators in the local tourism industry that need up-skilling. They do not have the business skills to run a tourism business with so much customer contact and they come to LWT to gain new knowledge. The CEO of LWT explained the situation as both an opportunity to help and a distraction from his every day business.

“I mean a lot of these guys are people who were farmers or orchardists or something in their previous life and they’ve just come to Wanaka and bought a motel or a boat or something, but they weren’t born with some sort of inherent knowledge about the environment or tourism. So they’re actually thirsty for knowledge a lot of them. I mean some of them think they know it all, of course. There are a few idiots who think that, but the vast majority of them are looking for information, they look to us to advise them. I mean we’ve become almost a business mentoring house, if you like, particularly for new operators. And that’s good. But if we could expand that role without costing more money, because remember our job is to market the place, then we’ll need to do that, because otherwise people are not going to change their behaviours. Thing is it can’t dominate our work, because that’s not what we’re paid to do. So we’ve almost got to do that in addition to the things that are fundamental.”

W1

To him, the marketing of the destination is the primary focus and all other activities are considered to be distractions. This raises the question of whether LWT has the capacity to meet their objectives with a staff of only three, the CEO and two support staff. LWT are certainly a player in the destination marketing, but they do not have the influence to implement changes.

4.2.2 The Wanaka Community Board (WCB)

WCB is the local board, which represents the Wanaka community on the Queenstown Lakes District Council (QLDC). WCB is primarily involved in planning and regulatory issues. One member of the board described the role and integration with the QLDC as follows.

“I’m an elected member of the community board. I only got elected last election and we are part of the Queenstown Lakes District. The council is the Queenstown Lakes

District Council. Wanaka has three councillors plus a community board of six members representing our community. So we are pretty well represented. I'm the deputy chairman of the board and so yeah, just an elected member. I just get involved in all things involving and concerning the community and then make decisions at community board level for the community that go through to council. I'm also on one of the council committees, the council regulatory and hearings committee. So we're sort of pretty aware or involved with planning and regulatory type issues. And so that's what the community board job is...or role is." W2

In their role as councillors, the members of the WCB influence the development of the town.

"The Wanaka Community Board is a very heavy influencer on the town and its development." W1

But whether they really have the power to coordinate the destination is questionable, since they are only members of the larger Queenstown Lakes District Council (QLDC). WCB also does not get involved directly in tourism, although they do set the framework as part of the QLDC.

4.2.3 The Queenstown Lakes District Council (QLDC)

Many respondents mentioned the QLDC as overpowering when it comes to issues relating to Wanaka. Competition between Queenstown and Wanaka as destinations could be at the base of this strife.

"A lot of people in Wanaka have the feeling that Queenstown Lakes District Council does everything for Queenstown. If it furthers Queenstown's interest it will get pushed ahead, if it furthers Wanaka's interest it might go on the backburner." W8

One area that the local business people are particularly unhappy about is Civic Corp, which is QLDC's regulatory authority. They are described as being inexperienced and making business unnecessarily difficult for local operators (W6). However, some operators are also more forgiving and understand that the Council must be everything to all people, which is difficult.

"Well they've got to be all things to all people. They've got to deliver a service not just talk about it and everybody wants something different so... that's a nightmare job. I couldn't do that." W10

The negative perception some people have of the QLDC is not related to the actual people, but rather the Council as an institution. The leaders at the QLDC seem to be held in high esteem, although they still fall short of some operators' expectations.

"You know when I speak to the people at the top of the council, which I don't do on a very personal level, but I have met them a few times, and they're really, really nice motivated hard working people. And much as I've heard some pretty horrible comments about council members before I actually arrived in Wanaka, I think the current crew Clive Geddes and Duncan Field and so on are extremely honourable and good people. I think they're achieving as much as any council could under the circumstances. It's just that my hopes are much, much higher but I don't want it to be reflected unfairly on the actual personalities there... you know the people at the top are the right people. I guess they're not the sort of people you can bully around either, which is good. But to an extent I think the developers are the tail wagging the dog anyway." W10

This last sentence alludes to a general perception that real estate developers have significant power over the development in the destination and the QLDC. This has led to some difficulties, which will be described in a later section. The QLDC is important in setting framework conditions, but they 'only' work on the regulatory side, which essentially is the destination management. The tourism marketing side is the responsibility of LTOs within the district; LWT in Wanaka and Destination Queenstown in Queenstown itself. The different players involved in this strategic level will be discussed in Section 4.5.

4.2.4 The Otago Regional Council (ORC)

The ORC basically takes responsibility for the larger issues of land use, planning and subdivision of land at a regional level (W9). They are thought of as important to Wanaka, because they also control environmental planning for the region.

"... they have a lot of control over what happens to the environment and in the context of the planning and development side on a regional basis." W7

Since the environment is an important part of the tourism product in Wanaka, its conservation is vital to the destination. ORC are generally considered to be a non-local actor, with their headquarters in Dunedin. The fact that they are an outside actor means that they are not part of the destination network, although they are important in providing framework conditions through their plans and policies.

4.2.5 The Department of Conservation (DOC)

DOC is another outside organisation, but with a local office. They are the national government department that protects the environmental resources, like national parks for example.

“DOC are a national agency and although they have a local presence they tend to do what they are told from Dunedin or Wellington.” W1

DOC’s involvement in tourism is that they manage the licences for tourism operators that want to operate in national parks in New Zealand and therefore play an important part in the tourism sector. They also provide a lot of infrastructure for the tourism industry and are considered as helpful (W7) and competent (W5).

DOC is also an important player in setting framework conditions, but they also do not have the power or influence on the overall tourism product to justify their being considered as a core actor.

4.2.6 Sustainable Wanaka (SW)

SW is a project organisation for sustainability that was created with funding from the New Zealand government. The application for the funding was supported by LWT and the two organisations work closely together (W1). The group is trying to lead by example by showing operators the benefits of considering sustainability guidelines in their activities (W10). Their approach to development is not aggressive and they seek community buy-in for their projects. Although the start of their operation has been very positively received, there is still potential for growth in the number of businesses involved in the project. A trustee of SW points out that they are only really reducing harm, rather than making any real improvements to the environment at this stage.

“Well eleven businesses already are involved in the project. There’s three hundred and something tourism businesses in Wanaka. There’ll be another fifty or sixty of those business signing up to this program in the next two or three years. A lot of those people will take them (sustainability guidelines) home with them and apply them at home. All of the people that have been involved in the project say that their kids are already becoming like eco activists at home telling the parents off for leaving lights on and stuff. But these are really relatively small things not fundamental changes, we’re only talking about damage limitation, we’re not doing

anything that's positive for the environment at all we're just making it less bad. So still in context a very, very small step." W10

Their philosophy for teaching people about sustainability is hands on and practical, with the goal of educating, rather than preaching. The organisation provides positive examples of applied sustainability practices that help operators save money, hence supporting the business case for sustainability. Some examples of these practices include small measures, like reducing electricity consumption through better insulation, right through to the installation of solar panels to generate their own electricity or heat water. The approach of showing people practical examples of how they can protect the environment and save money at the same time, have proven more successful than scaring people into improving their sustainability through 'doom and gloom' scenarios (W10).

As the SW projects grow, they have the potential to make a significant contribution to the destination. There is even the potential to align the destination under a plan focused on a sustainable vision for Wanaka, which they are planning on writing. With a time horizon of 100 years, this plan takes a very long-term view of destination development.

4.2.7 Accommodation providers (APs)

Accommodation providers in general were mentioned as a group, which could be related to the fact that there are no large or international hotels. Instead there are a wide variety of small providers. The lower end of the accommodation market is well catered for, with a range of motels offering basic rooms and holiday parks offering camping facilities. Holiday homes, let out by their private owners, also make up a large percentage of the offering. The higher end of the market, including the four and five star categories, is only represented with smaller operations, catering to luxury Free and Independent Tourists (FIT) (W7).

Accommodation providers were generally considered very important to the destination, since they provide a core part of the tourism product. One respondent nicely explained the interdependence between activities for tourists and suitable accommodation.

"No use in getting people to stay here if we've got nothing to do and there is no point in having heaps to do if they got to go and stay somewhere else. So that all goes hand in hand." W5

Accommodation providers also generally have a large investment in plant, which is difficult to move. Since they are bound to the destination, they are reliant on the destination overall being attractive enough to bring tourists to their hotel. This should encourage accommodation providers to play an active part in the destination management at the different levels.

However, although accommodation is certainly one of the core tourism products in Wanaka, no individual provider has the size or power to significantly influence the destination marketing and management. The local Motel Association represents the interest of accommodation providers in the region, but their level of influence was not deemed very significant. This means that although the accommodation sector is very important, it is not exerting much influence on the destination as a whole.

4.2.8 Property developers (PDs)

A group of actors that was often mentioned by the interviewees are property developers, who are generally involved in real estate development for private and commercial use. Opinions are split on whether the developers are a positive influence on the destination. However, their influence on the destination is undeniable. There are a wide variety of developers of different sizes active in Wanaka. There are several large players that have invested heavily in Wanaka and during the property boom, reaped the rewards (W2). The big developers that were mentioned by name were; Infinity Group and Buller Ridge Developments, both of which are involved in large scale subdivisions in and around Wanaka.

Rapid development has caused some problems in Wanaka over the previous years and has led to a largely negative opinion of the developers. So although they play a key role in developing real estate for the destination to grow, they are not well integrated with some of the destination actors.

4.2.9 Farmers

Sheep, cattle and deer farming are common in the Wanaka region and the farming community are still a primary stakeholder in the destination. Farming along with sawmilling provided jobs and income for the early settlers in Wanaka (W9). Although

tourism has become the more dominant industry, farmers are still considered important stakeholders in the community.

“We’ve got farming and we don’t want to lose sight of all those things, because, even though they mightn’t play such a significant role sometimes as tourism, it’s still there and it’s still the backbone of the society, having this diversity.” W2

Farming also benefits tourism, since farmers provide land care and preserve the natural environment (W9). Wanaka farmers cooperate in a group called the Lakes Landcare Group to improve sustainability and environmental management. Although tourism operators were invited into the group to exchange ideas, they have not continued to participate.

“The group’s aims and objectives are to improve environmental management and improve sustainability in their businesses, which is basically farming for most of us. Although, initially we invited the ski field to be involved, Treble Cone, which they did, but they lost interest after a while. Fish and Game, and DOC were also involved and they both sort of lost interest too.” W9

This is surprising, since it can be assumed that managing relationships with the farmers should be important to both DOC and the local tourism community. The fact that this is not happening could suggest that there is a discord between the different actors and everyone is ‘minding their own business’. In fact, differences between tourism and farming’s aspirations or expectations for the development of the destination may lead to trouble in the future.

4.2.10 Upper Clutha Environmental Society (UCES)

A small but very active and controversial group is the UCES. They consider themselves as ‘watchdogs’ over the environment and even receive government funding to perform some of their activities. This has tended to annoy some people that do not agree with UCES methods (W2). As a group, they are primarily opposed to development and want to keep the destination the way it is now, protecting the natural environment. However other actors, who take a more pragmatic view of development, do not always appreciate their methods.

“Well, I think their broad objective is to maintain the landscape in its present form, but they have a pretty unrealistic way of going about it. And, in fact, you can’t. There is going to be change and you’ve got to accept that something will change and go with it.” W9

UCES provide opposition primarily to real estate development that they consider threatening to the natural beauty of the destination. They tend to use the environment court to object to projects that could alter the 'outstanding natural landscape' (W8). Some actors in the tourism sector applaud their conservation efforts, since they protect the natural environment, which is a primary attraction in Wanaka (W8). However, not everyone agrees with this. While UCES are effective in stopping development through legal action in the environment court, their activities are not necessarily supported by the local population or on a political level. As one respondent explains, they even tend to go against popular public opinion in some cases. This is their right, since they base their criticism of the developments on the Resource Management Act (RMA), which specifies building restrictions and land-use policies in New Zealand.

*"They come up all the time and object to plans that were almost agreed to at Wanaka 20/20 and got a lot of support from the public. And they still believe they have the right to challenge it. And that has caused controversy. You know, the chairman and president of the Upper Clutha Environment Society stood for Community Board, last election, with me and he polled the lowest, getting 300 odd votes or something. Very embarrassing for him, but that would indicate that they split the community a bit by doing things (the way they do them), but they feel strongly enough about it and they'll go do it. And that's their right under the RMA."*W2

Wanaka 20/20, which the quote mentions, was a planning exercise conducted by the council to find out how the local population felt about development and to allow them to have input into the decisions. Its influence on the normative management level will be discussed in Section 4.4. UCES is an exclusive group, where only invited members are welcome to join. This helps them to protect their ideology, focusing on keeping Wanaka exactly the way it is. Although they impact the development of the destination in an environmentally positive way, the group also upsets some actors in how they operate. This is evidenced by their president's loss in the local elections. Their extreme stance towards environmental preservation ostracises them from the rest of the community and therefore reduces the influence they are likely to have on the actors overall. In fact, no substantial connections to other actors were discovered.

4.2.11 Ski fields (SFs)

There are three ski fields in Wanaka and one provider for cross-country skiing. Treble Cone and Cardrona are full ski fields with a variety of terrain. The Snowpark is a facility especially designed for freestyle skiing and snowboarding, which is aimed more at the younger generation. On the same property is the Snowfarm, which offers cross-country skiing and accommodation. This makes Wanaka the only destination in New Zealand that can offer a full range of skiing styles. In winter especially, the ski fields are a major attraction for visitors to Wanaka and have a significant positive impact on the overall economy in the village.

“I’ve just come from a meeting of the winter marketing group and we were talking about a survey that was done last year about the benefits of the winter spend and for ever dollar spent on the ski area there’s probably about six or seven dollars spent in town and that’s about a hundred and sixty million dollars a year. So while a lot of people may not believe they get anything out of tourism, ultimately I’d say probably at least ninety per cent of people in Wanaka some way or the other, they’re enjoying benefits.” W4

Therefore the ski fields are an important actor in Wanaka, forming a core part of the winter tourists’ experience. One issue that is likely to reduce their influence is that there is not a lot of cooperation between the competing ski fields, except through joint marketing bodies, like the winter marketing group. The Snowfarm and Snowpark are owned by one local family so they have very tight cooperation. However Cardrona and Treble Cone are competitors and so are the nearby ski fields of Coronet Peak and the Remarkables, located closer to Queenstown.

4.2.12 Wanaka Wastebusters (WW)

This innovative community owned business works with recycling and general sustainable waste management. As one of the board members explains, it has been a success in Wanaka and in cooperation with external partners they are now bidding for contracts in Queenstown.

“Wastebusters has been big here in Wanaka, because the population of Wanaka is very much into sustainability. There was a whole group of committed volunteers who got it up and running and the recycling centre. And they got use of some council land and they managed to get volunteers to build buildings and things. And they got

a lot of grant money from charitable organisations. I got involved on the committee and then I've been there for quite a few years now. And I'm now the chairman of the committee. It's got into quite a big business out there now. The council adopted the zero waste philosophy and is getting more into recycling and reuse. So they have introduced kerb side recycling collection in Wanaka and we bid for that contract, Wanaka Wastebusters. We formed a company, we teamed up with a recycling organisation in Northland, they run all the recycling, rubbish, waste management up in Northland, and the company, or the organisation, running it on Waiheke Island. We created a joint venture with them for their expertise and we bid for the contract in Wanaka, completely of collection and processing of recycling. We've got those. Now we are bidding for the Queenstown contracts too. It's got quite big. More of a real business. We've got a steady income stream now. It's a community based company that puts money back into what ever we need doing in the community." W2

The founding of this company shows the entrepreneurial spirit of some parts of the population. Wastebusters is a support operator for tourism in Wanaka, but works towards sustainability goals that ensure the attractiveness of the destination. This business shows that the community can come together to work on common problems, like waste. As will be discussed in a later section, sadly this collaboration is not so prevalent in regards to tourism or destination marketing.

4.2.13 Other actors

These actors were each named by just one interviewee as being important in Wanaka. They are listed in Table 4.2 together with a brief description of their activities.

Name	Description
Sightseeing flights or other flight operators that operate from Wanaka airport	These operators provide flying services in and around Wanaka. There are numerous activities and remote areas reachable by plane from Wanaka, which makes these services interesting to tourists.
Puzzling World	Puzzling world is an indoor attraction that provides a wet weather alternative to the outdoor activities. Their brand is recognised even outside of New Zealand (W6).
Forest and Bird	Environmental protection group active throughout New Zealand.
Ngai Tahu (local Iwi – native tribe)	The local tribe of the indigenous Maori people.
Proving ground	A cold conditions testing ground for the international motor industry, located next to the Snowfarm ski field and owned by the same family.
Clubs	The numerous clubs all represent interest groups. The clubs also include Rotary, the golf club, and many more.

Table 4.2: Other actors in Wanaka

4.3 Network structure

Now that the actors have been introduced in detail, this section presents the analysis of the overall network structure in Wanaka. The individual sections discuss the network factors presented in Table 2.9 – centrality of main actors, density, strong ties-weak ties and the contractual basis of the network. The final section discusses the difference in networks between levels.

4.3.1 Centrality

Centrality refers to the degree to which the network is centred on individual actors or groups of actors (Wasserman and Faust 1994). Wanaka was assumed to be a ring destination, without a core. This implied that the centrality of the main actors was low. The findings confirmed this in the sense that there is no one actor or group of actors that lead

the destination. However, there are some actors that hold very important positions or power that makes them central at least on some level. LWT, for example, is central in regards to the marketing of the destination, but has no power to make changes in the destination. The WCB and QLDC are very influential in providing the legal framework conditions in which tourism operators and residents operate, but they do not take a leadership role for the tourism sector.

The findings suggest that there are different actors that are important at different levels, since there is no core group of actors or a true leadership in the destination. When discussing the centre of the ‘networking’ that happens in Wanaka, one respondent suggested that it was dependent on the purpose.

“From a tourism point of view it’s the Lake Wanaka Tourism, from the business point of view it’s the chamber of commerce, but what is the social next level that can drive people and I don’t have an answer to that.” W4

So these membership organisations provide some sort of cohesion to the business networks and act as hubs for business interaction. This also gives these organisations some centrality in regards to connections between actors. The reason for possible alignments between the Chamber of Commerce and LWT are the common membership between the two (W2). Both groups state that they work closely together, which is a good sign for the destination since LWT represents the marketing of the destination and the Chamber of Commerce possibly more the management side at the strategic level.

Central organisations at the normative level are the political actors WCB and QLDC. The reason is that they are responsible for setting the district plan, which determines where resources can be used and developments made. The plan sets out the infrastructure for the destination as a village, but does not necessarily take into account the tourism side (W).

4.3.2 Density

Density in networks is calculated as the ratio of actual connections between actors divided by the possible number of connections (Kilduff and Tsai 2003). As shown in Table 4.1, there is overlap between the connections of the actors, especially the local governmental actors (WCB, QLDC, ORC, DOC), since they work together in creating the district plan

and other policy frameworks around the destination. LWT and the Chamber of Commerce are also well connected and represent hubs for networking in the destination.

However, in general, respondents stated that the social networks play more of a role in Wanaka, rather than official business networks. The social networks underlie the economic action in the destination.

“Yes, the social connections are really strong and that’s a result of being a small town and everybody – not everyone knows everyone – but you certainly know an awful lot of people and you get to know an awful lot of people. Just because it’s small and people are always introducing you to someone else and you know, you go to the post office in town to meet about fifteen people you know. So yea the social links are strong really strong and I think that furthers business links incredibly. No doubt.” W8

This social network is likely to facilitate the interaction between formal organisations at all the levels in the destination. However, the social cohesion at a deeper social level is missing for some actors (W4), because they do not have children, which means they do not connect with other parents at school events. This suggests that schools are also an important networking facilitator amongst parents. Other respondents report that Wanaka can pull together on important projects (W3), due to the social bonds that exist. No direct example was given, but it can be assumed that WW was such a project, since it started as a community initiative and now has grown out beyond Wanaka.

The dense group of public actors is further connected through the shared responsibility for district planning and setting of policy. However, overall the density of connections between the different interest groups in Wanaka is low, due to the heterogeneity of interests and a lack of common vision. This will be discussed further in Section 4.4 in regard to the effect on the normative level.

4.3.3 Strong ties/weak ties

In network theory, individual ties can be categorised as strong or weak, where strong ties have more frequent contact and are more structured than weak ties (Granovetter 1973; Granovetter 1983; Kilduff and Tsai 2003). Strong ties between actors are thought to increase efficiency in the relationship, whereas weak ties are the primary source of innovation or new information not available in their immediate social circle (Granovetter

1983; Kilduff and Tsai 2003). It is a diversity and balance between these two types of ties that leads to structural optimisation (Pavlovich 2003).

There are few strong ties that really provide efficiencies in Wanaka. The public actors' connections are assumed to be strong, since they are in constant contact regarding the governance of the village. However, since no strong ties were mentioned between the public actors and the private, there is no evidence of efficient cooperation between these important groups. Most of the actors seem to be weakly connected, which allows for introduction of new information, but does not necessarily facilitate efficiencies.

An example of a grouping of weak ties is the overlapping membership between LWT and Chamber of Commerce, mentioned earlier, which is probably common in small communities like Wanaka. The actors sitting on different boards bridge gaps between these separate groups, but do not provide the strong ties that could facilitate combined actions. The WCB also has overlapping board membership with other boards or associations, which leads to cooperation between them. Mutual board membership can be seen as important to building relationships between groups, but how strong these ties become is dependent on the individual actors involved and their willingness to cooperate or align themselves with the other.

4.3.4 Contractual basis

Implicit contracts are based on social agreements and trust, whereas explicit contracts are based on formal written agreements that are legally enforceable (Bieger 2006). Since social networks are important in Wanaka, a good social standing or a large social network may provide actors with advantages in the tourism business here. This means that there are two ways to gain power in Wanaka, which are through social standing or through legal instruments (legal power). An example of legal power is UCES's use of the environment court to block development projects that do not comply with their vision for the destination. So although the voting public rejected their leader at the local elections (low social standing), UCES still stops projects through legal action in the environment court. The question is whether one type of power is enough, or whether different types ought to be used to measure the power based centrality of actors within a network? This case suggests that both can be true and that managers ought to consider the type of power they

hold or wish to hold within the network. This will be discussed in relation to the other destinations studied in Chapter 7.

4.3.5 Differences between levels

The case shows that there are differences between the actors and networks involved in certain levels of the destination management, summarised in Table 4.3. In Wanaka there are more central or important actors at the normative level, than at the lower levels. This is due to the different interest groups and the lack of cohesion between them. Only three remain central in the provision of services at the operative level, where they are joined by a multitude of small operators that are not central, but do form part of the overall destination experience.

	Central actors	Density	Strong/weak ties	Contractual basis
Normative	QLDC, LWT, WCB, SW, PDs, SFs, DOC	Dense public cluster, otherwise low	Individual strong ties, many weak ties	Explicit legal frameworks
Strategic	LWT, SW, PDs, DOC, QLDC, WCB, AOs	Low	Individual strong ties, many weak ties	Explicit/implicit
Operative	LWT, DOC, SFs	Low	Primarily weak ties	Implicit

Table 4.3: Summary of network structures at different levels

The density in Wanaka is low at all levels. However there is a dense cluster of public actors that all cooperate and interact with one another. So this subgroup is well connected. However, it is not clear from the interviews whether this dense connectedness, which could suggest that there are strong ties involved, makes the public actors any more efficient. For the destination as a whole, there are some strong ties, like between the public actors, or between LWT and SW, for example. These strong ties provide some efficiency and align the actors involved. Other than that the connections within the destination are rather weak.

The contractual arrangements that coordinate the higher levels are explicit and laid out in legal documents, like the RMA and the district plan. The clash between different frameworks can make it difficult for actors to know how they ought to behave. This is discussed further in Section 4.4.

4.4 Normative level

Normative management refers to the setting of framework conditions, with the goal or purpose of ensuring the viability and development of an organisation over time. Effective leadership in a viable system, establishes appropriate framework conditions at the normative level for the strategic and operative levels to create value potentials and co-create value with the tourist.

This leadership in Wanaka is not based on a clear leader, but instead on legal framework conditions, which control the actors' activities. One major piece of this framework in Wanaka, as well as the rest of New Zealand, is the Resource Management Act (RMA). This provides a legal framework for the use of resources and the mitigation of any negative environmental effects. Essentially the legal framework and QLDC, who administer the framework, control the development.

“The council regime and the resource management act I guess... are the two biggest things that will control the development.” W4

However, not all actors accept this, since the act can apparently be interpreted in different ways (W6). The QLDC is too careful in avoiding ‘wrong’ development and thereby stifles all development. UCES uses this to its advantage in challenging any proposals that they believe do not fit into the Wanaka landscape. Some operators, although they appreciate the purpose of the plan is to preserve the natural attractions around Wanaka, they do not agree with how it is being handled by the QLDC. The Act gives the Council a lot of power, but does not necessarily make it a very favourable actor.

“Unfortunately some of them think they do control it and I think it’s more about steerage, it’s about guidance and the resource management act is not owned by a council, it’s owned by New Zealanders and the council are the administrators. Unfortunately in a lot of cases they believe they own it and they hijack it to some

degree and it's about personal interpretation of different parts of the act that can frustrate someone trying to do something. But at the end of the day it generally – I mean it could certainly do with a tidy-up – but it's what we got and we do our best to work within the confines of it. To make things happen but it's got to be the process for the business development and the social development I guess just follows simply by the growth of the town.” W4

Respondents mentioned that one problem is related to the lack of integration between the different types of legal frameworks that apply to Wanaka. This leads to large legal costs in order to defend the strategic planning for the destination.

“The district plan, which I think is one of the biggest issues for us, is so inflexible, because of the RMA and it doesn't talk to the local government act. They don't tie up, so our strategic planning is saying one thing and the district plan and the ability of people to use the district plan, the RMA, to do what they want in contradiction to the strategic plan, is very annoying and also very expensive. Having to spend almost \$1.6 million for our district to defend our plan each year in the courts is a significant issue.” W2

The fact that courts need to be involved in defending a strategic plan is a clear sign that there is no belief in the leadership of the council or the direction the destination is moving in. This discord comes at a financial cost to council and probably prevents them from unifying the destination behind them. Frustration results in the complicated rules and regulations adding costs to the local operators.

“If you take the resource consent stuff, because it's bloody complicated and very expensive and because it's all held up, what do people do? They then try and get around it and that's when they start to cut corners and so the process needs to be somehow simplified and streamlined so that people don't feel threatened by it. But there's definitely a level of frustration out there.” W1

Although there are some potential leaders in the destination (LWT for destination marketing, SW for sustainability) there is no core group or lead actor that can drive the destination. In this situation, a legal governance framework is used to control destination development, but this is reaction driven, rather than proactive and looking into the future. This is also contrary to the proposition that an 'all ring, no core' destination is similar to Bieger's network based on implicit contacts. In Wanaka explicit contracts or frameworks,

seem to dominate destination development. Overall, there is no evidence of effective leadership, which may explain the difficulties between actors and the need to resort to legal measures to resolve issues.

“Like a lot of resort towns that are going through some fairly major growth, Wanaka, fortunately or unfortunately, is development driven. The council’s infrastructure and controls don’t seem to – I don’t know if robust is quite the right term - but they don’t seem to be robust enough to be able to handle the growth and so more often than not the council response to development is quite often reactive rather than having a proactive stance and while they spend years and months and fortunes on district plans, proposed plans never seem to be far enough ahead to allow for what’s needed.” (W4)

Although there are good programmes in place, for example the sustainability projects focused around SW, there are no signs of a comprehensive and destination wide vision for the future.

“So yes, we have a pool or a communication system for sustainability, yes we do have a good network. I guess to achieve our long term goals, sustainability, reduce footprint, be energy efficient, we’re all along the path on the way to that, but as far as having a vision for where Wanaka Tourism, and I mean Wanaka Inc., is going to be in say five to ten years time there is no structure.” W4

This could cause problems in the future, as different groups pull the destination in different directions. An example of this is the clash between real estate development and tourism development. How these issues can be resolved seems to concern the operators questioned.

Overall the alignment question seems to be related to the legal framework discussed in the previous section. There is no leadership that can provide a framework for the development of the destination, or at least none that the actors are willing to follow. A bottom up approach could yield better results than the top down enforcement by a council.

“And how far do you go in imposing a social order? ... It’s a very hard question. I guess all you can do is to have a will and a community that wants to pull together to preserve as much as they can of what they believe is important. That’s probably what it boils down to.” W7

This quote suggests that using laws to govern a destination is only effective to a point. Better would be a dedicated community who know where they want the village to be in years to come. However, fast growth in Wanaka and the resultant competition have forced operators to focus on their own business at the expense of looking at the larger picture.

“The growing pains have hurt the town a little bit in that the town just doesn’t seem to have a lot of soul, you know, you understand, a lot of heart. And I think it’s because it’s just in the last five years its grown so dramatically and so many new people in town and because as I mentioned before everyone seems to be a sole trader entrapped in their own business. They don’t get time to network and develop the sort of like the secondary infrastructure, the social side of the town that probably I think we lack a wee bit. That’s maybe a personal observation but I just think there are times when the town lacks a wee bit of soul, little bit of heart.” W4

This loss of heart or soul could also lead to less interest by the individual operators to pull together in order to market and present the destination cohesively. At the same time, the lack of social cohesion could well be responsible for the lack of cohesion at the business and destination level. When local competition becomes so fierce that there is no energy or will left to market together, are the conditions for co-opetition still met? Or is it then just simple competition? As one actor explains, his focus lies on his own business and not on cooperation. He expects LWT to perform this role.

“There is no sort of holistic view of where the destination should be. Well, to my knowledge. I mean I know the Lake Wanaka Tourism, they write a three-year strategic plan and also a ten-year strategic plan and (W1) can fill you in on all that. But collectively and other than that, there is no communication with me and say for example Treble Cone and Lake Wanaka Cruises about where we feel we need to be in three to five years time or where the destination is going to be and how much infrastructure can the destination handle. My issue is that my hotel is growing so I’m busy and I concentrate on that and my job is to put bums in beds, I need to fill my hotel so I get a wee bit nervous when another hotel comes to town and think well I’ve got to work harder and smarter to fill my beds but at the end of the day I just get on with my business.” W4

This quote suggests that if competition inside a destination becomes so intense that operators fear for their survival, then their willingness to cooperate on any level is

diminished. The CEO of LWT also suggests that increased internal competition is hurting the destination by reducing the willingness to cooperate.

“And because it’s hard to make money here there’s quite a strong anti-competitive sentiment. So if a competitor gets into the market here they see them in a very emotional way, it’s very personalized, he’s a bastard because he’s my competitor. Rather than going ‘Well, I’m competing with him on a small scale on the ground, but taking a larger picture if we’re going to grow the market, make the pie bigger there’s some things we can do.’ And it’s the same with the whole town.” W1

So there are actors that understand the destination level dynamics (W1, W4), but it seems they do not have the power or framework to encourage others to see it the same way. One attempt to align the community under a common set of goals was the Wanaka 20/20 exercise, which gave local people the opportunity to have their say on how the destination develops. Workshops were run on several important planning aspects, like how the town centre should be designed, how future growth should be managed, architectural style and more. The 20/20 report documented the ‘will’ of the local population in a vision for the future. In fact, it seems the results were well received by the population. Interesting to note is that tourism was only a side issue in this process, with very little reference to tourism in the report and no clear guidelines as to how to integrate tourism growth and that of the community. The question is whether the recommendations based on the community input will be implemented within the legal planning documents.

“Most of the outcomes of the 20/20 appear to be very well accepted by the community. It’s where the community wanted to go. So yes, certainly...certainly has value, but hopefully it ends up being recognised within the District plan. That’ll be the ultimate test.” W3

Overall, there is very little alignment between the actors, except maybe within individual groups. This leads to a fragmented destination, where conflict seems to be quite common. Lack of clear leadership and different agendas amongst groups, make it challenging for individual operators to band together. In addition, their focus on their own business and the competitive view of others make it unlikely that general cooperation will emerge from the bottom up.

4.4.1 Structural effects

The loose structure and lack of real central groups of actors affect the efficiency of the normative level to set a widely accepted framework. Hence, there is a reliance on legal frameworks and guidelines that lead to conflict, when different interest groups disagree over the true meaning of the laws.

The lack of strong ties between the public actors and the private tourism operators reduces the ability of the actors to find a consensus. There is a high degree of mistrust between the parties. The same can be said of PDs, who contribute infrastructure and housing development to the destination, but their efforts are often motivated by financial gain and not necessarily in the interest of the destination. This again leads to challenges to their plans through the environment court.

Overall, the lack of coherent structure and differences between the actors' motivations, affect the normative level. It is likely that this discord between actors at the normative level also leads to disparities and disagreements at the strategic level.

4.4.2 Cooperative effects

Where there is cooperation between actors, like between LWT and SW, it has a positive effect on the normative efforts of these actors. Together they were able to raise funding that led to the SW projects that aim to increase the sustainability of the destination. However, other examples of true cooperation to impact on the normative level are limited to the public actors, who together bring forth the legal planning documents that are intended to provide a guiding framework. This cooperation and the resulting documents are judged by some actors to be reactive and not addressing the real problems. The Wanaka 20/20 exercise was a good attempt at providing cohesion to the destination, but the implementation remains to be actioned. It is likely that the lack of cooperation with other parts of the community will make this difficult.

4.5 Strategic level

The strategic level is where value potentials are created within the destination. Here the actors arrange the core competencies, resource base and cooperative position (both internal and external) in order to provide tourists with a valuable experience. The value potentials

should be in line with the framework set at the normative level and provide guidance for provision of the individual services at the operative level. For the purpose of analysis, the strategic level was divided into themes relating to destination marketing and destination management. Strategic marketing makes promises regarding the value that is to be delivered and strategic management must then put in place the systems to deliver that value.

The networks at the strategic level in Wanaka are rather fragmented and there is competition between groups on what is the right way to create value potentials for the destination. Marketing is firmly in the hands of LWT, which cooperates with other regional groups to market the destination.

4.5.1 Strategic marketing

The role of marketing the destination has been clearly assigned to LWT. The business owners are focused on running their own business and do not really have the time to spend on marketing the destination as a whole.

“There’s really not the time to properly say ‘Well lets get a lot of people together and see how we drive this thing called Wanaka Incorporated’. Because we’re so busy concentrating on running our own businesses. But having said that, that’s again where the regional tourism office (LWT) falls into having a function because they are rate funded so they are funded by a take of any business that has a benefit from tourism.” W4

This quote once again demonstrates that it takes a different level of thinking to market the destination as a whole. If individual operators are too busy focusing on the day to day running of their business, they may lose track of this. LWT leads the development of strategic planning in regards to tourism. But as the CEO explains, it is not easy to encourage people to go along with the plan.

“When I first came here there was no plan. I mean there was an annual budget and someone would come up with a marketing plan or sales plan really for the year. We have looked at some strategic planning and we are now and we have a ten year plan, which probably should be you know, in theory, sort of twenty years, but we’ll call it ten years, or fifty even. We’re going to be doing that now. We don’t have to do that, but the board and myself determined that it’s really important. We can’t write a plan

that's full of stuff that we can't impact on, that we have no legal right to do. But so a lot of what we have in there, it would be up to us then to go out and somehow in a democratic way educate our members and just give them good suggestions and so and so forth. Try and assist them down the path, try and open their eyes to the possibilities because often people would do the right thing if only they knew what it was." W1

This poses the dilemma that simply planning is not enough, but you require buy-in from the operators and other stakeholders to actually implement a strategy. LWT as the marketing body has no coercive power to induce people to present their business in a certain way. At the same time they have not been successful in encouraging people to follow their lead out of their own free will.

When actors do choose to take an active interest in the destination marketing they can take influence through their LWT membership. However, not many people take this opportunity.

"I think the LWT's members are just about every business in town. They have their opportunities to have input into the marketing. There is a marketing plan that's published; there are regular reports that are published. All sorts of things, so there is certainly opportunity there. And some of them are far more vocal. So even the AGM there is reasonable turnout. There are about 60 odd people there. So that's encouraging I think. There's a degree of participation there and interest in what's happening. So yeah, the opportunity is there and people do. And through the board (of LWT) as well. People can give an input through the board members as well. And do in fact." W7

Destination marketing is conducted primarily through LWT. Most businesses in Wanaka are members of LWT and could therefore have influence on the destination marketing. Apart from the marketing performed by LWT, there are several other umbrella marketing organisations, like the Winter Marketing group for the ski fields, Southern Lakes Marketing, and more. Overall, there is some cooperation in regards to marketing, although it is indirect through membership in LWT. The individual operators are too busy focusing on their own business to contribute to destination level activities. This leaves LWT in a difficult position where they are charged with the task of managing the marketing of the destination, but they don't have the power to control or even influence the delivery of the

product. This places them in a difficult position, since they are making promises through their marketing that the operators may not be keeping.

As discussed in earlier sections, there is not much cohesion between the individual components of the tourism experience, which could be a sign of lacking cooperation or communication. LWT seems to try and communicate with various groups through media like the local newspapers. They also reach a lot of residents through the newsletters that go out to their members, which make up a large portion of the local population.

“Well it’s more about just communicating with them (the local community). Fortunately because we’re communicating with a huge number of businesses, 340 businesses, you pretty much through that process get to just about everybody. But you have to do more than that. So just by the fact that we do put things in the newspaper on a regular basis about what we do and why and all that... but you’re not going to win them all over you know.” W1

Whether this is enough to keep stakeholders informed is not clear. Communication between the WCB and the community also seems to be positive, even if a member of the WCB thinks that the ‘consultation’ of the local population sometimes goes too far.

“No, I personally think that in some ways we over consult. The council are in an environment, a legal environment, with the way the Acts are, in that we have to consult a lot. Sometimes it comes down to personalities and generally because we are such a small community the cooperation and the communication is pretty good.” W2

In fact, LWT also seems to get into the problem of over communicating or interacting with stakeholders, which some members view critically.

“I’ll wind back a wee bit, what is the function of an RTO, is it to market the destination? Or is it to really dot your Is and cross the Ts on this sub-committee and that sub-committee? If Mrs. Murphy from her B’n’B comes in and says ‘look, I’m concerned about so and so across the road who’s got their stereo up too loud.’ It’s got nothing to do with the RTO but he (LWT CEO) gets involved in it because she’s got nowhere else to go and that takes up a fair bit of their (LWT’s) time. And my big thing with the RTO is that they’ve got to get away from being bogged down in that sort of stuff and get on with their job of marketing the destination. I believe they do a

good job, but there are a lot of smaller issues that seem to occupy their time, that shouldn't necessarily." W4

This issue is created by the failure of the actors to clearly define responsibilities and set boundaries. If LWT is supposed to market the destination, then they ought to just do that, according to their members. However, that LWT is asked to solve all sorts of other problems within the destination suggests that there is a need for these issues to be solved. If it is not LWT's responsibility, then who's is it? This is a question that will be answered later in Chapter 7, when I compare Wanaka with the other destinations and see how they handle these issues.

Generally, the communication in Wanaka is still rather informal and actors question whether more formal measures are necessary until the destination grows further.

"It isn't that necessary on a formal basis because the word of mouth ad-hoc communication approach is still working to a certain extent. But it will break down as the size of the town increases and it does mean that sometimes some people miss out on information. There's no doubt of that. I think you know it would be quite useful if for example LWT had a members only page or something on their website, where members could access or input information." W8

Another respondent also suggests the use of a communications platform, but he suggests that the information is already there (W7) and just needs to be presented in a more user-friendly format. The question is to what degree information technology (IT) can facilitate communication? I would argue here that IT alone is not enough and that the will to communicate between the different actors needs to exist before technology can help.

It seems that there is communication amongst most of the groups. Most of the communication is informal and otherwise it flows through media channels, like newspapers or websites. Some actors believe that Wanaka is still too small for more formalised communications, but will require more structured and formal communication if it continues to grow.

4.5.2 Strategic management

There have been various key economic drivers in Wanaka's history. It started with a gold rush towards the end of the 19th century, followed by 'rabbiting' and then farming. Now

tourism is the largest income earner in the Wanaka region, but it also needs to keep innovating to remain a productive part of the region. One respondent compared tourism with the gold mining community, which abandoned Wanaka once the gold ran out around 1900.

“95% of the income of the valley now is through tourism. How sustainable it is into the future, that’s up to us I believe. And we’ve got to have it so that it’s changing. If we try and stand still, once again we are going to be like the miners, we are going to be gone.” W6

This is a valid point, as it shows that although tourism is important in a region, it is not beyond failing. As case studies from Spain (Costa Brava) and other tourism destinations have shown, the life cycle in tourism can be very short with both steep growth and decline towards abandonment. So if Wanaka does not continue to innovate and defend their competitive advantage, they will lose their positive position in the market. This requires proactive management on behalf of the actors in the destination. The CEO of LWT is well aware of the danger of losing the appeal to tourists and Wanaka shrinking as a result.

“Otherwise we’ll just become like everywhere else in the world another retired and worn out resort. Because if you look at all of our assets, the natural assets which are the main assets, while they are extraordinary they’re not unique. And as a lot of people in Wanaka want to believe that somehow Wanaka is unique in the world in the sense that our natural assets are more beautiful, bigger, grander, blablabla. They’re not! And there’s a lot of competition out there all over the world. And there are a lot of people that are starting to look after their place too so by god we’d better. If we don’t really get serious about all of that and how we treat our customers, all those issues, quality, customer service, quality over quantity, and that’s another big issue, then the population in twenty years won’t be five thousand it will be one thousand again.” W1

It is important to note the focus on customer service and environmental factors, which implies that it is the relationship with the end consumer, as well as the care for the environment that will keep Wanaka prosperous. I would argue that this combination can only be achieved through a concerted effort at all three management levels, since environmental interaction or philosophy is the domain of normative management, whereas the customer interactions and the implementation of environmental practices occur at the operative level.

Another experienced tourism manager (W7) who now runs an accommodation business in Wanaka also relates a story regarding the sudden decline of a resort.

“There is a great great case study that a friend of mine sent me from Canada, when I was in a tourism general manager role. There is a little fishing port, somewhere up, I don’t know where in Canada, but somewhere on the coast, and it was just authentic and cute ... it was just one of those lovely places that you want to go, a bit like Moeraki. Beautiful little place. Gorgeous, gorgeous, gorgeous. Anyway, it suddenly became destination of the month, flavour of the month. Then the developers moved in, because they thought it was an opportunity to ratchet land prices up and make some money. And then, the houses went up and the motels and the hotels went up. And the shops started becoming fake, false facades, selling stuff that wasn’t made in the village, all that kind of stuff. And in a very, very short timeframe, I think it was something like 20 years, the place went from nothing to being ragingly attractive back to nothing again. Prices dropped, people moved out and it was all over rover. It’s that sort of thing that I think we run the danger of here. Not just for Wanaka, but New Zealand in general. But certainly here, Wanaka wouldn’t want to get into that situation.” W7

This means that some operators are aware of the dangers of overdevelopment, but are not sure what to do about it. The change would require a concerted effort, since no one actor in Wanaka is large enough to drive the destination.

Currently, there are a few conflicts between different groups that might make this task difficult. Farmers and tourism operators are one such case, where the reasons for the difficulties are different objectives.

“They’ve got different objectives obviously. The farmers they’re not particularly interested in having increasing numbers of tourists in the town because it means more people wanting access over their land and it means people going over their land leaving gates open, it means complaints when they burn off and so on. For them, their industry doesn’t rely on tourists, so it just congests their streets. They’ve been here a long time and they don’t like to see it get busy when they go to the supermarkets. So for that farming interest group generally they don’t really support tourism initiatives.” W8

However, most of the time there are very few problems, as long as the groups are mutually respectful (W9). Chamber of Commerce has good links and is supportive of tourism, since tourism is good for the local economy.

4.7.1 Real estate development

One sector that does seem to clash with tourism as well as with local stakeholders in general is real estate development. The last years have seen very fast growth in development and disproportionately little growth in tourist numbers. This ‘overdevelopment’ could lead to job losses and bankruptcies in the future.

“And the growth in tourism which is like pretty much zero at the moment or extremely flat is completely different to the growth in the real estate market. Many developers will build luxury lodges or accommodation businesses, because they can and there is a perceived need for it. The need is perceived as opposed to actual, because of the growth in real estate, not the growth in tourism. So each time there is a new iteration or a new subtle development, a new generation, all it does is widen the gap between supply and demand, which increases the tension. So in my mind there will be some casualties in the accommodation sector, which is our sector of the market. I think we’ll survive, but it’s going to get tougher and tougher. For example this year we’ve already made staff redundant and so on and take on more work ourselves. So it isn’t all doom and gloom, but the number of suppliers, especially the luxury end of the market, seems to go up exponentially. Whereas growth or even reductions in tourism, it’s pretty flat anyway, there’s not much net change. But the slices of the pie are becoming smaller.” W10

Although real estate development can be seen as essential for growth in tourism, it seems to be causing problems when it grows faster than tourism. One of the associated challenges is the increased pressure on the local infrastructure from second homes.

“I think half the dwellings in town are holiday houses. Imagine if all those become occupied. Plus all the other developments going on that puts a huge pressure on the infrastructure, whether its sewage and drainage.” W5

This increased infrastructure requires maintenance, which is a burden on the local population. They are also disadvantaged by the high property prices, which have come about through speculation and investment. Since wages have not grown at the same rate as property prices, finding affordable housing has become very difficult.

“A small population contributing towards the money to run the area. Things like, a lot of our roads, our existing roads are sub standard, gravel roads. But the cost to get them all upgraded to an acceptable standard, now that there’s a larger population and greater use of those roads, is high, compared with the amount of money we can take from ratepayers. So there is that issue of balancing up. Getting the services up to speed. In some areas the services are very good, like water and sewage or storm water, things like that. But roading is one we’ve fallen behind on. Get them up to an acceptable standard. There will be the issue, which is once again market driven, that the value of the land and the property got so high that it makes it hard to attract people to actually live here and provide the services the community needs to survive, like school teachers and mechanics and auto electricians, things like that. So then again, you have got to take into account getting the income or the business or the money available to pay the relevant salaries or wages, so they can afford to live here. It is a balancing act. A lot of it is market driven, but for some of the services that aren’t, you know, like social services, it can be a bit tricky attracting and maintaining that sort of service for the community.” W1

These community services are a management challenge that will need a cooperative approach to address. The main issues seem to be related to development that occurs outside of the District Plan and the planning guidelines provided by the regional council. And although efforts are being made, there are still difficulties resulting from a lack of leadership or responsibilities for these larger issues.

“So despite everyone trying to get there we’ve still got inappropriate development, we’ve still got infrastructural issues, things like housing for workers, that kind of thing. We’ve still got an imbalance of low wages with a high cost of living. And how do you address those issues, because who’s job is it? Well it’s everybody’s, but you’ve got to be able to legally do it. Somebody’s got to have the legal power to actually make it happen.” W1

The quote raises the point that if planning of housing is not in line with wages being paid by the local businesses, there is likely to be tension and a loss of quality workers. However, since different actors hold responsibilities for wages and planning, it would require a combined effort to solve this problem, which seems to be holding back Wanaka somewhat.

4.6 Operative level

Another issue that seems to be on most actors' minds and which would require a destination level response is service quality. This is closely related to the issue of staffing.

"That's one of the biggest things I would say with the tourist thing here is staffing, is probably a huge issue... you get young people coming through, not necessarily staying and actually retaining staff, so you need to retain people who really have an understanding of the place and how it works, the changes that have gone through and where it is and how it got there. It is just that that's not really there. And there is so much change in staff." W6

This quote makes an interesting point in how important staffing is for operative management. The frontline staff are the people who come in contact with the tourists most of the time, they need to be aware of the destination as a whole in order to be able to inform and educate tourists. Hence education and communication becomes a major factor for operative success.

"And in particular customer service it's singularly to me one of the biggest short term issues we've got. And so and because it's the old "the best business is repeat business" and referred business and I don't think we get as much of that as we think we do and I think that's crucial, repeat business, people who come back a second and third time. If your customer service is low and the quality of product doesn't deliver what you said the message was then they're not going to come back. Ok, you don't all have to be a five star hotel but if you're a three star hotel then you should try to be the best three star hotel in the world. If you're a one star backpacker, do it the best you can and treat every customer as if it's the last bloody customer you're ever going to have. Until we start to address those issues the problem is not going to go away but it's inextricably linked into this low wages, high rent, you know." W1

This is closely related to the marketing of the destination, since the promises made to tourists need to be fulfilled in the service interactions. Hence, management needs to fulfil marketing's promises. There seems to be a gap in Wanaka between what LWT can promise tourists and what is actually delivered. Since they are not a powerful enough actor to 'control' or influence product delivery, they need to work in good faith that operators will deliver what they have promised.

4.6.1 Framework effects

The management of the destination Wanaka poses some challenges that require a combined and dedicated response from the actors, like the improvement of customer service or the integrated planning for the future of the village. Since there is no clear leadership, there is a lack of cooperation regarding these management issues. Those actors that do cooperate do not have the power to drive their ideas at the destination level. This makes addressing challenges at the operative level difficult, since the framework conditions or guidelines for the operators to provide their service are not given.

In fact, there seems to be very little in the way of product coordination, although some actors acknowledged that this would benefit the destination.

“At the same time you hear in Wanaka you’ve got three or four different transport companies struggling to make a winter living and you have two ski resorts who have different price structures and accommodation providers who get individual booking enquiries from individual customers, who would much rather have a package where they can come and stay at their place get ski transfers and ski pass at both resorts and so on. And much as everyone does talk to each other it’s a shame that it’s not coordinated to the point that it can all be individually owned but marketed and functioning in a very, very coherent way, to the point where it’s absolute zero hassle to the customer. Whether they make price savings along the way is another matter, but I really think that it... I don’t think it’s nice to have an ownership by a lone cooperation, but... there must be common goals around the place but it’s a shame we haven’t quite got the winter market together and stuff, it’s a shame there isn’t one Wanaka ski pass with shuttle buses as part of the same ticket that sort of stuff that would be really nice.” W10

4.7 Case summary

The overall results from Wanaka are mixed. There are some good initiatives being proposed, but there is also a worrying lack of integration. Figure 4.3 shows a diagram of the actors involved at the different levels of destination management.

The results show that on a normative level, there is little alignment between the actors and there seem to be problems in finding a common vision. This could be the result of conflicting interests amongst the actors as well as no clearly defined leadership. Since the preconditions and frameworks for service delivery must be generated at the higher levels of management, Wanaka needs to focus on these levels in order to improve the overall functioning of the destination. The disorganised destination planning and internal conflict amongst actors would seem to be a good starting point if they are to make a change.

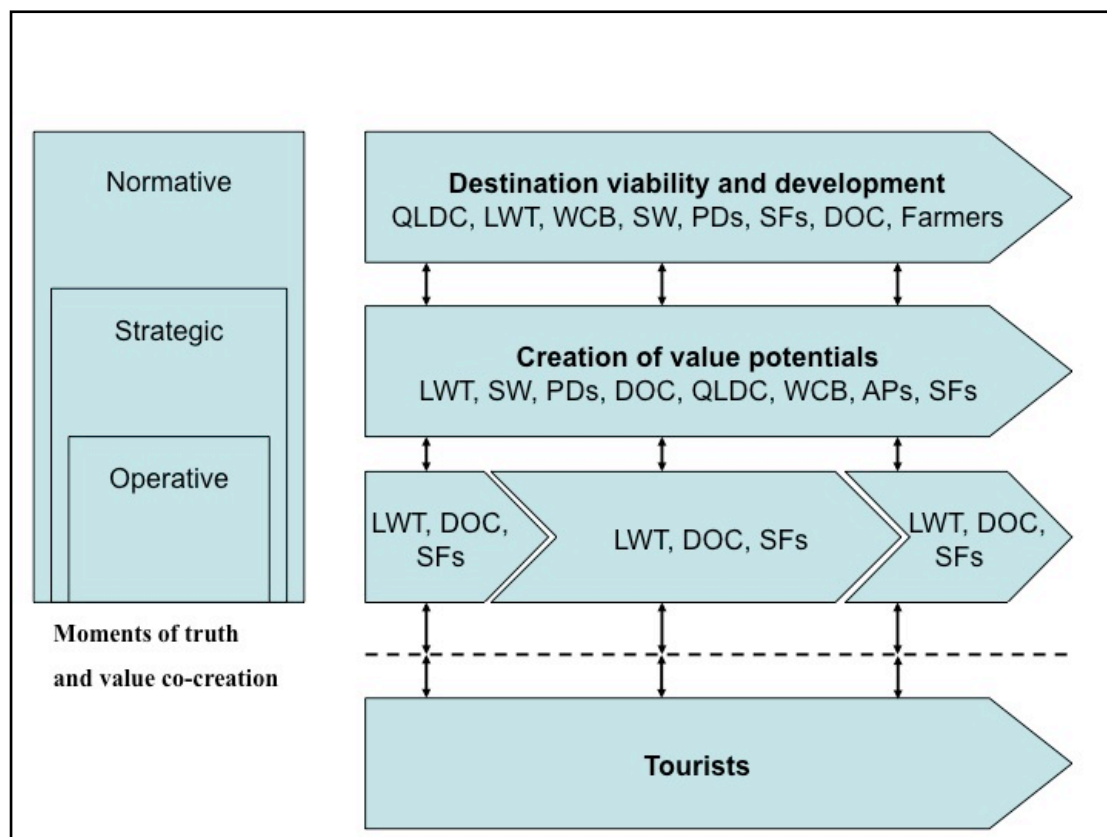


Figure 4.3: Summary of actors involved at different levels in Wanaka.

At the strategic level, a good attempt was made through the Wanaka 20/20 initiative, however this also seems to be challenged by the lack of implementation power of the central actors involved in the exercise. LWT does a good job of the marketing, but also does not have the power to drive the destination and ensure quality delivery of services.

Therefore the operative level is also fragmented. Although DOC and LWT provide information to tourists and attempt to bundle services, they have no power to implement this. Hence, there is very little coordination between the individual actors. Instead

competition between actors leads them to not work towards destination level goals and focus on their own business instead.

To conclude, a summary of the key findings from Wanaka was presented with analysis of actors, their relationships to each other, the overall destination marketing process and the critical factors for the operation of the destinations. Chapter 5 will now present the in-case results from Åre.

Chapter 5 – Åre, Sweden

5.1 Introduction

This chapter presents the in-case analysis for Åre. Just as in the previous chapter, general background about the destination is provided first, followed by descriptions of the actors identified from the interviews. A summary is given on the roles and activities they perform in the destination. This sets the scene for the discussion of the case in terms of the research issues presented in Section 2.6. The structural issues are discussed first, then the normative, strategic, and operative issues. Each group of issues is discussed in relation to themes that emerged from the interviews. The chapter finishes with a case summary of the critical factors in relation to the three levels of management and a summary of how the network structure empowers or constrains the destination management.

5.1.1 Background

Åre village lies in the Jämtland region (see Figure 5.1) in the west of Sweden, close to the Norwegian border and about 600 kms north of the Swedish capital Stockholm. Åre municipality is very sparsely populated, with a population of 10,000 spread across 7,263 km². Järpen, with 1500 inhabitants, is where the municipal administration is based. However, Åre village and its direct surroundings (Björnen and Duved) are where most of the tourism investment and development has occurred. Åre village has a population of approximately 1,260⁶. Located next to a lake, Åre is surrounded by mountains and forests. Åre lies on the rail line between Östersund in Sweden and Trondheim in Norway. There is good road access from Östersund, which has the closest airport.

⁶ www.scb.se/statistik/MI/MI0810/2005A01x/MI0810_2005A01x_SM_MI38SM0703.pdf (accessed 20/04/10)



Figure 5.1: Map of Jämtland region, Sweden

Tourism first started in Åre when King Oscar the First built the first train connection in 1882 by. In those times, tourists primarily visited Åre for the clean and fresh air⁷. From then on, hunting and fishing tourism played a part in the development of Åre. The first ski lift was built in 1910 in the form of a funicular railway. Major development over the past 100 years has made Åre into one of Sweden's premier ski destinations. Forestry is still a major industry in the region as well as general tourism support industries, like catering, building trades, and retail outlets.

5.2 Actors

This section presents an overview of the actors involved in one or more of the three management levels in the destination. The primary actors, which were mentioned by at least two interviewees, are: Åre municipality (AM), Skistar (SK), Holiday Club (HC), Åre Företagarna (AF), Naturens Bästa Cluster (NBC), Jämtland Härjedalen Turism (JHT), the Vision 2011 group, VM 2007 and the tourism office (TO). Table 5.1 shows a summary of the actors in Åre along with brief descriptions of what activities they perform, their involvement in destination level activities as well as the key relationships they have with other actors inside or outside the destination. Only those actors mentioned by at least two interviewees are included in Table 5.1. All others are listed in Table 5.2 in Section 5.1.1.8.

⁷ www.pressrum.skistar.com/templates/LongPage.aspx?id=34 (Accessed 20/04/10)

Actor	Description	Primary activities	Destination level activities	Key relationships
Skistar (SK)	Skistar is the largest company in Åre. SK is part of a publicly listed Scandinavian ski company, which owns five destination resorts throughout Sweden and Norway.	SK's activities are focused on slope and lift operation, ski schools, ski hire and lodging. They have a monopoly on lifts and ski schools in Åre. In regards to lodging, they both operate their own accommodation and provide property management for other owners.	SK markets the destination in winter. They also provide a booking system. SK is a member of the Vision 2011 group, which means they take part in shaping the destination strategy.	Outside: Skistar AB, strategic relationships with Swedish Railway and SAS Inside: HC, AM, AF, JHT
Holiday Club (HC)	HC is part of an international hotel chain operating in Europe and Russia.	HC provides both hotel and timeshare accommodation in Åre. They also operate an indoor sports facility, a swimming pool complex and manage the local event arena (Mix Megapol) on behalf of the owners.	HC takes most responsibility for marketing summer, but not to the extent that Skistar does in winter. They also contribute to the destination strategy through their involvement in the Vision 2011 group.	Outside: Holiday Club group and their parent company Inside: SK, AM, AF, JHT, NBC

Åre Municipality (AM)	AM is the public actor in Åre.	AM provides social care, schools, public infrastructure. Also very active in regard to supporting business and tourism development.	Has planning authority for new buildings and maintains the cleanliness of the village together with AF. AM also supports the tourist office, which provides information for guests. They are involved in Vision 2011 group, which develops the destination strategy.	Outside: National and regional government, NUTEK, European Union Inside: SK, HC, AF, JHT, NBC, TO
Åre Företagarna (AF)	AF is the local Chamber of Commerce and represents all business owners in the village of Åre.	They provide support to the local business community and lobby AM on behalf of business.	They unite the business community and give them a common voice. AF is also involved in the Vision 2011 group.	Inside: SK, HC, AM, JHT

Jämtland Häredalen Turismen (JHT)	Regional organisation, which also covers tourism markets Åre.	Provide marketing at a regional level and support to the individual destinations with research and other services.	Provide customer research to Åre, which helps to develop new products and services or improve others.	Outside: Other destinations in Jämtland and Häredalen Inside: SK, HC, AF, AM
Nature's Best Cluster (NBC)	Cluster of small businesses that have all been awarded the "Nature's Best" eco-tourism label.	Individually the businesses provide services like fishing trips or dog sledding. Together they provide combination products and help each other to improve their offerings.	They represent an alternative to the mass tourism products offered in Åre. They partner with HC, for example, in offering their eco-products to HC's guests.	Outside: Swedish Eco-tourism Association, other eco-tourism clusters Inside: HC, AM, AF
Vision Group 2011	Informal group responsible for setting destination strategy. The group is made up of executives from SK, HC, AM and AF.	Provides a forum for the self-elected members to share their views and develop plans for the future.	In 2001 the group developed the Vision 2011 document, which set out the 10-year goals for Åre. The members implement the decisions in their own organisation.	Members: SK, HC, AM, AF

VM 2007	Event company set up to manage the World Alpine Ski Championships in Åre in 2007	Organising and managing the event.	Coordination of event related issues with other actors, especially SK, since the races were held on their mountains.	Outside: International Skiing Federation (FIS), St. Moritz tourism organisation Inside: SK, AF, AM
Tourist office	Tourist information office in Åre, funded by AM	Provide tourists with information, accommodation booking service and key pick-up for holiday houses	Involved in Vision 2011 group and destination development activities.	Inside: AM, AF, SK, HC, JHT

Table 5.1: Summary of primary actors in Åre

The following sections provide additional information on the primary actors, followed by a summary of the other actors in Åre. Quotes are used where appropriate to describe the actors, which gives a closer insight into how they are perceived by the interviewees.

5.2.1 Skistar (SK)

SK is a publicly listed ski resort company, operating in five destinations throughout Scandinavia. One respondent (A4) commented that they have a near monopoly on skiing in Sweden. Skistar bought the lifts in Åre from a state owned company that was operating them in 1999. This was seen as a positive development, since Skistar brought the competencies to operate lifts. Skistar's main business activities are ski slopes, ski hire, ski schools and lodging. An informant describes them as 'market leaders in ski rental' and they have a monopoly on ski schools, which they can maintain since they 'own' the mountain (A4).

In regard to lodging, they both own accommodation facilities and manage them on behalf of the owners. Overall they handle about 7,500 of the 10,000 available beds in Åre. Skistar is the largest actor in Åre on both turnover and number of employees and they market the destination for the winter season. When a representative was asked why they market Åre in winter, they gave the reason that they must continue to take responsibility for winter, since they provide the core product (A5). Other actors agreed with this, referring to skiing as the 'reason to travel' in winter (A4). Hence, Skistar operate and control a large part of the tourism offering in winter. Skistar also take care of the booking for the destination, allowing people to book packages via their website or through their national call centre. Through relationships with the Swedish national railway and airline, Skistar provide a service whereby guests can also book their travel to and from Skistar's five destinations on the website. This gives Skistar considerable power since they control one of the direct channels with the customers and therefore influence the customer relationship.

Although Skistar only generate 5% of their turnover in summer, they still have a vested interest in the village doing well. They open the lifts in summer and do their part in making Åre a year-round destination. However they also use summer to upgrade their lift systems and perform any other development work for the main ski season. This time was also used to prepare for events, such as the Skiing World Championships in 2007. This suggests that they take a secondary role in summer, but do still contribute what they can.

Skistar, as the largest service provider, is also part of the Vision 2011 group and certainly one of the core actors in the destination. In preliminary research, SK was identified as the 'lead actor' in Åre, which was confirmed in the interviews. However, they do not dominate the destination as much as was assumed when the destination was chosen. They do provide most of the winter product and marketing, but are still reliant on the other actors to make decisions at the destination level. This will be discussed in more detail later in the chapter.

5.2.2 Holiday Club (HC)

HC is a large hotel complex, which is owned by a Finish hotel group. Apart from hotel rooms and timeshare apartments, they manage the local conference/concert facility and offer a range of activities, including spa, bowling, golf, and more. They also manage the Mix Megapol Arena, a multi-functional conference and concert venue, on behalf of the municipality and other shareholders (AF and Skistar).

Holiday Club was strategically brought in to Åre to develop summer tourism and to provide a broader product offering. Since opening in 2005, the hotel has had high occupancy (79%) and had already built new rooms to accommodate the extra demand by 2006. Holiday Club employed about 205 staff year-round in 2006 and more during the main seasons. The first summer in operation they marketed the destination by themselves, but for coming years it was to be more of a joint effort. The plan for the 2006 summer was to organise even more events and theme weekends to draw people to Åre. The actors were positive about the developments in summer tourism (A5).

Apart from the events, conferences, the water park and sports centre, Holiday Club also builds on relationships with small operators around Åre to offer horse-riding, fishing and other nature activities to its guests. As a member of the Vision 2011 group and a provider of core services, especially for the summer product, Holiday Club is also in the core group of actors.

5.2.3 Åre municipality (AM)

AM is legally charged with providing social care and schools to the population as well as providing public infrastructure, like roads (A1). They have the final say in what can be built in the municipality, where and how. AM is also very active in regard to supporting

business and tourism development in the municipality and especially in Åre village. An AM representative stated that the close cooperation with the business community is important for Åre's growth and development (A1).

A representative of the Swedish Ecotourism Association, who also worked with other municipalities in Sweden, commented positively on AM's economic involvement. This implies that they are doing more than they are obliged for the economy in Åre and apparently they do it very successfully. In 2006 they were awarded with Sweden's best 'growth municipality' prize, based on population development and low unemployment. They got special credit because they built a visitor centre to draw people to Åre and because they invested in a design centre. Growth was spread across the municipality, but as one respondent (A1) expressed it, the ski resort village acts as the "motor" that drives growth for the entire municipality.

AM uses projects, like Holiday Club, to attract new inhabitants and companies to Åre. They support these projects by applying for money from the European Union or NUTEK to develop tourism and to increase the population. Holiday Club, as an example, was intended to increase summer visitors and also year round tourism, so that people move to Åre permanently, which increases tax revenue for the municipality. Hence, their interest in furthering the economic viability of Åre is partially based on the desire to increase tax revenue.

AM is also a member of the Vision 2011 strategic planning group, which will be discussed as a separate entity in Section 5.2.7. Due to their work in setting the framework conditions in the destination and their support of the tourism sector, this group can be seen as the core group in Åre. So all direct members therefore also form part of the network core. This is surprising, since my original assumption for this destination was that SK, the largest company, would take the lead by themselves.

5.2.4 Åre Företagarna (AF)

AF is a group comprised of all 160 businesses, large and small, in the Åre village and they have considerable influence. As one respondent (A7) described them, they are not strong in a financial sense, but form a strong opinion group. They make their opinions heard through lobbying AM on behalf of the local businesses. AF acts similar to a Chamber of

Commerce, as a lobby group, but also an open forum for business people to express their ideas and/or concerns. AF provides especially its small members with representation on economic development and other issues. They work with business education and also contribute to other practical services in the village, which includes cleaning, maintenance coordinated together with AM. When describing the overall purpose of AF, a representative stated that they work according to a code or philosophy that ensures they do the right thing for the village, the guests and businesses.

“We must in short work for and make sure that the board works for everything that is good for the village. That is number one. So it must be good for Åre village what they decide or determine. It must be good for guests and then it should also be good for businesses... and if you work with the first two, good for the village, good for our guests, then it will automatically be good for the businesses.” A10

Based on this philosophy, it is possible for the board and members to make business decisions that are in the interests of the wider community and the guests, thereby leading to business success. The activities based on these decisions then provide a common framework amongst members and allow the businesses to approach the municipality with ideas and suggestions.

“Now only one person meets with the council and says ‘This is what we think’ and we are 160 (businesses). Then the council listens and that is also how you get the council going in the same direction” A10

In this way, AF, as a representative of the entire business community, has considerable influence over what happens in the village. This could be a reason for AM being so business focused. In fact, the business community seems to see AM as a partner in developing the village.

“We together with the municipality drive this village forward. The municipality, as you know, are the politicians and the political elements and so on.” A10

AF essentially provides business ‘opposition’ to the municipality, who can’t argue as long as things are good for the village. There is discussion with the municipality on what is best for the village where slight differences of opinion are acknowledged and solutions proposed. These discussions seem to be open and goal focused, which could add to the success of the cooperation between the two parties. AF is also in the Vision 2011 group, where they represent their members. Their two largest members, SK and HC also have

their representatives in the Vision 2011, but at the same time their membership in AF strengthens AF's role as a core actor in Åre village.

5.2.5 Naturens bästa cluster (NBC)

NBC is a group of ten small ecotourism businesses in and around Åre that are all eco-certified by Naturens bästa (Nature's Best), an initiative of the Swedish Ecotourism Association. Similar clusters are being created throughout Sweden and in Norway. These 10 businesses are generally owner operated with about two people working in each business. The cluster as a whole has a turnover of around 15million Swedish Crowns (approx. 3 million NZD).

For the members of the cluster, clustering is a way to increase sales for the individual businesses. It gives them extra credibility and recognition, which is good for lobbying the regional council regarding access to nature, for example. The members have understood the idea that they can achieve more together so that they are starting to work together. Approaching the market as a group makes it easier for the businesses to sell their products. Together the businesses can take on bigger orders, by sharing guests across the various operations. Together they could offer 5,000 spaces to Holiday Club on various activities, an order that an individual operator would never have been able to satisfy. Maybe this cluster will become the fourth largest business actor (after SK, HC, and AF) in Åre.

Communication in the cluster happens once per month, with a different focus in different months. Four times per year they meet to share information about new offers and what is happening. Four times they meet about marketing, where they discuss how to best market themselves. Four times they do things together, like inviting international travel agents or visiting journalists. They take them to Holiday Club for dinner and then take them out for dog sledding and other activities. So the last four meetings are all about working together towards the market and getting people familiar with their products. The three types of meetings could be described as in-group information sharing, marketing planning, and product familiarisation for external parties.

Individually the members communicate informally also. Due to their familiarity with one another and the small size of the group, this seems to work well. The small businesses have to work together to create a strategy or a product with the big companies.

5.2.6 Jämtland Häredalen Tourism (JHT)

JHT is the RTO, servicing other destinations as well as Åre. JHT's CEO describes it as:

“Let's say its a project organisation. We employ between 6 and 10 staff and we have a turnover of about 30 million Swedish crowns. We are working mainly with marketing and business analysis, which can be almost anything we need to know about tourism and tourists, product development, new products, new markets, things like that.” A4

As part of their analysis they conduct ongoing guest and service evaluation surveys, which are used to improve service levels at the destination. One spin-off from these surveys was a company set up to educate staff about Åre before they arrive, so that they could be more knowledgeable about the destination and provide better service. The education was conducted online and became a near compulsory prerequisite for seasonal staff looking for jobs in Åre. The company that emerged from this project continued to develop the same system for Sweden as a whole. An innovation story that a JHT representative proudly tells is as follows:

“So it started as a project in Jämtland-Häredalen Tourism and was developed into a company with 5 people employed full time, doing the same thing with Sweden” A4

JHC is also involved in the regional destination planning, in collaboration with local councils and marketing organisations.

5.2.7 Vision 2011

Vision 2011 is the name given to a group involved in strategically planning the future of Åre. The group is made up of executives and high level representatives from all of the major stakeholders in the destination: SK, HC, AF, AM, TO who were 'self-elected' to participate. Even though the Vision 2011 group is not an official organisation, it is listed as a primary actor here. The reason being that the group forms what is referred to as a 'new regional elite' (Bieger, Derungs et al. 2006) that is voluntarily taking the lead on regional development. Hence, although they are not formally (legally) organized, they exert significant influence on the development of the destination. This is a good example of a governance network (Rhodes 1996). The members of the group all represent other actors in Åre (SK, HC, AM, AF), so there is overlap here.

The group meets once a month to determine progress towards the 2011 goals, which were

worked out in 2001 and captured in a plan, also called the Vision 2011. Some of the most important growth-oriented goals (in relation to the base line of 2001) are shown in the following list:

1. Make Åre into Europe's most attractive winter destination with a year-round season
2. Welcome 50% more guests (a total of 225,000)
3. Out of those guests, 50% were to visit during winter and 50% in summer
4. The rate of repeat visitors should rise by 50%
5. Åre should emanate a welcoming feeling, be characterised by professional hospitality and create memorable experiences'
6. Åre should pursue growth that builds on economic, ecological and social sustainability'
7. The plan was based on the question: How do we want Åre to look in 10 years time?
8. An interesting characteristic of this planning group is that it is not operational, but strictly normative, determining the vision and goals for the destination.

"Vision 2011 group is not operational at all. We just operate through our positions as we have otherwise. So we meet and discuss what should be done and seen and so on, but we work through our own organisations. So there is not an organisation attached to the Vision2011 group."

This means that the group itself has no official power. However through the high level representatives in the group, the decisions made can be implemented through directed action in the individual organisations. This requires mutual trust and respect between the members and a strong common goal, as presented in the Vision 2011 document.

The actors involved knew that these goals could only be achieved through a joint effort, which is why the group was formed in the first place. Planning within a small group has the advantage that there are fewer members amongst which a consensus must be reached. The chairman of the Vision 2011 group (A2) commented that AM and the big companies still make their own strategic plans, but that these fit with and support the overall objectives of the Vision 2011 document.

5.2.8 VM 2007

VM 2007 is a temporary event company set up to manage and run the World Alpine Ski Championships in Åre in 2007. The overall investment in the event was about SEK 420 million. The company was 70% owned by the International Skiing Federation (FIS) and 30% by local businesses (15% SK, 15% AF). As an event company, their influence extended primarily to the event and related matters. Their main cooperation partner was SS since the events were held on their mountain and they also own part of the event company. However, the whole business community was behind them in organising the event.

A representative of VM 2007 (A 8) explained that many different stakeholders, like the local community, businesses and landowners, needed to work together to make the event work. In order to get their input, a broad advisory board was formed, including representatives from AM, the regional health authority, the Sami⁸ community, landowners, police and fire departments.

Leading up to the World Championships, VM 2007 was certainly an important player in Åre, since they focused on bringing the village and international cooperation partners together to stage the event. Interestingly, they also have a connection to my third case, St. Moritz, who staged the World Championships in 2005. The tourism organisation in St. Moritz was helping them to stage the event, by providing information and advice based on their experiences with such events.

5.2.9 Tourist office (TO)

TO is structured as a shareholding company, owned by the business community in the village. AM also contributes some funding and support. TO provides tourism information and generally contributes to the development of the destination by working with project and education questions. They also book accommodation for tourists and provide a 'key pick-up' service for holiday houses.

TO's chairperson represents them on the Vision 2011 group. Since they offer the information services to tourists, it is important that they are included in the destination

⁸ The Sami are the indigenous nomadic people living in the North of Scandinavia.

strategy group. In a sense, they are an important coordinating actor at the operative level, since they bring together information on various services available in the destination.

5.2.10 Other actors

These actors, each named by just one interviewee as being important in Åre, are listed in Table 5.2 together with a brief description of their activities.

Name	Description
Totts Hotel	Large hotel in central Åre, which is developing further.
Åre Centrum	Real estate company investing in central Åre. They own the railway station and other prominent buildings.
Björnen and Duved groups	They are both business associations, like AF, that represent businesses from the smaller villages of Björnen and Duved, just outside of the main Åre village.
NUTEK	Swedish Agency for Economic & Regional Growth, supports business projects on a national level. Responsible for part financing Holiday Club

Table 5.2: Other actors in Åre

5.3 Network structure

Now that the actors have been introduced in detail, this section presents the analysis of the overall network structure in Åre. The individual sections discuss the network factors presented in Table 2.9 – centrality of main actors, density, strong ties-weak ties and the contractual basis of the network. The final section discusses the difference in networks between levels.

5.3.1 Centrality

Centrality refers to the degree to which the network is centred on individual actors or groups of actors (Wasserman and Faust 1994). When Åre was chosen as a case, it was assumed that SK was the lead actor and that everything was focused around them. This would have meant the destination had a very central actor, with the rest belonging to the ring and just following SK's lead. However, insights gained during the interviews suggested that although SK is the largest and most important player, others are also central

to the operation of the network. These are HC, AM and AF who along with SK are all members of the Vision 2011 group. In that sense, the Vision 2011 group is also a central actor, but only at the normative level, since the group is not operative.

SK is the largest actor in Åre, based on number of employees as well as turnover. Their power comes from their control of the ski lifts and facilities on the mountain as well as a monopoly over some ski services. In addition, the fact that they are part of a large international corporation, encompassing five resort destinations, gives them further advantages: 1) they have access to an integrated sales and booking system that serves all SK destinations in Scandinavia; 2) SK is a well known brand in Scandinavia; 3) due to the total size of the SK corporation they have access to funding for strategic and tactical activities that they might not be able to pay for out of their own cash flow, like lift development for the World Skiing Championships. The large resource base they have allows them to market the destination by themselves in winter, which is also justified by the fact that they reap most of the benefits. Their focus on the business areas of lifts, ski schools, ski hire, and lodging in all their destinations gives them economies of scale that cannot be replicated by a single firm in a destination. The fact that their first three core business areas all relate to skiing gives them economies of scope, since they can apply knowledge and experiences from one part of the ski market to another area. Overall SK is the most central actor in Åre, but there are others that also hold a central position.

HC is the second largest employer in Åre, after SK, and has been very successful since they opened for business. They are particularly central in the summer market, where their swimming pool and sport complex as well as the Mix Megapol Arena that they manage are big attractions and central to the tourism product. They also have the advantage of being tied into an international company, which provides additional access to resources. This was important in their rapid expansion, when they realised the initial project was too small. Their international profile also led to them coming to Åre in the first place, since they were 'headhunted' to provide the services they do.

AM, the public actor in Åre, is central to the operation of the destination, since they provide infrastructure and social services, without which the village could not operate. They are also highly involved in the business and tourism sector through their support of the TO and Mix Megapol Arena. They are said to have a business friendly attitude, which

could be the reason that they have strong relationships with the business community and see them as partners. AM also acts as a bridge builder between the destination and governmental as well as international agencies. One example of this is their application to NUTEK for funding to build the Mix Megapol Arena. This project partly earned them a national award and gave more publicity to the destination.

AF is a strong opinion group in the destination, providing a voice to the small business owners in Åre. The fact that SK and HC are also members of AF gives them even more weight, especially in negotiations with the council. They help to bundle the resources of the small players to allow them to partake in big investments like the World Skiing Championship company, of which AF owns 15%. In fact, the company managing the World Championship for the duration of the planning and implementation period also became a central actor.

In the provision of the tourism services at the operative level, TO also becomes more central, since they are a common contact point for tourists during their trip. TO is also represented on the Vision 2011 group, which gives them influence at the normative level. However, their resource base and influence is much smaller than that of the larger actors, which gives them less weight at this level.

To summarise, Åre has a lead actor (SK) with very high centrality at all three levels in the destination. However, there are multiple others that form an important part of the core destination network. Their different sources of power were explained in this section and in Section 5.2. Henceforth, when I refer to the core group in Åre, I will mean the actors described in this section.

5.3.2 Density

In the core group, focused around the Vision 2011 group, there is perfect connectivity, with each actor working with the others.

“We together (SK, HC, AF, AM) we have a tremendously tight collaboration. We meet once a month.” AI

These regular meetings are likely to contribute to the strength of the group and give Åre a very dense core. There is also a lot of communication between the actors outside of the formal meetings.

“Communication is very important. Otherwise no development happens. If we isolate ourselves there will be no development. So we must work together, because we must help out because we have different areas of responsibility.” AI

The quote recognises the importance of cooperation between different actors with different responsibilities or roles within the destination. This is an important point also in regard to the management of the destination, since the recognition and sharing of responsibilities is likely to bring the actors closer together. The way the core actors co-invest in joint projects, adds to the density of their relations, since this makes connections at a more committed or explicit level.

AF itself presents a dense group, since all the actors belonging to AF have regular contacts at meetings and events. There they get the opportunity to exchange views and get to know other actors. Since SK and HC are also members of AF, interaction is likely between the smaller operators and the two big ones. Whether these interactions occur or not was not mentioned during the interviews. However, the degrees of separation amongst AF members can be no more than one, since they are all joined as members. So if there was the will or need to interact, the connections could be made through this channel.

An interesting example of a dense network outside of the core group of actors is the NBC. This is a group of owner operator businesses that joined together to improve their business. This group is also very highly, if not perfectly connected, since there are only ten businesses and they meet on a monthly basis. They aim to give each meeting a different ‘theme’, which allows them to connect on different levels and really get to know each other. This density and the economies of scale they can achieve by selling their services as a package has already proved successful, with a large order from HC. Had the individual businesses not been so densely connected, they would not have been able to facilitate this. A representative of the Swedish Eco-Tourism Association, who facilitates the cluster, explains that the economies of scale achieved by clustering make them more noticeable and also gives the individual operators more confidence.

“Small players have little self-confidence opposite the big players. So bringing them together as a group makes them stronger and more noticeable. So they become bigger and are noticed more by these (big players) here. So that is also an important thing to come to terms with their own self-image. So how they see themselves and each other.” A9

This is likely to be more important for such small operators than for the larger ones, since it gives them a kind of critical mass to be noticed by larger partners. Overall, the network in Åre is dense, with a multitude of connections between different actors and groups. Particularly the core group is very highly connected with each other but also with ring actors as well as external partners.

5.3.3 Strong tie/weak ties

For a destination like Åre with a strong core group of actors, it is most interesting to discuss the relationships between them and with external partners. First of all, the core group of actors in Åre has very strong ties with each other, as is shown in their frequent meetings, informal communication, and financing of joint projects. This can explain their efficiency at making decisions and finding agreements that are mutually beneficial. They are aligned in their overall purpose and can therefore pursue their own interest and that of the others simultaneously. The strong ties between them however, do not mean that they do not have access to other actors outside the core. As was shown in Table 5.1, each of the primary actors in Åre has several connections to outside partners. In fact, each of the actors has their own wider network, which provides them with external sources of information, funding, and new connections.

Some ties outside of the destination are also strong ties. SK and HC, for example, have very strong ties to their parent companies outside of the destination. These ties are essential to them and provide them with support that other operators in the destination do not have. SK also has strategic agreements with Swedish Railways and SAS, which provide transport to the destination. AF has strong ties with its members inside the destination, since it keeps them informed on what happens at the Vision 2011 meetings and at other events. Another example are the strong ties the core group has with JHT, which provide them with research services and tie them into the wider network of destinations that JHT works with. Therefore JHT is an important actor, but they are not

central to Åre. They perform support tasks, like customer satisfaction surveys, and integrate Åre into the broader marketing of the region. This sort of outside perspective seems to be valuable for Åre. The CEO of JHT describes the question they are looking to answer with their research:

“And we are working with the destination Åre as one of our most important destinations out of the 20 we are cooperating with. And we are helping them with, for instance, marketing and analysis and we made several problem detection studies here in Åre to see what the guests are finding troublesome or what they are getting troubled by? What do they hate? What do they love? But also, how much money do they spend? Where do they come from? And so on. Because we have to be very careful with our guests.” A4

So although they are not part of the core group, JHT add important services to the destination and provide insights through their research. They are well integrated and collaborate with the major players.

NBC are also not part of the core network, but provide an important alternative tourism service. Their eco-tourism products target those who do not come to Åre only to ski and they provide a larger part of the summer product, when skiing is not the primary activity. NBC works to sell eco tourism products to and through Holiday Club.

“So now for example, Holiday Club came, just a few days ago, to one of these operators and he (the CEO) asked all of them, you could say. ‘We want to buy 5,000 spaces with you, for riding and skiing and fishing and hunting and so on. So that we can offer the spaces to our guests.’ 5,000 guests they wanted to buy spaces for. And that is a giant offer for them (small operators) here.” A9

These sorts of arrangements offer an important sales channel for the small operators in NBC and allow Holiday Club to offer additional experiences and value to their guests. NBC is using the classic ‘power in numbers’ or economies of scale approach to make their network more appealing to the larger partner, Holiday Club.

By joining together, they can reach a critical mass, where Holiday Club wants to work with them on a contractual level. This sort of cooperation adds to the entire destination experience by broadening the range of activities that can be combined. The cooperation

represents a linkage between the core of the destination and ring actors that are nonetheless making a valuable contribution to the overall tourism product in Åre.

An example of a weak connection that has provided benefits to the destination is AM's relationship with NUTEK. Through this link, they managed to secure new funding for the Mix Megapol arena project. It was also an initial weak tie to HC, made on a scouting trip to Finland, that brought HC to Åre. The weak tie between NBC and HC, before they signed a supply agreement, has also developed into a stronger relationship with HC. However, had there not been a weak tie or an initial connection beforehand, these two actors may never have reached the agreement.

Åre has a good balance between strong and weak ties. The dense, central and strongly connected core group provides leadership and efficient decision making, since the group is kept small. At the same time, all the actors in this group have a wide range of connections outside the group and even outside the destination, which provides new inputs into the network.

5.3.4 Contractual basis

Implicit contracts are based on social agreements and trust, whereas explicit contracts are based on formal written agreements that are legally enforceable (Bieger 2006). Due to the centrality around a main actor, identified in the preliminary research, I initially assumed that Åre's network would be based on explicit contracts. This is not quite the case and presents an interesting break with the underlying assumptions. Of course, there are explicit contracts that dictate some parts of Åre's network. For example, the contract between the owners of the Mix Megapol Arena and HC, the manager, are explicit. The same applies to the joint investment in VM2007, where external partners (FIS) were also involved. On a smaller level, the supply agreement between NBC and HC is also explicit, specifying the number of 'seats' that the NBC members must provide to HC guests throughout the year.

However, apart from these examples, many of the relationships between the actors are based on trust. This is particularly true for the Vision 2011 group. Their meetings are held behind closed doors to ensure confidentiality and allow the participants to address even controversial topics. The reason the group is kept small is the requirement for trust between the members.

"We know each other. We dare to take up questions that should not leave the room. We rely on each other." A1

A small and tight group gives members the opportunity to speak freely and honestly. This is likely to speed up the process of determining the common ground in any decision that needs to be made, which in turn leads to greater efficiency in decision making. The outcomes of the meetings are not formal orders to do anything, but rather a common commitment by the members to work to achieve certain goals.

"It is just a commitment that we should do this. Let us move towards this place or move towards this direction. And then the municipality does their part, Skistar do their part, Holiday Club do their part and Åre Företagarna their part and so on. So this is normally the way it's performed." A7

This has worked well in Åre, since the members are all central and powerful enough to drive their part of the goals forward. This suggests that the constellation of the group at the normative level is an important factor in making this type of arrangement work.

Overall, Åre shows signs of both implicit and explicit coordination mechanisms. Particularly interesting is the implicit and trust based coordination between the central actors at the normative level.

5.3.5 Differences between levels

In Åre there are significant differences between the network structures at different levels. The core group, which presents the normative level, is very tightly connected and each of the actors is central to the destination. This group forms the normative level of the destination and essentially provides leadership. They do this primarily through the Vision 2011 group and the corresponding document. The contractual basis at this level is implicit and social, based on trust between the representatives of the individual groups.

At the strategic level, all the core actors are still central and they still work together. However, in regard to strategic marketing and management, they now work more within their own organisation, rather than across organisations. They still cooperate on projects, like the World Championships or the event arena, which no one actor could provide individually. Other actors that were not involved at the normative level, like NBC for example, develop their own strategies and value potentials for niche markets, like eco-tourism in their case. So at the strategic level, although the centrality remains, the density of the network probably decreases somewhat, since the core Vision group does not really

operate here. There is still a balance between strong and weak ties at this level. Joint projects between the actors are a sign of strong ties, whereas novel input from outside sources suggests that weak ties are involved.

At the operative level, the density of the network becomes further diluted. Also the centrality changes more towards SK and HC, since AM and AF do not engage directly with tourists and are not directly active at this level. TO becomes a more central and important actor here, since they help to coordinate the services of the individual providers and provide destination wide information to tourists before, during and after their stay. Apart from direct supply agreements, like that found between NBC and HC, the ties here are likely weaker. However, socially based relationships between operators will still play a part.

Overall, the information gathered during the interviews suggests that there are differences between the networks at the different levels of management in Åre. Different actors become more or less important depending on their involvement at the given level. Particularly the centrality of the actors as well as the density of the network changes between levels. Reasons for the decrease in density at the lower levels may be simply the larger number of actors involved as well as increase in competition.

Table 5.3 shows a summary of the network structures at the different management levels. The central actors change somewhat between levels, depending on where they are active. At the same time, the density of the network decreases as more actors participate at the lower levels. In Åre, the balance between strong and weak ties is maintained throughout, with strong ties at all levels that are balanced by weaker outside ties. The contractual basis at the normative level is implicit, which is contrary to my expectations for this case. At the other levels, both implicit and explicit coordination mechanisms function and keep the destination together.

	Central actors	Density	Strong/weak ties	Contractual basis
Normative	Vision 2011 members	High in core	Both weak and strong ties	Implicit
Strategic	SK, HC, AM, AF, VM2007	Lower, since more actors involved	Both weak and strong ties	Implicit/explicit
Operative	SK, HC, TO	Even lower, since even more actors involved	Both weak and strong ties	Implicit/explicit

Table 5.3: Summary of network structures at different levels

5.4 Normative level

Normative management refers to the setting of framework conditions, with the goal or purpose of ensuring the viability and development of an organisation over time. The Vision 2011 group and its members represent this level in Åre. The group members are central to the destination and as a whole provide the normative leadership of the destination. They developed the vision for the destination and then set about implementing it through their individual organisations and with partners in joint projects, like hosting the World Championships in Åre.

The Vision 2011 document provides the common purpose at the normative level and sets out goals that were not achievable by a single actor and therefore required a joint effort. A member of the group explains that one of the main reasons for forming the group was to reduce friction and align the main actors under a common purpose.

“This group started because there was so much discussion going on and I mean it could be the smallest issue that came up and it would result in quite big discussions, not fights, but discussions and no decisions. And the reason was that we didn’t have a common goal. What is Åre supposed to be? And this Vision 2011 became that goal. And the way it became the goal, it kind of sorts out a lot of things. Because if you know that you are going to have 50% more guests within 10 years, it’s easy to calculate how many ski lifts are needed? How many beds are needed? How much shopping is needed? How much housing is needed for people? What’s going to

happen with day care? All of that is actually calculated through. So we have a document where everything is outlined and that is essential. So now when we are looking towards the future and the communication we are trying to do it a bit better.” A7

An important point is the relationship and interdependence between the individual goals. If the targeted guest nights were to be achieved, the lift services also needed to provide the required capacity. This makes them goals for the entire destination and not for individual actors alone. However, it could be argued that because the goals were set by quite a small group of actors there would not be ownership amongst all actors within the destination. And apparently this is the case in some areas, where small operators feel as though the larger operators are dictating them.

Each of the representatives who make up the Vision 2011 group each individually listen to members or staff of their own organisations before making decisions. They each have the responsibility to inform their stakeholders. For example, SK communicates closely with its staff and investors. The representative from AF discusses each meeting with his board and then disseminates the information to all members.

This implies that if decisions are to be made between high-ranking members of groups, it is important to get information out to all members, because otherwise they wonder what the people at the board level are actually doing (A10). In that way members can be assured that they will get information before they see it in the newspapers. This integrates the non-central actors in the decision making process and is likely to raise their commitment to the group. Also, ideas are sought from the members and then brought to the Vision 2011 meetings. That way ideas can come from the bottom up, but are then implemented top down, with information provided to the lower ranks on what is being done. This seems to work well, but still the group is looking to extend the base that is involved in designing the vision.

Beyond 2011 the group was making plans as far forward as 2020. This process was going to involve a broader range of representatives from other organisations and present more of a bottom up approach. As one group member explains

“ The first vision that came out was formed in this little group and then sold to all the rest. Now when everybody has seen what it can do for a destination we are looking... actually we discussed that just yesterday...how we will get the process to work. So we have predicted a guide to the process as such and we will try to involve all the 160 Åre företagare and municipality and so on in the process. So we did it from the top down last time, but now we will try to do it from the bottom up. So that there will be an even stronger commitment, because the further from this core group you get, the less is the commitment. And we try to get everybody really, really committed to what we are going to do. And that’s why we do it bottom up this time.”

A7

So essentially the group is aiming to increase the commitment of smaller actors to the whole process by involving them from the beginning. The question is whether this will reduce the effectiveness of the group, since one of the advantages of the current model is the ability of the small group of actors involved to implement change in and through their own organisation. The next two sections will now look at the effects the network structure and constellation of actors have on the normative management in Åre.

5.4.1 Structural effects

The achievements of this core group at the normative level are certainly aided by the structure of the network that has formed there. The lead company in Åre is Skistar, because they own or control a large part of the production of the tourism experience. They also perform most of the destination marketing and manage the bookings through their website and booking agents. They are central in all three levels of the destination. However, they still cannot produce the entire destination experience alone and require the collaboration of other actors to make the destination work. At the normative level, this collaboration is seen in their cooperation and involvement with the Vision 2011 group.

It is interesting to note here that the destination vision is not written by a formal organisation or RTO, but by an informal network of key players. This is an example of a regional elite or a governance network. The players in their own right however, are the most influential or powerful in the destination simply by their positions in their own organisations. This gives them the ability to implement decisions made in the group within the destination. This seems to be effective, since the destination was on their way to

achieving the ambitious goals set in the Vision 2011 document, when they began writing the new version for 2020.

It seems that the destination product is more centralised than the management. The skiing product relies on Skistar, but the decisions for the destination are made by a larger group of actors, each responsible for different parts of the destination. The business community seems to support the philosophy of AF, that all decisions should be good for the village first, the guests second, and finally business. The logic is, that if the first two are fulfilled, the third will take care of itself. This is in line with the goal of socially and economically sustainable growth, targeted in the Vision 2011 document. The actors work towards ecological sustainability (A3) in individual as well as supportive ways. For example, SK works on minimising ecological effects on the ski slopes and AM coaches other businesses on how to reduce their impact on the environment (A3).

Referring to the structural elements of networks, the centrality of the actors involved at this level certainly plays a role in the network's success. The actors individually have power and together they are powerful enough to drive the vision for the destination. The idea behind this is that the ideas can still come from the bottom up, so from the smaller operators or staff in larger actors, but the implementation occurs top down. The density of the core network in Åre also helps them to achieve their goals. They know each other well and seem to find common ground quickly. This has led to improved decision making since the group was established. What appears to be a key factor in the success of the normative management however is the balance between weak and strong ties. The close relationships between the core and their connections with wider networks of weak and strong ties outside the core help the flow of information and funding into the destination.

What is intriguing is the lack of explicit contracts between the group members. The actors make decisions and expect implementation of these decisions based on trust and social connection alone. This has worked well in Åre, but the question remains whether it could work elsewhere. Since the exact same actors will not be present in other destinations, the answer to this might be found in the constellation of actors in the core group. This is likely to show some underlying factors that contribute to the success of the normative management group that can be replicated elsewhere.

5.4.2 Cooperation effects

As mentioned in Section 5.2.1 one reason for the success of the Vision 2011 group's normative leadership is the centrality of the actors involved and the position of their representatives in the organisation. The power they hold in their own organisation helps them to implement the decisions made at the group level. In addition to the good balance between strong and weak ties, the constellation of actors involved in the group is also very balanced. There are a public actor (AM), two private actors (SK and HC) and two NFP actors (AF and TO). Each of these brings their own agenda to the group, but they also are all important enough to the destination that they must be heard. This makes it vital for them to cooperate, since they together drive the destination.

Cooperation is helped by the balance in the type of actors as well as their importance to the destination. One possible reason why they can cooperate so well is that they all have clear roles in Åre and there is not a lot of overlap between their business activities. In fact, their activities are complementary and add to the overall attractiveness of the destination. That way there is not much competition between them and they can work towards mutually beneficial solutions. Still, this balance of public, private and NFP actors would not work as well if there was a dominating actor in the group. What is interesting is that, although SK is by far the largest actor in Åre, they cooperate very well with the others in providing leadership for the destination. They are aware of their powerful position within the network, but also understand that they are dependent on the other actors to make the village thrive. This is demonstrated in their work to support the development of the summer season, which is not financially or strategically important to them. So one of the success factors may be the awareness of the actors involved of their individual strengths and responsibility within the destination as well as their interdependence with other actors on a destination level. This could be described as the actor's network theory in the words of the IMP scholars. I will discuss this further in comparison to the other destinations in Chapter 7.

To summarise these two sections, Åre presents a very tight network at the normative level and this influences the management. The relationships between actors as well as their individual positions in the network make it possible for them to drive the destination.

However, the balance between the types of actors evens out the power of individual interests and harmonises the cooperation.

5.5 Strategic level

The strategic level is where value potentials are created within the destination. Here the actors arrange the core competencies, resource base and cooperative position (both internal and external) in order to provide tourists with a valuable experience. The value potentials should be in line with the framework set at the normative level and provide guidance for provision of the individual services at the operative level. For the purpose of analysis, the strategic level was divided into themes relating to destination marketing and destination management. Strategic marketing makes promises regarding the value that is to be delivered and strategic management must then put in place the systems to deliver that value.

Åre provides interesting examples of how the networks at the strategic level operate and influence both the strategic marketing and management of the destination. This section will first provide examples and description of how the strategic marketing and management is performed in Åre. Then the analysis will focus on the effect the network and the cooperation between actors has at the strategic level.

5.5.1 Strategic marketing

SK and HC are together responsible for marketing the destination and seem to be very successful in what they do. As one respondent (A4) notes, Åre is the best destination in Scandinavia at finding new guests, which is important in a mature market like winter sports. In working together to market the destination, SK and HC are not equal partners, since SK invests more money into the destination marketing (A1). One reason why SK leads the winter activities is that when they first arrived in Åre they unified the destination brand and experience around their winter product. The Åre brand now focuses on tourism for the whole year, with the slogan 'Åre – året runt' (Åre – all year round). Figure 5.2 shows the Åre logo with the slogan.



Figure 5.2: Åre logo

SK has nearly complete control over the winter marketing, since they own the booking facility and they finance most of the winter marketing out of their own budget. One respondent notes that this is quite logical.

“They brought the whole booking facility and took the marketing responsibility for the destination. So there is not much discussion at all, because Skistar do it themselves. They put all the money into the marketing of the winter period. They decide themselves how they should do it, where to have their ads, where to have the PR and so on. And just run the show.” A7

Essentially SK take the role of an LTO, coordinating the winter marketing and product. However, one major difference is that they have internalised the control over many of the factors. This suggests an LTO or other marketing body is only really useful when small players provide the product and coordination is needed. A dominant player in the product provision can, or maybe even should, lead the marketing of the destination to ensure consistency. This brings into question the ‘even sharing of costs/voting rights strategy’ some LTOs and much of the tourism marketing literature assume. It suggests that when one or more large actor is also the main benefactor from a certain type of tourist product.

This suggests that the actors involved in marketing seem to differ depending on the type of experience marketed and the actors’ involvement in the provision. For example SK is not very interested in conference marketing, since people at conferences tend not to ski as much. But because conferences are still an important market in Åre, groups of hotels work together to market conferences or events.

“So the hotels that want to sell conferences, they work together on a sales blitz and exhibitions and stuff like that. But most of the sales work is done individually by each hotel. But then when it’s a big fair or something, then we go together.” A7

Individual selling by hotels is not as efficient as in networks, due to the lack of scale economies. That is why networks form here to market larger events and provide the related

services. However, as the quote describes, these networks are ad hoc and form around particular events.

Another interesting theme that emerged in the interviews is the difference in actors involved in marketing the destination in the summer and the winter. The actors state that the winter and summer products should fit together, but currently different players/people are responsible for both the marketing and product provision. In regard to this, plans have been made to create a destination management organisation (DMO), which will act as a central marketing and management organisation in summer. Even when a DMO is established, SK will continue to take the lead in winter, because they have the financial resources and they also benefit most from the sales of lift tickets.

“Skiing is the big cash cow. That’s where the money is coming from. So there was no reason to sit down and discuss with everybody that didn’t have any money to put in almost anyway. So even though you got from the other companies, maybe a few millions, it was not worth it depending on how much Skistar is putting in anyway. So they are handling that all by themselves for the winter time. And they are of course the biggest winner of it, because they want everybody to buy a lift ticket. So that means that everybody that is coming into the village is buying the tickets, because skiing is the travel reason.” A7

In addition, they also have the highest competency in winter products (A5). However in summer the roles are not as clearly allocated. Before HC arrived, there was no coordinated summer marketing or strategy, but then HC took responsibility for the first summer after they opened their hotel in Åre. The HC CEO describes how things changed after they arrived and how they marketed their first summer season in Åre.

“It looks a bit different now since we opened up and are running the summer. We took care of the marketing for last summer and we did that by ourselves. And we also financed it by ourselves. And then everybody else is just kind of surfing on the wave. But now and till this year we have gotten a group together which consists of Åre Företagarna and Skistar and the municipality and Holiday Club. That has some representatives from the village, trying to do the marketing for the summer time. “
A7

Even if Holiday Club takes the lead in summer, Skistar also does some marketing and operates parts of its lift system in summer. They are building more mountain bike trails

and open some lifts in summer so that they earn money on these mountain bike runs. It is a growing business and a popular summer product. However, overall distribution of marketing cost and income generated is not so clear. There are more actors involved in providing the product and so the costs need to be shared more (A7). So in future, the summer marketing will be a group effort.

“And then they (tourist office) work together with us (Skistar) and Holiday Club and the rest of the business community to start up the summer. And it will start now. Summer marketing. Its coming... it has gone on for a while but now it will accelerate.” A5

The split between the actors involved in summer and winter marketing is interesting, since it shows a seasonal adjustment to the network involved in marketing. Interviewees stated that the summer product will never be as big as the winter, but will be a good product and is being developed further. After all, HC was purpose built to enhance year round tourism and draw more tourists to Åre in summer.

“So they are trying. So to say it is an enormously new phenomenon. Just three years ago Åre was completely dead in the summer half of the year. It was not even possible to get a cup of coffee somewhere. So this here (Holiday Club – where the interview was conducted) is rather new.” A9

All summer activities are still on a trial basis and currently the product builds on horse riding, trekking, mountain biking, kayaking, white water rafting, and other outdoor activities. NBC and other smaller actors provide these. This wide product range leads to more, and mainly small, operators being involved in providing the summer experience than is the case in winter.

“There is no activity that takes as long time as skiing does. I mean, you can’t be mountain biking for 6 or 7 hours, because nobody is that fit.” A7

In summer there are more activities needed and a more varied product to coordinate than in winter. So the destination experience is not so centralised around skiing and Skistar in summer. This leads to a change in the responsibility of marketing as well as a wider base of companies that should financially benefit from and contribute to destination marketing.

“Money is being spread out more by the customer and then we need to have the marketing cost also spread out more. So that is the idea now.” A7

This seems reasonable and is a very pragmatic approach to division of responsibilities and benefits. It could be argued here that in summer Åre actually changes its leadership, away from SK as the lead firm to a destination held together by a coordinating firm, HC in this case. In fact, other findings further support this observation, since the actors are considering developing a DMO to coordinate the summer months.

5.5.1.1 Destination management organisation

The creation of one destination management organisation from many smaller organisations will facilitate the pooling of resources. Questions that need to be addressed are how it will be financed, budgeted and how will the whole organisation look? The purpose is to reduce complexity down to one ‘speaking partner’ for external organisations.

“Now there are maybe 10 players that are in this (summer marketing) circle and now they are trying to bring them together as one player that will look after the interest of the village.” A5

The DMO is supposed to work with event activities, marketing and other common activities. The current actors are thinking about employing a managing director to look after goal setting and structures. This would mean it is a separate organisation. But at the same time it will need to take into account and represent the stakeholders of the destination to organise and lead the development of the destination.

“Development will happen all the time. I am not worried about that. But what is very important is that there is an organisation that can hold this all together. And that is what I am talking about, that a Destination Organisation should be that sort of organisation. But the municipality should be involved equitably. We must involve the regional council and other organisations that can benefit from this and be involved in pulling this train.” A5

The DMO would then be a public private partnership, which would take a lead role in the destination. They would support SK in the marketing of the winter product, but then take more responsibility in the summer marketing, along with other organisations.

“They (DMO) can take part and take a share of the responsibility for the winter. But we must still take the lead responsibility for winter. After all we have the core product and the mountain. But in summertime the DMO should together with other businesses have more responsibility.” A5

Since HC and its activities are one of the main travel reasons in summer, they are likely to play a larger role in the marketing of the destination, even in cooperation with the new DMO. This would mean that there would be a shift from a 'core with ring' destination with a lead firm (SK) in winter to an arrangement around a coordinating firm (DMO) in summer. This changes the antecedents for marketing and management of the destination. The fact that the actors in Åre are working towards a DMO structure for summer shows that they see this as a good way to facilitate the cooperation. This suggests that a destination product becomes harder to market, the more dispersed and heterogeneous it is. The summer product in Åre presents interesting insight into how the destination product might also affect the structure of a destination or vice versa. I will discuss this further in relation to the other destinations in Chapter 7.

Overall, the actors in Åre cooperate in regard to marketing the destination and the marketing is successful, as is shown by a steady growth in skier days and occupancy rates from 2006 to 2009. One reason for this is the clear responsibility given to actors for certain parts of the destination marketing. In winter, SK leads the marketing and in summer Holiday Club does, with the support of other actors. The creation of a DMO to market the more multi-faceted summer marketing adds a new coordinating actor for marketing.

5.5.2 Strategic management

The strategic management of the destination is concerned with the creation of value potentials, which can then be marketed to potential customers that travel to the destination to co-create their tourism experience. The strategic level management takes guidance from the normative frameworks and facilitates the service delivery to occur at the operative level. The normative goals in Åre, set out in the Vision 2011 document, are ambitious and require a coordinated effort. This section details the activities being performed at the strategic level in order to create a platform to achieve those goals.

During an interview, a representative of the Swedish Ecotourism Association (A9) used an interesting analogy between a candy shop and a destination, arguing that just like in a candy store, customers will choose a destination with a broader offering. They might not buy more, but prefer a destination with more variety. Cooperation is the key to developing and managing a broad offering of services.

“A destination is like a candy shop, if you think like that then it is important to have many different types of candy or to have many ... a wide range. And to get a wide range all the operators must cooperate with each other and have communication with each other. Because if a fishing operator works by himself and the dogsled operator works by himself, then it will be a fishing tour, it will only be a liquorice candy, a raspberry candy, an orange candy... but if they start and have communication with each other then it becomes a candy with both liquorice and orange or raspberry and liquorice then. So for example you ride out to the lake and go fishing. That is exciting.” A9

This quote alludes to the importance of communication in making a destination product work. However, communication needs to lead to cooperation and collaboration, otherwise no additional value potentials are created.

“Communication is everything. And it’s not just that they should talk to each other, but they must also produce new joint products. So that they become clear products. And that is what they are bad at. They talk a little to each other but they ... it is almost like standing out the back of the candy shop and talking about making new candies. But there are never any new candies in the candy shop. It is about like that here. But that is what we are trying to do. Now there will also be new candies out in the candy shop. We should not just talk about it.” A9

This suggests that creation of new value potentials requires both communication between actors as well as cooperation. In addition to the NBC group’s work on joint products, there are several other examples of joint projects in Åre that are intended to develop or increase the value potentials. The building of the Mix Megapol Arena, for example, was one such project, which aimed to increase the summer attractiveness of the destination. This was an intentional strategy to draw more visitors in summer and therefore increase the overall value potential of the destination. However, it was only the extension of the concept to integrate the conference venue with HC’s other attractions, like the water park and indoor sports centre, that made it a viable and sustainable value proposition.

5.5.2.1 Business education project

Another project that helped to bring actors together in Åre was a training initiative for business in Åre. This project started after a guest survey from JHT revealed that most guests were not happy with Åre and did not want to return.

“We found out that Åre had a lot of guests that didn’t like the village. They didn’t want to come back. And it’s very important that your guests are coming back every year. Because it’s too expensive to find new ones all the time.” A4

The operators in Åre took action on the results of the survey. They decided that the guest is most important and that their problems must be solved. One respondent describes the training process as

“We had about 60 or 70 or whatever it was (managers), involved in education. Also trying to focus on the common goals. What is the most important stuff? And that is coming from the guests. What do people that are here see as a problem? What are the biggest things we need to pay attention to? And so on. And that is then being analysed and actions are taken due to that. So I think that is possible. It’s easy, because there is one group of people that is the most important, and that is the customer, that is paying all our salaries. And if we just take the problems that we can, you know, have achievements on and through them, then everybody is kind of joining in on that.” A4

This cooperative problem solving exercise increased the level of cooperation between the actors. The actors became aware that changing the customer service in the destination and adding more value to the guests required a combined effort. Working together on this project made actors more aware of the challenges that others were facing and that they needed a joint approach to solve them.

“And this started a dialogue in the village, which is very important. They had to work together. 250 to 300 people from different companies had to work together for 10 days to create the program. I mean, that’s a lot! And all of a sudden you start to speak to your neighbour. You start to speak to the people who are working with activities stuff with the hotels in quite a different way. Because we all know that we are in trouble. We have to fix this.” A4

Staff education was singled out as an important factor, especially for the seasonal staff that generally did not have a very good understanding of the destination product as a whole. The staff in one business did not know about other offerings in the destination and could not refer people to complementary service providers. This was deemed to be a problem by the operators, since the front line staff have the most contact with the visitors and were not able to help them navigate the destination. This is the same as in a single business, where

staff should ‘live the brand’ in order to add value to the business (Gotsi and Wilson 2001). However in tourism destinations, this objective is even more difficult to achieve, since the destination brand needs to be ‘lived’ by a multitude of staff from different businesses. The implementation of this education for seasonal staff is discussed in Section 5.6, since it relates to the management at the operative level.

At the strategic level, the project was a success in bringing together the actors in Åre. At the same time the importance of this type of education was recognised by a group of entrepreneurs who are now implementing the same training system for the rest of Sweden.

“So this (education) started a new dialogue in the village which is, I think, very good...it changed the attitude quite a lot in the village, towards each other and towards the guests that are coming here. So the interesting thing is that it has developed into a company (which has set up the internet based education) based in Åre, which is working with Sweden now.” A4

This shows that the innovative approach Åre has taken to staff education seems to be applicable to other destinations in Sweden. And although the exercise was focused on increasing staff knowledge of the destination and improving customer service, it also seems to have brought the actors closer together. This is a very positive side effect and once again suggests that common goals, even based around short-term projects, can positively influence networking and cooperation.

5.5.2.2 Developing summer strategy

Another point where the actors seem to be cooperating is the development of a strategy and more value potentials for summer tourism. Since this is a ‘new’ product and there are more actors involved, as discussed in Section 5.5.1, this product also requires more management. One example of added value potential was the recruitment of HC to manage the event centre and offer summer attractions. The event centre was a strategic investment from the municipality to increase year round tourism numbers. This does not only increase tourism, but it also encourages more people to move to Åre and work year round. This earns the community money per new inhabitant from the central government, which could have been one reason for AM’s investment. EU funding, which was provided to build the events venue at Holiday Club, comes with the condition to do something unique, something new. In the case of Holiday Club, that was to develop the summer season more.

Hence, one aspect of the summer strategy is related to conferences and trade fairs. Although attracting conferences has been a goal since the 70s, the finances were never available until recently.

„We have known for a long time that there is an interest in having large fairs, large conferences here in Åre, year round. And we have had the hotel capacity, but we have not had this conference venue, fair venue here. And now we could realise that.“

A1

Building this reason to travel is an important element in the summer strategy and so is Holiday Club, as the manager of the venue. They organise different theme weekends throughout the summer season to encourage repeat visits and to make the destination more interesting for a wider variety of people.

Although only 5% of SK's income is generated in summer, they still support the strategy to develop the summer season, because it is important for them to support the rest of the industry in the village. SK contributes what they can to the summer, improving the opening times for their facilities. Their Gondola will open in summer to allow bikes to be taken up the hill, which is part of their strategy of capitalising on their investment in cycling and downhill trails. The reason for SK to do what they can to support the summer product is that the survival of the small operators year round is also important for the quality of the winter product, since it is enhanced through the small operators' offerings. This shows that cooperation is important for even the largest of tourism players, since a team of actors must provide the tourism experience.

5.5.2.3 Management challenges

The developments in Åre have also generated some management challenges that the actors must mediate. These relate to the growing population in Åre and provision of services for the residents. One prevalent issue is the rise in real estate prices, which has made it difficult for local residents to purchase or rent suitable accommodation in Åre village. One AM representative (A1) stated that the prices were as high as in Stockholm, which was her way of saying that they were very high. The lack of affordable accommodation has forced residents to move further out of the village to sparsely populated areas. However, since there are no bus connections to these areas, people become reliant on cars for transport. This again adds more costs, since it is expensive to drive a car. These issues together make Åre less appealing to new residents, but the actors are working on solutions. Large

employers, like SK and HC, offer subsidised accommodation to their staff, since they know how tight the property market is in Åre. Especially for seasonal staff this is important. AM is trying to increase public transport to areas outside of the village to make it easier for residents to commute to the village.

This example shows that the growth and development of Åre towards the goals set in the Vision 2011 document does have negative side effects. However, the central actors in Åre are aware of the issues and are working on solving them. The fact that most of the large actors are involved at the normative and strategic levels means that they are committed to the overall goals and therefore willing to work on the side effects within their own operations. All the managers in the destination are also residents there or in the near vicinity, which further encourages them to care for and support the development of the village.

5.5.3 Structural effects

As discussed in the previous sections, the structure of the network in Åre does affect both the strategic marketing and management of the destination. The central actors, most importantly SK and HC take responsibility for their part of the tourism product and step in to coordinate the marketing or other activities where they can. An interesting finding is the change in network structure between the summer and winter. The way the actors in Åre share the marketing and management responsibilities between each other is simply based on their primary operative level activities. Since SK operates the mountain and skiing services, they are the primary benefactors from this. Therefore it is in their own interest to market the destination in winter, where they provide most of the services. As mentioned earlier, the number of individual service providers involved in the summer product is much higher, which means the marketing is also spread out. Since this more diverse product is also more complex to manage the actors are considering introducing a destination management organisation that will assist SK in winter marketing, but mainly focus on coordinating the summer product.

As shown in Table 5.3, the density of the network reduces at the strategic level, since there are more actors involved here and each of them is focusing on their own area of business. New groups, like the NBC, become important here, since they provide niche products that add to the overall value potential of the destination. NBC is still not central, but through a

strong tie with HC, in form of a supply agreement, they are important to the overall product, especially in summer. Nearly the same actors as at the normative level are central at the strategic level. This consistency in the main players between the levels is likely to add to the strength of the network, since the actors are involved in both the vision setting and strategic implementation. The coordination mechanisms at the strategic level are divided between continuing implicit arrangements between some actors and explicit and formalised contracts between others. The major projects, like the World Championship event or investment in the Mix Megapol arena, are guided by contracts even amongst Vision 2011 members. So although they work on an implicit arrangement when setting the vision and goals for the destination, the strategic implementation and financial commitments are guarded by contracts.

5.5.4 Cooperation effects

The cooperation between the central actors is good in regard to strategic activities. This is manifest in the numerous joint projects that have been implemented to increase the value potential in the destination. One example once again is the Mix Megapol arena, which is jointly owned by AM and AF, with HC as managers. This has been a success for the parties involved so far, increasing summer visitation and also offering alternatives to skiing in the winter season.

Another cooperative project has led to a new temporary actor becoming important at the strategic level, the VM2007 company, which is charged with the planning and implementation of the World Ski Championships. Although they are a temporary actor, they have a major impact on the short-term value potentials for the destination. The actual event is very short and has a limited impact on the overall tourist numbers for the year. However, the event does raise Åre's profile internationally and the facilities developed on the slopes will draw tourists that want to ski the championship trails. Through SK and AF's investment in the VM2007 company, they gave the village ownership of the event, which is likely to increase the engagement and support of other operators towards the event.

One reason why the cooperation between the core group of actors is so high, is likely to be the fact that they do not compete directly. Although HC and SK are both in the accommodation market, they are diversified enough to not have to compete for every

guest. The cooperation between smaller actors in the destination may not be as close if they directly compete for the same clientele. However, at the strategic level there is still likely to be some cooperation between the smaller operators, as was shown amongst small hotels organising conferences. It is at the operative level, when hotels compete for a share of the tourist's wallet that the competition is likely to intensify.

To briefly summarise the last two sections, the network structure does affect the strategic level, but in a different way to the normative level. The primary reason is that the network is different. But at the same time, the intentions and motivations of the actors are different. At the normative level the goal was destination viability, where now in the strategic implementation, they must ensure their own interests, while still being part of the group. The cooperation at this level is still good, but reduces due to increased competition, which intensifies further at the operative level.

5.6 Operative level

At the operative level, the goal is value co-creation in the provision of tourism services. This refers to the interactive creation of value for both tourists and the local stakeholders. All parties should ideally benefit from the interaction and no harm should be done to the environment in the process. Hence, the triple bottom line is a good indicator of this. An important aspect in the co-creation of value is the exchange of information. This includes communication between the service providers, with the customers, with other stakeholders and also with actors involved in creating the frameworks at the higher levels of the destination. This section describes how the networks at normative and strategic management levels in Åre influence the operative service delivery and provides examples of specific activities undertaken.

5.6.1 Framework effects

The normative vision for the destination and then the strategic plans to achieve those goals provide the basis for the service to be delivered and value co-created with tourists. One prime example of such an influence on the operative level in Åre is the customer service training for seasonal staff, discussed in Section 5.5.2.1.

The actors in Åre adopted an innovative approach to the challenge of providing consistent customer service, by providing destination education to seasonal staff. These new staff recruits are generally unaware of what the destination has to offer and therefore are unable to help tourists find links between different service providers. Therefore they reduce the potential scope of the 'consumer activated' networks (Gnoth 2002) in the destination. The Internet was chosen as the most efficient means of delivering this education. As one respondent (A4) reports, the information was very destination specific and delivered in an entertaining manner to keep staff interested.

"We also picked up a hospitality version of all the things we had discussed on the Internet. Education I'd say. It's education in hospitality, about the environment, about the village, about the county, everything. And we made it sort of a TV game, so it was funny, with interviews, with films, with good pictures, things happening all the time. And you have pass with about 70% to get employed for the next season. This is the second year we are doing the same thing. We have done the same thing all over again. And now destinations from all over Sweden are coming and saying 'hey. You've changed the attitude in Åre. How do you do it?' and all the destinations ... we are now making the same thing in Östersund and in Funasdalen and in Vemdalen. So things are really changing." A4

This is a very interesting approach, since it ensures that the operative level staff know about what the destination has to offer at the strategic level. This increases the potential value delivered to customers, since the staff they encounter during their visit are more knowledgeable. A local manager (A7) commented that the training was already having an effect. Potential staff must take and pass the test before they can find a job in Åre.

"So everybody that is employing somebody coming into the village for the season has to do education, at their own cost on the Internet, before they have the possibility of getting a job. So they must learn all the basic information about where is that and how is this and more. All of that they need to go through before they can be employed here. And that has increased the service level a lot." A7

Even though the prospective staff have to pay for the training, there still seems to be plenty of demand. Therefore, employers can turn away staff who do not complete the test.

"And the second thing is that all the people who are in seasonal employment here, they came here with a different view than earlier. They knew a lot about the village, about our attitudes, and a lot about the things that are happening here and so on.

And if they didn't like it. Ok. Stay at home. You don't have to come. Take it or leave it...if you like it you are heartily welcome, but if you don't like it and you don't want to do this education, stay at home. We don't need you anymore. Tough luck." A4

In addition to the staff training, the communication between operators is also vital for the tourists to understand what the destination has to offer. Communication with guests can occur before they arrive in Åre, during their stay, or after they have left the destination.

"So when you come here as a guest, you see the whole area as one shop or one destination. But if you come here and they (one operator) don't know about them (other operator), then there will immediately be confusion and trouble and the guests don't really understand." A9

Communication between different actors on what their part of the service looks like leads to better communication of the destination product to guests. One interesting case of in-group communication in Åre is the NBC. As described earlier, they have a formal schedule of meetings, where they focus on information sharing, marketing and joint selling. Addressing different aspects of business each time is a promising format, since it includes purposeful communication of different types of information. This goes hand in hand with the purposeful approach of cluster building to give the small operators scale effects to approach larger companies for partnerships, like Holiday Club for example.

Information sharing with tourists is also facilitated by the TO, which acts as a point of contact for visitors before, during and after their trip. Overall, the cooperation between the actors at the higher levels makes this operative cooperation possible in the first place. What also helps in Åre is the continuity of central actors at all three levels. The fact that SK, HC as well as the TO are represented at both the normative and operative level facilitates the downward flow of information, but also provides internal feedback back to the top managers that sit on the Vision 2011 group.

To summarise, the network structure at the higher levels certainly influences the operative level of the destination. The higher levels set frameworks and provide guidance for how the service should be delivered at the moment of truth interaction with the tourists. I have given some examples of this influence and will build on this in the cross-case comparison of the operative levels in Chapter 7.

5.7 Case summary

Åre is clearly structured around a core group of actors, who provide the destination experience together with a range of other actors. The lead actor in the destination is SK, due to their size and importance to the overall tourism experience in Åre. The main success factor in Åre is the ability of the key players to find common ground and work well towards a common normative goal. The method by which they do this is unusual in the sense that there is no underlying formal structure to give the Vision 2011 group power. Instead the groups influence and power is derived from the member organisations. However, the strength of the group and what they can achieve together is magnified through their close cooperation and collaboration in regard to strategic planning and implementation at the lower levels. In addition, a clear differentiation between the roles and responsibilities the core actors play in the destination also contributes to the operation of the network.

Åre is an interesting example on the normative and strategic level of how to market and manage a destination. Figure 5.3 shows a diagram of the actors involved at the different levels of destination management.

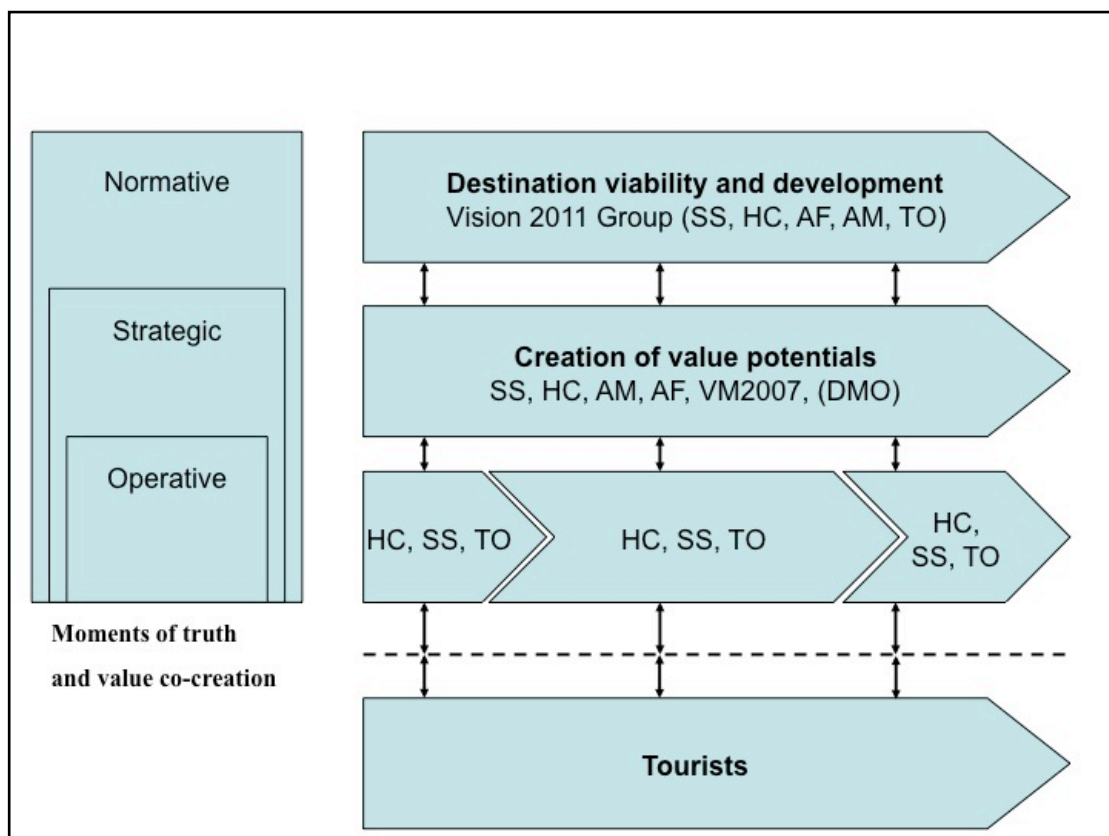


Figure 5.3: Summary of actors involved at different levels in Åre.

At the normative level, the Vision2011 group sets the frameworks and the vision for the destination. The most influential persons within each organisation perform this higher-level activity. Together these leaders formulated the vision for the entire destination and give it direction.

At the strategic level, different actors are involved in marketing and managing the value potentials in Åre. They each provide their part of the tourism potential in cooperation with and support of the other actors. Training of the business owners in the destination as well as the staff leads to greater awareness of the destination product, which creates a positive framework for the service delivery to the tourist. From an analytical perspective, the change in leadership within the network between summer and winter, which is based on the capabilities and interests of the respective actor, is of interest and requires attention in the cross-case analysis.

At the operative level, different actors are involved in different stages of the tourism process. Horizontal (within the operative level) coordination is required when tourists pass between actors, but other than that, the actors fulfil their roles independently. Guidance and education from higher levels, on issues like customer service for example, provide a framework for the operative delivery or co-creation of value with tourists.

Chapter 6 provides the in-case results for St. Moritz in Switzerland, before discussing the cross-case results in Chapter 7.

Chapter 6 – St. Moritz, Switzerland

6.1 Introduction

This chapter presents the in-case analysis for St. Moritz. Just as in the other two case chapters, general background about the destination is provided first, followed by descriptions of the actors identified from the interviews. A summary is given on the roles and activities they perform in the destination. This sets the scene for the discussion of the case in terms of the research issues presented in Section 2.6. The structural issues are discussed first, followed by the normative, strategic, and operative issues. Each group of issues is discussed in relation to themes that emerged from the interviews. A case summary presents the critical factors in relation to the three levels of management and how the network structure empowers or constrains the destination management. The chapter ends with an overview of all three cases presented in Chapters 4 through to 6.

6.1.1 Background

St. Moritz is located in the Oberengadin region in the southeast of Switzerland (see Figure 6.1). It has a permanent population of 5,600 and an additional 3,000 employees living there for the main winter season. Situated next to a lake, St. Moritz is surrounded by large mountains and farmland. The village itself is placed at an elevation of 1856m above sea level. St. Moritz is easily accessible by train from Chur, the capital of the Canton Graubünden, and Davos, another famous ski resort and conference venue, as well as by road. Small planes can land at Engadin airport, which is located in Samedan, about 5 kilometres from St. Moritz and is the highest airport in Europe.

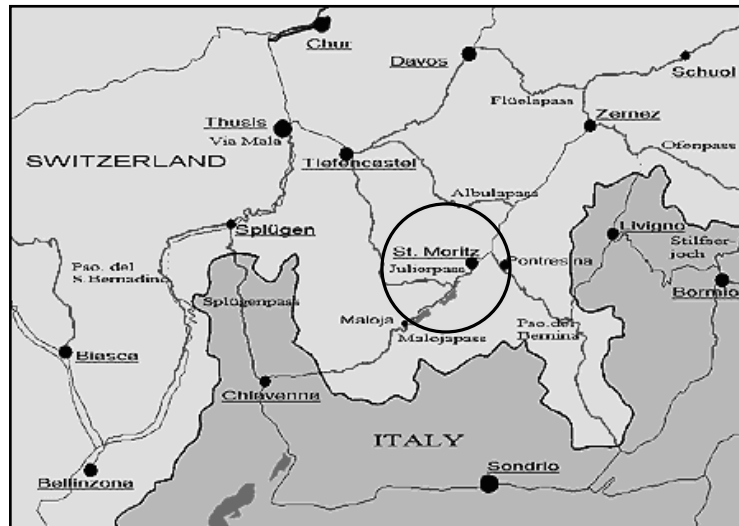


Figure 6.1: Map showing St. Moritz

From a tourism perspective, St. Moritz has a long history. The healing properties of the mineral springs in St. Moritz and the excellent climate have long attracted visitors. In 1964 winter tourism and sport began in St. Moritz along with the first local tourism board. St. Moritz was the first locality worldwide to protect its name (1986) and signature (1987). St. Moritz has hosted two Winter Olympics (1928 and 1948) and several ski world championships (the last one in 2003). Service industries employed 81% of the population in 2002, compared with 0.5% in agriculture and 18.5% in other commercial activities⁹.

6.2 Actors

This section presents an overview of the actors involved in the destination level activities in St. Moritz. They can be involved in one or more of the three management levels in the destination. The primary actors, which were mentioned by at least two interviewees, are: Gemeinde St. Moritz (St. Moritz Municipality - GSM), Kur- und Verkehrsverein St. Moritz (Local Tourism Organisation - KVV), local ski fields, regional ski field association, and the hoteliers association. Table 6.1 shows a summary of these actors in St. Moritz along with brief descriptions of what primary activities they perform, their involvement in destination level activities as well as the key relationships they have with other actors inside or outside the destination. All other actors that were only mentioned by single respondents are listed in Table 6.2 in Section 6.2.7.

⁹ www.gde-stmoritz.ch/003stm_0500_de.htm (accessed 21/04/10)

Actor	Description	Primary activities	Destination level activities	Key relationships
Gemeinde St. Moritz (GSM)	Municipality in St. Moritz.	Provision of public services, representation of the voting public and policing. GSM also owns the local ski field and the power plant.	GSM manages the infrastructure (roads, parks, etc.). They also financially support the local tourism organisation.	Outside: Regional government, national government, other municipalities Inside: KVV, voting public, ski fields, hoteliers association
Kur- und Verkehrsverein, St. Moritz (KVV)	Local tourism organisation in St. Moritz.	Responsible for marketing the destination, coordinating events and providing information to tourists.	KVV manage the brand St. Moritz, including the licensing of the brand to commercial partners. They conduct PR and other marketing activities to raise the destination's image internationally. They coordinate the planning for large international sporting events.	Outside: Event partners, licensing partners, Swiss national tourism organisation Inside: GSM, ski fields, regional ski field association, hoteliers association

Ski fields (SFs)	Provide skiing facilities around St. Moritz and in the Engadin region. The most important fields are Corviglia, Corvatsch and Diavolezza.	Provision of lift facilities in both summer and winter. They also offer other complementary services on the mountains, like hospitality or ski hire.	The ski fields are a large part of the winter product in the region. Some lifts also offer access to the mountains in summer.	Outside: Other ski fields outside the region, Swiss national tourism organization. Inside: KVV, GSM, regional ski field association.
Regional ski field association (Bergbahnen Engadin - BE)	Markets all ski fields in the Engadin region.	BE market the region and especially the ski fields to Swiss tourists, but also to the neighbouring countries of Germany, Italy and Austria	They represent all ski fields in the region that contribute to the combined marketing budget. They also manage an incoming travel agency that facilitates guests' travel to and in the region.	Outside: Swiss national tourism organization, other ski fields nationally and internationally, other destinations, incoming tour operators Inside: KVV, GSM, ski fields.

5-Star Hotels	Luxury accommodation providers in and around St. Moritz. The most important hotels are Badrutt's Palace, Kulm, Suvretta House, Carlton Hotel and Kepinski Grand Hotel des Bains	Provide luxury accommodation, facilities and services to international jetsetters.	St. Moritz is a luxury destination, especially in winter, and these hotels provide the backbone of the luxury product in St. Moritz.	Outside: Other top hotels internationally, other destinations Inside: KVV, GSM, hoteliers association
Hoteliers association (HA)	Represents the hoteliers in St. Moritz.	Acts as an interest group for the hoteliers in St. Moritz towards the KVV and GSM.	Allows the hoteliers to join forces and represent their issues at the destination level.	Outside: Hoteliers associations in other regions Inside: KVV, GSM, ski fields.

Table 6.1: Summary of primary actors in St. Moritz

The following sections provide additional information on the primary actors, followed by a summary of the other actors in St. Moritz. Quotes are used where appropriate to describe the actors, which gives a closer insight into how they are perceived by the interviewees.

6.2.1 Gemeinde St. Moritz (GSM)

GSM is the local council in St. Moritz and constitutes the political actor in St. Moritz. The council management is structured around a five person executive and a seventeen person council, which answer to the voting public in regards to all decisions made. In the Swiss system of direct democracy, most major council decisions, even in regards to tourism, are decided through public referenda.

On a general level, GSM is given certain responsibilities by the regional and national government, for example managing education, healthcare and other public services. The council is also heavily involved in tourism in the village and region. They contribute a lot of funding to the local tourism organisation (KVV) and also own the local ski fields. The council is politically integrated into higher levels of government, the Canton and Federal levels. The Council is responsible for providing policing, basic infrastructure and frameworks for the functioning of the community and the economy in the village. The quote below is a clear statement for St. Moritz's intent to balance guest satisfaction with that of the local population. They understand that one cannot be achieved without the other.

"We refer to ourselves as company St. Moritz, because we and the KVV together are responsible for the economic and town planning conditions in St. Moritz which are designed so that not only the guests but also the locals enjoy being here" S1

Although GSM and KVV work very closely together, they clearly separate their responsibilities and competencies. A representative from GSM explained how they provided infrastructure, but KVV and other organisations are responsible for the management of tourism related infrastructure.

"We will now focus on the provision of infrastructure, not only for the population, but also for tourism. But we will not manage the operation of the provided facilities. That is the job of the KVV or the clubs involved in an event." S1

Since the responsibilities were clearly delimited, the council now pays an annual budget of 1.1 million Swiss Francs (approx. 1.5 million NZD) to the KVV for the operation of these

event facilities and the destination marketing. The total annual budget for tourism related services provided by the council is 3.7 Million Swiss Francs (approx. 5.1 million NZD). Apart from the funding for the KVV, the other tourism services provided include traffic management by the police for events, the building authorities work in snow transport for the bob and Kresta runs, and the free of charge provision of tents, seats and other items for events. The GSM manager is aware of the council's role in provision of a good business environment.

“The council is the organisation that must provide the framework conditions for a functioning economy within the village.” S1

The council also carries the costs for any deficits and losses incurred by the Council-owned ski fields. The voting public has a say in how this spending is allocated, which means managers need to ensure that investments are beneficial for the village. This is closely related to seeing St. Moritz as a company, in the sense that the whole village provides a service and the residents are the investors, since their taxes go towards funding the council. All council investments have to be approved by the voting public. 10 days before a vote, a public information session is held, so that all questions can be answered and resolved. Annually, in the first week of December, the council presents its annual budget to the people at something similar to an Annual General Meeting (AGM) (S1). In the case of costs that occur during the year and are outside of the budget, a special session occurs. Swiss people in general are democratically very engaged, which is why this system works so well. The cultural embeddedness of this voting system makes it unrealistic to implement in other countries in the short-term, however lessons learnt can certainly be applied to other destinations.

The council is regarded as being forthcoming to tourism businesses, like hoteliers for example. There are often negotiations between council and hoteliers about water and waste management, where the council attempts to facilitate their concerns. One way in which the Council can support business is by giving special electricity rates to large users, since the Council owns the power plant.

6.2.2 Kur- und Verkehrsverein St. Moritz (KVV)

KVV markets and sells St. Moritz internationally and nationally. They own the brand St. Moritz and use it to maintain the premium quality image of St. Moritz. The target market for them is the luxury segment, the rich and famous. Hence half of all Hotel rooms in St. Moritz are 4-5star and the world's top fashion labels all have shops in St. Moritz. KVV also organises a number of high profile events throughout the winter season (the primary season). These annual events, like the horserace, cricket game, or polo match on the frozen lake, are world-renowned and have a long history. International car rallies are organised in summer. These events could be seen as the main attractions in St. Moritz, that fit well with the pleasant climate, the alpine sports and the luxurious lifestyle St. Moritz offers.

KVV is one of the largest tourism organisations in Switzerland. Apart from Davos, which has a large conference department, and Zermatt, KVV St. Moritz is surely the largest (S2). KVV has a membership of about 350 service providers, which includes most of the local hoteliers and other important service providers.

“Our members are about 350 people, mostly hoteliers. Then there are also service providers, like shop owners and many more, the train station and all important service providers.” S2

Membership is voluntary and costs only 150 CHF per year. One respondent (S4) likened KVV to a self-help organisation for tourism service providers. 150 years ago the touristic service providers decided that they could not market the destination individually and agreed to pool their resources to present themselves to the market. Advantages to members are frequent news and updates on the local and international industry as well as access to trades shows.

KVV has a total of 25 staff, which includes administrative staff, management and interestingly the local tennis coaches, since KVV own the tennis facilities. They work very closely with GSM, especially at the management level and in regards to strategic planning.

“The cooperation between the management of the KVV and the council is very tight. Especially in regards to the long-term strategic planning.” (S1)

The council manager gives the application for the skiing World Championships as an example of the cooperation.

“Yesterday, for example, we held the decisive meeting between the council and representatives of the KVV in regards to the candidature for the alpine World Championships (Skiing). How to proceed in general, in relation to competencies and financial engagement, also the strategy for the candidature, etc. were discussed, as well as the question of how many times to campaign, if the first attempt is unsuccessful. Those are all important strategic thoughts in regards to the next 15 years. That is our planning horizon.” S1

This provides very interesting insight into the workings of the relationship between council and KVV. Especially the differentiation of competencies and strategic focus are very organised and could well be significant success factors.

“We are, you could say, the marketing department of the council. We sell St. Moritz, we take care of the image, to keep guests and get new guests. That is our key task, where the council is responsible for the whole infrastructure.” S2

The KVV would also like to delegate the collection of tourism taxes to the council, because it belongs in the administrative section of the Council (S2). This would give them more time to spend on their key task of marketing the destination. With a budget of 7 or 8 million CHF, KVV is the driving force in the positioning and branding St. Moritz in its markets. In fact, the brand St. Moritz has such value in the international markets that part of KVV funding is in the form of royalties paid by luxury good manufacturers, like Omega watches, to use the name ‘St. Moritz’ for their products. The use of the brand St. Moritz and its importance for the destination will be discussed further in the section related to strategic marketing. The KVV is a core player in St. Moritz through their role as marketing and coordinating actor for the tourism industry. They act as a bridge between GSM and the local tourism businesses. They gain additional power through their responsibility for the brand St. Moritz.

6.2.3 Ski fields

GSM owns more than 50% of the local ski lifts in St. Moritz village, which makes them a large player in this section of the tourism offering. However, there are many other ski areas in the region, which offer competitive products. Some of these are smaller fields, which operate as cooperatives, and the larger ones are generally organised as corporations. The ski area in St. Moritz is a special case, in the sense that it is financed with tax money from the municipality. Unfortunately GSM owned ski areas tend to run at a loss (S5),

which means that the local population is left to pay the costs. However, the benefits of attracting tourists to St. Moritz to ski and the money they spend in the rest of the village seem to outweigh the loss on ski operations, since the local population generally grants the funds for the ski field.

6.2.4 Bergbahnen Engadin (BE)

BE is an umbrella organisation that markets all ski areas in the region to the national and international markets. They work closely with GSM as well as other councils and ski field operators in the region. Their board is made up of CEOs from the larger ski fields. This makes BE an important player in the marketing of the region.

“There are 15 ski lift companies in the Oberengadin region and they have this umbrella organisation. And we do the marketing. So that includes classical advertising, to campaign planning, through to tradeshow, B2B or B2C tradeshow. So a combination of marketing and sales.” S6

Now a new pooling of resources has occurred to promote the destination internationally. The ski fields have together created a joint marketing budget for the whole region of 600,000 CHF/year. This money is presided over by the same people that also work within the individual organisations and have the expertise to manage the marketing. For example, the PR person at St. Moritz also manages the PR for the regional marketing.

The ski fields also work together in regards to ticketing, with one person taking responsibility for all ski passes. Through this cooperation, a ski pass from any ski field, valid for more than two days, is automatically valid at all other regional ski fields. The umbrella organisation and their marketing budget are funded through a percentage of regional ticket sales. BE also operates an incoming booking agent for the region, which sells products from the region to incoming tour operators and independent tourists. The marketing manager of BE explains this on the grounds of needing to sell a whole destination product and not only a ski pass internationally. This suggests that although skiing might be the reason to travel in winter, the other parts of the tourism experience need to be sold simultaneously.

“I can’t go to Germany and just sell a lift pass. That will not encourage the guests to come. I have to give him the option to stay somewhere. And that is why we as ski

fields set this up, so that we can just sell the whole thing (valley/product), because the individual villages did not have the resources.” S6

The ski areas set the tone for the quality of the overall winter product (S5), which makes them important players in the local tourism industry. They provide important services in both summer and winter.

“The ski fields are certainly important, because without them there would be no skiing and in summer we also could not go up into the mountains. So they are certainly a major part of the whole product.” S2

There are plans to reduce the number of ski fields in the area to focus the products more and provide more coherent offers. This type of consolidation could raise the profitability of the ski industry in St. Moritz and make it more sustainable. Overall, the ski industry is certainly an important player in the region and provides a key element of the tourism experience. In St. Moritz itself, GSM is once again the core player, since they own the local ski fields. The umbrella organisations and other ski fields are partners to St. Moritz and help to market the destination regionally.

6.2.5 5-Star hotels

The 5 Star Hotels in St. Moritz (Badrutt’s Palace, Kulm, Suvretta House, Carlton Hotel and Kepinski Grand Hotel des Bains) are the backbone of luxury tourism in the village. These hotels have provided luxury accommodation for decades and have highly regarded, international reputations. They are a large part of the tourism offering in St. Moritz, since the luxury traveller would not visit there without appropriate accommodation. The prices are high, to reflect the luxury. The 3rd biggest suite at one hotel in the high season costs 12,000 CHF per night and the two largest suites’ prices are not disclosed publicly. However, it is not only their price, but also their size that make them influential.

“The hotels are very strong. Especially the 5 star hotels have a large influence, because they have many beds and because they are large operations and therefore pay tourism taxes accordingly. And because St. Moritz positions itself as the ‘Top of the world’ you have to take special care of the 5 star hotels. That is very important.” S2

This suggests that the overall power of these hotels lies in their ability to provide an important part of the tourism experience in St. Moritz and contribute to the financial well-

being of the destination. They are vital for targeting the luxury market the destination is aiming for and therefore were mentioned here as a separate group of actors with significant power in the destination. The 5-Star hotels also sell St. Moritz as a whole. When comparing hotel marketing to destination marketing one respondent (S6) noted that the hotels make up a vital part of the destination offering, but are generally not the reason to visit.

“They also do not only sell the hotel. They also have to give the guest a reason why he should come to their hotel. And the reason is not the nice picture hanging on the wall in the room. It is the many possibilities you have there.... So they (the hotels) are also an important multiplier in the destination marketing.” S6

However, the famous 5-Star hotel brands are sub brands of St. Moritz and can draw guests by themselves (S2). This makes them an important and influential group of actors in St. Moritz. By offering additional services or in-house events they are further trying to increase their share in the destination product.

“The hoteliers are also more and more endeavouring to offer cultural programs in the hotels, for example small theatre productions or jazz evenings and so on.” S1

These in-house events add value for their own guests and also draw in other tourists staying in St. Moritz.

6.2.6 Hoteliers association (HA)

The hoteliers association is an important interest group in St. Moritz, since they represent the entire accommodation sector towards the GSM and KVV. The 5-Star hotels are powerful in their own right, but the membership of the lower category hotels gives the association considerable influence also. Overall, the hoteliers drive the destination.

“The 5 star hotels act autonomously, because they can drive their own positioning in the market, they have their own sales structures and sales channels, especially in the MICE segment and with business guests. And the rest of the hotel trade really sits in that boat, the hotel trade association. And that drives the destination.” S2

They have more authority in tourism than other associations, since they provide funding in terms of tourism taxes and through the business development contribution that is made by all companies in St. Moritz. As one hotelier (S7) noted, most hoteliers are members of HA,

but also of the KVV. The opinions or interests of the hoteliers are bundled at HA meetings and then taken to the KVV.

“We are members of the hoteliers association... but every hotelier is of course also a member of the KVV. In the hotelier association you try to develop a common line and then try to bring this into the KVV and the council.” S7

The hoteliers are generally strongly integrated into the KVV, since they make up a majority of the tourism board. In addition, the head of the hoteliers association is automatically on the tourism council (S7). The hoteliers association works closely with GSM on creating favourable framework conditions for the tourism industry. An alternative association, which represents the apartment and holiday homeowners, does not have the same influence.

“The hoteliers association is dominant. In the area of other accommodation, the apartments and holiday homes, there is also an association. Since it is very heterogeneous, the interests are very very different, and therefore it is rather weak and cannot take any influence.” S5

The trend of hotels shutting down, because secondary homes are more interesting to investors financially, had the hoteliers association worried. But now the reduction in the number of hotels has stabilised where it is sustainable in the long run. However, secondary homes continue to ruin the market for hotel beds (S7), which leads to some friction between these sectors, especially when most of the second homes are underutilised. A reason given for this is the attitude of the owners that they can afford to leave it empty when they are not there to use it.

“Someone who has an apartment in St Moritz can afford to not rent it out. So they say ‘This is mine. I will go there when I want. I’ll let no-one else use it and I’ll only be there one or two weeks per year.’” S7

However, when owners do choose to rent their apartments to friends, family or other people, this affects the hotels, since they lose out on bed nights. This has been a concern of the hotelier association in St. Moritz and is something they have been working together with GSM and KVV to resolve.

6.2.6 Other actors

These actors were each named by just one interviewee as being important in St. Moritz.

They are listed in Table 6.2 together with a brief description of their activities.

Name	Description
Banks and insurance companies	Many banks and insurance companies have branches in St. Moritz because of the tourists. Private banking is big business, since it fits with the high-end clientele.
Ski schools	Ski schools are a part of the ski service in the village. In winter there are more than 700 instructors working in St. Moritz.
Retail sector	Retail shops are an important part of the luxury experience that St. Moritz provides.
Trade and commerce association	Much like the hoteliers association, they represent the interest of their members locally. They hold a seat on the KVV board and can influence decisions that way.
Clubs	There are about 50 sport and cultural clubs. The large variety of clubs not only provides services for locals but also often for tourists.
Environmental Organisations	Wide range of environmental organisations active in Switzerland and the region, including WWF and Greenpeace

Table 6.2: Other actors in St. Moritz

6.3 Network structure

Now that the actors have been introduced in detail, this section presents the analysis of the overall network structure in St. Moritz. The individual sections discuss the network factors presented in Table 2.9 – centrality of main actors, density, strong ties-weak ties and the contractual basis of the network. The final section discusses the difference in networks between levels.

6.3.1 Centrality

Centrality refers to the degree to which the network is centred on individual actors or groups of actors (Wasserman and Faust 1994). In the case of St. Moritz, the centre is quite clearly defined around the partnership between the GSM and KVV. They together drive the village, with GSM managing the infrastructure and KVV being responsible for

marketing. The council manager (S1) describes this nicely in comparing St. Moritz to a house with GSM and KVV as the main pillars.

“If you look at the structure of St. Moritz, you have a house. The roof is the service providers, they are aiming at the market. Their responsibility is to create attractive offers that are accepted by the market and dare make use of. Then you have two pillars. On the one side is the whole council administration who makes sure that everything works. This includes the public transport, water, electricity, roads, and whatever else. All the normal things. What is additional in St. Moritz is that the council owns the ski lift company. So the ski lift company in St. Moritz is 100% owned by the political community. Then they also own a power plant. On the other side, as the second pillar, you have the marketing organisation, the KVV. The KVV is concerned with product development, sales, PR and communication, guest services, and its own administration. So that is how St. Moritz is governed. It is very clearly structured. And we also try to designate tasks, responsibilities, competencies very clearly, so there is no doubling of efforts and so that different organisations and people, or also companies, do not expend effort building the same competencies.” S4

The quote also provides the reason for the two actors' centrality. They are jointly responsible for key marketing and management functions within the destination. The service providers, who form the roof of the house, are also important to the destination. The ski fields for example are an important player in the destination, although they are technically also a part of GSM. Together, the ski fields and the accommodation providers, most importantly the 5-Star hotels, are central to the operative level in the destination network. Since most, if not all, of these actors are members of the KVV though, the destination is clearly centralised around KVV and the GSM as the core.

This agrees with the assumption that St. Moritz is structured around a coordinating actor, which in this case turns out to be KVV. They provide the link between the public management of the destination (GSM), the marketing of the destination, which they perform themselves, and the service providers, who are their members.

6.3.2 Density

Density in networks is calculated as the ratio of actual connections between actors divided by the possible number of connections (Kilduff and Tsai 2003). As in the other two case

chapters, I am basing the discussion of the density of the network on the insights gained during interviews.

Due to the very small core group, there is very high density there, with actors connected at differing layers within the organisations. Since the members of KVV and GSM also cooperate on various events throughout the year, the relationships between the individual members are also high. As in the other cases, the fact that it is a small village also means that there are social connections between many of the local residents. This provides a background of relationships within which the economic activities in the destination are embedded. An example of a particularly dense social network in St. Moritz are some senior managers in the destination that have grown up and worked in St. Moritz most of their life. They are therefore familiar with the destination at a very deep level and have tight bonds within the local community, who know them as residents.

The density of ties outside of the central actors is not as high as within the centre, since there, between the individual small operators, competition is likely to be a factor again. However, at their operative level it is not necessary for them to all to work together or interact, as long as they fit within the framework developed by the dense core group of actors.

6.3.3 Strong ties/weak ties

The destination St. Moritz is focused around the very tight bond between the council and the KVV. This strong tie provides immense efficiency, since management and marketing of the destination is aligned within these two actors. The hoteliers and ski fields also both have strong connections to both these most central actors. The hoteliers are represented in the executive of the KVV, which gives them significant influence, but also increases their knowledge of what is being planned by the two main players. Since the hotels, especially the 5-Star hotels, provide such a major part of the tourism product in St. Moritz, this tight integration of the hoteliers into the central actors also raises efficiencies for both parties. The hoteliers can help shape the future of the destination and react quickly to any planned activities or events. At the same time they can lobby the council on issues such as wastewater or rubbish disposal, which affect their operation.

The ski fields have a tight bond to GSM, since they own them. This allows GSM to have direct influence over this key part of the tourism product. For the ski fields, being owned by GSM has the advantage that they can be funded through tax money, which allows them to operate in difficult economic times. The power plant, which is also owned by GSM, also adds efficiencies in the destination, since GSM can control them and provide good electricity rates to the local businesses. Of course, a strong tie that makes all this possible in the first place is the relationship GSM has with the voting public. In Switzerland, the local residents have significant influence over the investments the council makes as well as how they operate in general. Luckily for GSM and the tourism industry, the local population is aware of St. Moritz's dependence on tourism and therefore approve most costs, even when they must cover the ski fields' annual deficit. The local population's influence will be discussed in greater detail in the section on the normative level. The council manager used this quote from a local student to make the point.

"We live from tourism. As a 3rd grade student wrote "the people from St Moritz eat mostly (from) tourists" SI

In addition to these strong ties that are at the core of the network in St. Moritz, there are also many weaker ties that allow new information to flow into the destination. The ski fields have ties with other ski fields in the region, the country as well as internationally. The same is true for the hotels. KVV itself has many cooperative relationships with their partners and very importantly many media organisations. Their good relationship with these external organisations allows them to achieve worldwide press coverage and funding for events from their partners. In fact, some of the long-term partnerships could be better described as strong ties, since they have endured for long periods.

Overall, St. Moritz exhibits a good balance between the efficient strong ties at the centre of the destination and weak ties bringing in funding and information.

6.3.4 Contractual basis

St. Moritz is based on different contractual arrangements, depending on the level. The arrangements between GSM and KVV are very structured and explicit, since large amounts of money are involved and they rely on each other to perform their activities. They have explicitly defined their responsibilities within the destination, which was discussed in regard to the house analogy. These two actors are the pillars on which the tourism services build. GSM is also explicitly responsible for providing public services for

their residents, because otherwise the politicians who make up the council will not be voted in again.

Outside of this relationship between GSM and KVV, there are also other explicit rules that govern other processes at the destination. For example, the HA president automatically has a seat on the executive of the KVV. This is a legal right, which gives HA influence at the KVV. KVV also has other explicit arrangements that govern how they operate. An example of this is their relationship with the watchmaker Omega. Omega licenses the St. Moritz name for one of their high-end watches. In addition they sponsor the local bobsleigh run, which gives them special privileges.

“It works for them, ‘Omega St. Moritz’. They also sponsor the bobrun. So they can also invite guests, very good clients, to St Moritz to bobsleigh. Those are very good customer relationship building opportunities in St. Moritz.” S2

Further examples of explicit relationships are those with other event partners, like BMW and UBS. They sponsor winter events and provide advertising for them.

However, not all relationships in St. Moritz are governed by explicit contracts. Some are more implicit, relying on social interaction and trust. Examples of these are the supply agreements between individual operators that are based on friendships or common club membership. With over fifty clubs in St. Moritz, the social interaction between residents is high and this can also lead to business relationships.

Overall, St. Moritz primarily functions on explicit agreements and a clear division of responsibilities. Only at the operative level, there are some implicit arrangements as well as explicit contracts.

6.3.5 Differences between levels

As in the other cases, there are significant differences between the networks involved in the different levels. Table 6.3 provides a summary of the network factors for the case at the different levels.

The central actors are basically the same at all three levels of the destination. The exceptions are that HA and GSM are only involved at the normative and strategic levels, since they are not responsible for direct provision of services to tourists. Also the event

partners are only involved in the strategic level, where their partnerships with local operators create new value potentials for the destination. The KVV, the 5-Star hotels and SFs are involved at all three levels. This means that they help shape the overall vision for the destination, set the strategies to achieve the goals and to create value potentials, and are also part of the final provision of services to the tourists.

	Central actors	Density	Strong/weak ties	Contractual basis
Normative	GSM, KVV, SFs, 5-Star hotels, HA	High	Strong and weak ties	Explicit
Strategic	KVV, GSM, event partners, SFs, 5-Star hotels, HA	High	Strong and weak ties	Explicit
Operative	KVV, SFs, 5-Star hotels	Dense core, less dense ring	Strong and weak ties	Explicit/implicit

Table 6.3: Summary of network structures at different levels

This means that the density of the network is always centred on a dense core of actors. Especially at the normative and strategic level, where only the central actors are involved the density is high. At the operative level, the core is still densely connected, but the other operators that make up the ring are less connected.

As discussed in Section 6.3.3, St. Moritz has strong ties that help the destination to operate efficiently. However at the same time there are many weak ties with mostly external actors and agents that provide new inputs into the destination. This balance has made St. Moritz successful and could be described as an example of structural optimisation.

The contractual basis of the relationships between actors at the normative and strategic level are primarily explicit, since the roles are divided very accurately and every actor is committed to providing their part of the destination services. At the operative level there is a blend between implicit and explicit contracts governing the delivery of services. Each of the levels will now be discussed in more detail, starting with the normative level.

6.4 Normative level

Before discussing the structural effects on the normative level, I will briefly introduce a theme that emerged from the interviews. That is the continuity in the destination leadership, which St. Moritz has achieved through little turnover in tourism directors. They have only had three tourism directors in 80 years, which has given them a firm platform on which to develop their branding, which has also been very consistent for a long time.

“In other places you change tourism directors like football trainers. Every two or three years there is another one. And we were lucky here that with three very innovative tourism directors (in a row) we could follow a consistent line, which was always implemented, especially the branding of St. Moritz. Our (current) tourism director is in his 28th year (in the job), I think, and he will do about 7 more.” S2

This long-term leadership by one person may also have disadvantages though when it comes to innovation and fresh ideas. However, there was no sign that any of the actors in the destination thought this was an issue with the current tourism director. One reason for this may be the change in support staff and other high-level managers in the destination during that time as well as loose ties with outside actors that provided the new inputs. Clearly the development of tourism raises a lot of questions and also some challenges amongst the local operators and population. So a tourism director must be prepared for these sorts of issues. As a KVV representative stated when describing the current tourism director in St. Moritz:

“Our tourism director is a well known personality and he always says of himself that he has gotten such a hard skin over the years that if you were to skin him, the skin would stand by itself, because by now everything just bounces off him. So he is sure that you cannot be too sensitive as a tourism director.” S2

This suggests that a tough skin might be a key to success in the role as tourism director, since it is necessary to take criticism and productively work towards solutions. Another example of continuous leadership is also given in the case of the skiing world championships in St Moritz, which were led from start to finish by the chairman of the KVV. He describes his involvement in the project as follows.

“That means that from the first meeting that was ever held about this World championship until the last meeting of the liquidation I was allowed to lead the project from the top.” S4

Of course, since this sort of experience and human capital is very rare and valuable, it is understandable that he is now also charged with the next candidature for the world championships. This sort of continuity could be very important in delivering consistent results over time.

6.4.1 Structural effects

The structure at the normative level is clearly based around the relationship between GSM and KVV, the two pillars of the destination. The central actors make the normative decisions. With the council playing such a major part at the normative level of the destination, one important fact to note is that they must always act in the interest of the local population. This is particularly relevant in Switzerland, where direct democracy through public referendums gives the population a say in all major decisions a council makes. In St. Moritz, the local population has a positive attitude towards tourism.

“Surprisingly the population of St Moritz is incredibly tourism minded. The reason I say that is that in the last public referendums, which focused on million dollar investments in the ski area, to renovate or renew the transport system and snowmaking equipment, the majority practically always supported it. Here it is always a democratic process. Surprisingly, I must say, anything that regarded tourism over the last years was supported positively by the voting public. I must compliment the conscience of the population.” S1

However some people feel overwhelmed, since some matters can be quite complex. Often people don't know a lot of the details of what goes on in tourism. They tell the KVV what to do, but without knowing the background. The chairman of the KVV compares it to everyone becoming an expert on sports during a world championship.

“People don't understand much of the background and so it is like talking about the FIFA World Championship, people will talk about tourism. Because tourism is really like soccer, everyone is really a tourism director and everyone is a tourism expert. Just like there are 40 million soccer coaches in Germany. Everyone knows something about it. And that is exactly the same in tourism.” S2

However, in general the population is supportive of tourism. One potential reason for this, other than the village's reliance on tourism, is the fact that the population is always properly consulted and has the right to vote on any tourism decisions.

“And maybe that is why the population agrees with tourism. Because they are always asked.” S1

If that was the case, then the direct democracy actually supports the tourism operation in the village, which will make for interesting discussion in comparison with the other cases in Chapter 7.

The density of the connections between the central actors involved at this level mean that each of the central actors knows the other and there is a multi lateral exchange of ideas. The strong ties between actors increase the efficiency of the decision-making, since there is tight cooperation and communication between them. The weak ties to outside partners increase the information and resources available for planning and setting the normative direction for the destination. The fact that the relationships at this level are governed through explicit contracts improves the efficiency further, since each actor knows what they are responsible for and what competencies they bring to the discussion. The structure in St. Moritz facilitates consistent normative management, which is also helped by the continuous leadership and cooperation between the actors.

6.4.2 Cooperation effects

The tight cooperation between the KVV and GSM is the most important factor in setting the normative vision for the destination. This cooperation is assisted by communication between the actors on both a formal and informal basis. GSM, holds a weekly meeting between the managers of the different council departments to ensure that internally they all know what each other is doing.

“The communication is very central and is really most important. When I come out of this meeting, for example, I will know exactly what I can, or should, negotiate with the communication committees of the different events.” S3

The KVV is not involved in these council meetings, since they are a separate actor or unit.

“ KVV is essentially a different business and works as a separate business unit.” S3

But although KVV is a separate organisation, the cooperation is very close and they communicate constantly.

“Communication between the council and the KVV is always going on.” S3

This can be formal or informal communication. Formal communication would be the annual general meetings of the KVV for example, where all members get together to discuss the future of the village. Then they also hold quality meetings, which are special events to discuss quality issues in St Moritz. Other specific issues are discussed in several planning commissions, like the sports and events commission or the economic development commission. This allows KVV to integrate various stakeholders into the decision making of the KVV, which helps them to gain buy-in from a wider audience.

“And that is how we achieve a high penetration of the strategy into the broader population.” S4

For more informal communications, the tourism director and president have an open door policy for members that want to discuss issues directly with them. Overall, the cooperation between the different actors works well and they are aligned to the common goal of making the destination successful, for both tourism operators and the local population. However, those that contribute the most financially also have the greatest influence.

“I think the cooperation works pretty well. I would say we are all pulling on the same line. But the KVV has seen that who gives the most money should also have the most influence.” S7

Tourism is supported by the broader economy, like banking and the retail sector, which also benefit from tourism. The cooperation between the different actors involved at the normative level, is good and this helps them in steering the destination. The explicit agreements between the groups also likely play a part in this, since they make the actors responsible for certain shares of the work.

It can be concluded that both the network structure as well as the good cooperation between actors aids the normative management of the destination. The actors involved achieve consensus on their decisions and are supported by the local population. This provides a good basis on which to develop strategies for how to make the destination more competitive and to increase the value potentials.

6.5 Strategic level

The actors in St. Moritz have a strategic approach to tourism development and a structured way of approaching the planning. It is important for them to know how plans will be achieved.

“We can’t just go and say ‘We want 2 -5% growth per year’ without specifying how we are going to do that and with what sort of offerings.” S4

In order to determine how to achieve their goals, they go through a very comprehensive planning process. Cost/benefit analyses are conducted in order to devise the best strategies for the destination.

“We have a very expansive tourism strategy in St. Moritz, which we developed in this form for the first time about two years ago. Therein we show what offerings are important for us, what type of events are important for us, what type of infrastructure is important for us. We also did the necessary cost/benefit analyses. So we did not just go by our gut feeling and say ‘We want this and we don’t want that.’ Instead we conducted cost/benefit analyses until we were convinced ‘This is important and this is not important.’ The strategic basis is really always that we orientate ourselves towards market relevance. So we will only do something that is relevant to the market, not just because we want to. We do not want to build golf courses because we ourselves like to play golf. Instead we want to build golf courses because we see that there is a market for them.” S4

The strong market orientation of the decisions is important, because it focuses the actors’ energy and resources. The golf course example given makes the point that tourism development should be approached very deliberately and with clear purpose in mind. At the same time, it is important to the strategic actors to include all relevant people into the strategic process.

“If you don’t include everyone into a strategy process, the strategic process has no chance to succeed. Only those who can get involved in a strategy process and in the end decide ‘Yes, I think this is right’ will be prepared to work towards achieving the goals.” S4

This ensures that they are committed to the final result and stand behind the strategy. The next sections will now discuss the strategic marketing and management of St. Moritz in greater detail.

6.5.1 Strategic marketing

As mentioned earlier, KVV is the marketing organisation in St. Moritz and represents one of the pillars of the destination.

“The marketing of the infrastructure is the task of the KVV. So as soon as it has something to do with marketing or communication.” S4

Therefore, this section focuses on the KVV and how they market the destination in cooperation with their internal and external partners. Three separate subsections will first introduce the brand St. Moritz and what it means to the destination, then explain how St. Moritz fits into the marketing through a new regional RTO for the whole Engadin and what this means for the KVV, and thirdly provide more information on the market segments targeted by St. Moritz.

6.5.1.1 Brand St. Moritz

In doing the marketing, one of KVV's primary activities is managing the brand St. Moritz. Consistency in their logo over the last nearly 80 years (see Figure 6.2) gives St. Moritz superior brand recognition.

“Most other locations change their logo every 5 to 7 years. And we have been running with the same things for ever.” S2



Figure 6.2: St. Moritz logo

The brand has a long history, having been the first place name in the world to be trademarked. Both the script and the sun logo were first designed in 1930 and then trademarked in 1985. Since geographical locations can generally not be trademarked under Anglo-Saxon or Roman law, the only way to do it was through the service that is delivered with it. KVV managed to make that connection by showing that the name is linked very closely to a specific set of services and that the market perceives it that way.

“The whole brand story is a sort of pioneering project. No one on this globe has ever done that with a destination.” S4

The successful trademark application earned them coverage on the front page of the Wall Street Journal. They are now earning significant income out of the licensing of the brand.

“That is really our biggest asset. And with our licence holders we always manage to do advertising without paying anything for it. And when we do that very well, we have a special ‘Brand Council’ for that, because we only want to associate the brand with top product, which is received very well.” S2

The vice president of KVV both manages the licensing business and leads the brand council, which is supported by a license advisor and specialised branding lawyer. The revenue gained from the licensing is re-invested in protecting the brand name internationally.

“We use those (received royalties) to also protect our brand. So all the money we earn with that, we re-invest in copyrighting. So for example, when Omega sells a St. Moritz watch, then they pay us a licence fee, which in the case of Omega is about 100,000 CHF per year. And that money we invest in the copyright. That means we use it to pay our lawyers to ensure that globally our brand is used well and correctly.” S2

The Omega St. Moritz partnership is a good example of co-branding between two high profile luxury suppliers. That is why the brands work so well and probably the reason Omega is willing to pay so much to build this relationship. A KVV representative explains that for the luxury segment, the brand has many positive attributes and images attached to it through its association with high-class events and other destinations.

“We have just managed to load the brand with positive images. Maybe the Olympic Games also contributed to this, in 1928 and 1948, and then also those World Championships and all the glitter and glamour of the 60’s and 70’s, with Brigitte Bardot and so on. It is similar to St. Tropez or Monte Carlo. Still based on a very strong name.” S2

Most of these associations are clearly with luxury. However, winter sports also play a major role. As one respondent explains, recent research suggested that the World Championships made the St. Moritz image a whole lot sportier.

“According to surveys, St Moritz became sportier in the minds of the people, after the Ski World Cup.” S2

Events are a core component of the tourism product in St. Moritz and also form the basis for much of the marketing KVV does. They spend nearly their entire 7 Million (CHF) budget on event marketing or underwriting of large events. This leaves very little for actual advertising. But as a KVV representative explains, they rely on PR and a global sales force, not advertising to market St. Moritz. Their corporate partners buy the only real advertising they do for them.

“We nearly don’t have an advertising budget. We do everything solely through PR or otherwise through promoters. So, they are called promotions and sales people. They are basically on the road the whole time around the globe and try to sell St. Moritz to the tour operators and travel agents. And otherwise we just do PR. That is very strong. We have about 1000 journalists here annually. And for advertising we simply don’t have any money. Every so often it looks as though St. Moritz is doing advertising. For example lotteries, where we sponsor a weekend or otherwise where we work with our partners. The large partners are for example UBS or BMW and so on. And then there are of course sometimes whole pages in some newspapers (bought by the partners), that we could never pay for ourselves and never have.” S2

This is a fascinating strategy, which is all built around their brand. They built up such a strong brand that they now leverage this into partnerships, and the partners then pay for their advertising. Also, the idea of dedicated travelling salespeople is of interest, since it is a much more personal approach to selling than straight advertising. The PR work they do is also very important and successful. Once again, due to the strong brand, they attract a high number of media to them, which allows them to gain a lot of coverage.

“Here you can really easily have contact with ten international media organisations in one day, which a normal tourism destination would not get in 10 years.” S2

An example of the level of contacts they have was provided during the interview at the KVV, when Michael Schumacher, the former Formula-1 champion called to inquire about an event he was attending.

6.5.1.2 New RTO

The consolidation of the thirteen LTOs in the Engadin into a holding company was an important development at the time of the interview. The RTO is named ‘Engadin St. Moritz’, which shows the importance of St. Moritz to tourism in the area, since its name is also part of the name for the regional organisation.

“Most people would not know the Engadin outside of Switzerland and maybe southern Germany. Maybe in northern Italy they would know it. But further afield people will not know it. The same with Graubünden. But St. Moritz people would know, where they don’t even know Switzerland. So it is definitely the brand name that makes a big difference.” S2

This suggests that other villages must attach the regional brand to identify them in the market, but in the case of St. Moritz this is not necessary. This shows how powerful a place brand can be and what advantage it can provide over competitors.

The new RTO will solely focus on marketing and give the responsibility for maintaining the village and making it look nice and tidy back to the political part of the councils. This is a good example of clear role definition and division of responsibilities based on core competencies, as it is also found internally in St. Moritz.

“That (new RTO) has very clear duties and responsibilities and they are sales and marketing. And I personally see that as huge progress for our region, because in my view it is wrong when the KV (LTO) needs to implement beautification programs in the village and then doesn’t have any money to acquire new guests.” S6

The primary argument for the consolidation of the LTOs were efficiencies in administrative areas, which will allow them to focus more time and resources on marketing the destination.

“At the moment we spend about one third of our resources for marketing. And with this new organisational structure we could do two thirds, because you don’t need twelve accountants. You might need two or three. And you don’t need twelve administrative offices. With that money you can expand the marketing. So that would make a big difference and that would be a quantum leap.” S2

The efficiencies gained by pooling administrative resources will lead to more investment in marketing. This means that marketing is seen as the key success factor for the destination. This type of consolidation is argued to be the way forward for tourism destinations targeting mature markets, like skiing (Bieger 2006). Still, the consolidation of some administrative services and the marketing at a regional level is still not like the consolidation of North American ski resorts into ski resort companies, like Whistler

Blackcomb. One respondent (S5) mentioned this and described the difference between the Engadin region and a resort managed by a company.

"We are still far away from this approach, because sadly we don't even have a ski lift company that dominates the valley, yet. In our valley there are about twelve different ski lift companies that thankfully have a joint tariff system and joint marketing. But they are still basically autonomous. And accordingly the service providers in accommodation, so the beds, are of course also very heterogeneously organised. Very few are owned by the ski lift companies. But in many destinations in Switzerland this percentage is growing. The ski lift companies are trying to consolidate the beds." S5

The interesting point made here is that the ski lift companies are 'sadly' not aligned, which implies that this would make his life easier. This respondent was in favour of industry consolidation due to the gains in efficiencies of scale. Under the new RTO, the individual villages will remain autonomous in their decision-making, but on some issues that affect multiple communities there will be agreements and communication.

"That is why they are trying with this regionalisation, where they want to combine all KVs into a holding company, to do the whole thing better. Because that would be one holding company that would be responsible for all issues in the valley." S2

The current regional marketing organisation is not very effective, since some of the villages in the region rely on BE for all their marketing. St. Moritz stands out there, as a very active LTO, which is helped by its brand, connections and budget. St. Moritz is a special case since it differentiates itself from other villages by organising its own events and also marketing itself outside of the region. Apart from St. Moritz and the ski fields, no one does this.

"So there are really two marketing and sales organisations in the valley: St. Moritz and we, the ski fields. We have quite a massive influence on the destination marketing, because we don't know these village limits. So we actually don't care where the guest sleeps. The important thing is that he comes here and that he finds a room that suits him. And that he likes it here and that he comes back... so we have somewhat of a broader spectrum in the area of marketing." S6

And if a village does market outside the region, it is in a very small way, which is not enough. The joining of the KVV's will shorten the communication channels within the organisation and also reduce costs of marketing materials.

"When we only have to print one catalogue any longer, then we will have already saved money." S6

To some degree, the product to be sold will define the division of marketing responsibilities between the ski fields and LTOs. If only the ski product is being sold, it is up to the ski field. But all other products are to be left to the LTOs.

"In terms of ski fields they (St. Moritz) assume that their key role is to provide a great product on the mountain and to sell this. And everything that is destination internal or across multiple operators should be left to the tourism organisations." S5

This makes an interesting point, since it is contrary to the integration of ski fields and accommodation in particular, described by other respondents. This discussion of the different marketing organisations now leads into the various segments that the organisations target.

6.5.1.3 Market segments

The current marketing organisations for St. Moritz (KVV) and the region (BE) differentiate themselves in the market segments they target, which allows them to not compete with each other directly. St. Moritz targets more the international luxury markets, whereas BE mainly focuses on the national and near international markets, Germany and Italy. However, these markets are still the primary markets for St. Moritz also.

"Switzerland, Germany and Italy are still the three strongest markets and that will stay the same in the near future. And in winter, the Russians are number four. They have become very strong. Russians in January are very strong. And they are great guests for us. They come at a time where the others have really already left. So in January, in shoulder season, and spend a huge amount of money. And they love staying in 5 star hotels, to go shopping in a big way and to eat very well. During Christmas and New Years we often have dozens of flights that come direct from Moscow here to Samedan to land. As a guest they create a lot of value for us. And we will be able to grow this market further over the next years. We have had double digit growth rates for Russian tourists over the last years." S2

St. Moritz is the only village in the Engadin that receives Russian tourists, which means that they are the only ones benefiting from them. The reason is that they specifically target Russia with their marketing.

“And of course there is a difference. What is good for St. Moritz is not necessarily good for the surrounding villages. For example, the other villages in the Engadin don’t have any Russian guests. We are the only ones that target Russia with our marketing. So there you also have to differentiate a little.” S2

The Russian tourists were making up the loss in visitation from other nationalities.

“What, for example, the Americans have lost, the Russians make up for. There are really more nations that have lost. But with the Russians it is really quite extreme, they just keep coming back every year, more and more. But mostly it is restricted to January and then it spreads out over the next winter months. But in summer you see no Russians here.” S2

This quote also nicely describes the difference in target markets between summer and winter.

“In the summer the guests are also completely different of course. The guest is about 10 years older than in winter and spends about three times less.” S2

The winter guests tend to be more activity focused and nature bound, while the summer guests are more relaxed.

“In summer there is a more relaxed guest segment. Also partly a bit older. The classical trekking experience, mountain sport experience, is in the centre.” S5

So there are significant differences between the market segments between summer and winter. This is good in some ways, since destinations need to choose between very high profile tourism and mass tourism. It is difficult to combine both, since you need to target specific segments with offerings. An example of a new segment that require a different strategy are the ‘Best Agers’, which are the more active older generation. So some shifts in the target segments and a need to market more specifically and target products more specifically can be observed. The segments in St. Moritz differ according to the season. Since there are such differences in summer and winter, St. Moritz can focus on one segment in summer (mass tourism) and the luxury segment in winter. The most limited season is the shoulder season, in May, when the local residents go on holiday themselves. Then the lifts are closed and there is very limited shopping.

Another segment that is of course important to the KVV is the local population and the local operators. The KVV communicates with them through a column in the local newspaper, where they publish all relevant information. They also have a bimonthly or quarterly newsletter for members. Here the deeper issues are presented. And they also utilise their website to provide information to members and outside parties alike.

This section has provided detailed information on the strategic marketing of St. Moritz. Their brand plays a major role in the overall marketing and facilitates other activities, like the licensing business and the PR work. The creation of a new RTO is an interesting development that influences how St. Moritz markets itself, since it provides an umbrella brand to all villages in the region. Finally, the market segments were discussed with respect to how they were being targeted. The next section now introduces the management side of the strategic level.

6.5.2 Strategic management

The strategic management of a destination delivers on the promises made by marketing and creates the value potentials for tourists. GSM is the most central actor here, since they provide the infrastructure. However, KVV are also involved since they market and even manage some of the infrastructure. It was already mentioned that overall the governance of St. Moritz is well structured and responsibilities are assigned.

“St. Moritz is very clearly structured. And we try to assign tasks, responsibility and competencies very clearly, so that there is no doubling up of effort and not different organisations or people or businesses in the destination that are concerned with building up the same competencies.” S4

The reason for clear structure is the avoidance of competition in areas or competencies within the destination, which is most likely to lead to better cooperation in terms of internal management and external marketing work. In a sense, the clear definition of roles should reduce the internal competition, which might lead to better cooperation. KVV is charged with the double role of attracting guests and then ensuring that they are looked after properly once they are there.

“The core responsibility has not changed, the KVV has the task to attract and keep guests. That means it must bundle offerings, must bundle products, must then take

them to market, through advertising and must sell them actively to the market. The second is to receive and entertain the guests once they are there, so that they enjoy it here, that they go home enjoying it and tell their friends about it and most importantly come back.” S4

GSM provides the infrastructure and the financial support to do this and is therefore very closely involved in the management of the destination, as the second pillar.

“Our mayor always speaks of the company St. Moritz.” S4

The council manager nicely explained the focus of the whole village on the tourism industry and the orientation towards the market.

“We very clearly orientate ourselves towards the market. And since we essentially operate a type of economic monoculture, if I can call it that, then there is only one industry that we concentrate on. That is tourism.” S1

When looking at how St. Moritz creates value potentials, their use of high-level events is easily recognised. The core product in St. Moritz is downhill skiing and many of the largest events focus around skiing. St. Moritz had lost some of its ski glamour and so decided to shoot for another World Championship, which they held in 2003. Event organisation is also very structured to ensure the safety of the guests and the smooth running of the event. Both GSM and KVV are involved.

“The KVV has a sport and culture department, which coordinates events in regards to a) scheduling and b) thematically, throughout the year. They put out a program every year, which shows that St. Moritz holds around 300 events per year. Summer and winter combined.” S1

GSM provides manpower and materials for the events, including police officers to control traffic at events. The prestigious summer and winter events include polo games and horse races on ice, car shows, and many more.

“Those are all events of the highest calibre, also in regards to the economy of the village. That is where the big money gets earned, in those weeks and weekends.” S3

The event partners, UBS and Maibach for example, are also all very high profile and fit with the brand St. Moritz. KVV has good cooperative relationships with partners and hotels that help to make the events possible.

“Good partnerships have been established in St. Moritz over the years. It is always roughly the same. We always have the same events in the same weeks. Every now and then we introduce a new one. But the schedule has been the same for decades. In February, on Sundays you have the horse races. On the last weekend in January is the Polo game. The second weekend is the Engadin ski marathon. And so on and so forth. Therefore the season is really already more or less decided in terms of the calendar. Also the holiday times and the peak times and the shoulder periods are already given. And many of the partners have already been in St Moritz for decades and therefore it is very well rehearsed.” S2

The event organiser has to manage the running of the event, but KVV and GSM provide support. The police, once given the order from GSM, cooperate directly with the event committees to ensure safety.

6.5.3 Structural effects

Now that I have described how the strategic marketing and management is performed in St. Moritz, this section will discuss how the structural factors influence the strategic level of the destination. The central actors once again play the largest part in creating the value potentials and marketing them. In the marketing area, KVV is the clear leader and they do so with the help of a very strong brand that they have built over many years. Their brand makes them central not only in the village, but also at a regional level. The regional importance of St. Moritz is demonstrated by its inclusion in the name of the new RTO. Having such a strong pair of central actors, like KVV and GSM, gives St. Moritz a good base on which to perform strategic marketing and management. The fact that the same actors are also involved in the normative level, setting the overall vision also has advantages.

The density of connections allows for efficient communication between different actors, which improves the flow of strategic information. The actors are connected through the dense core based around the strong tie between KVV and GSM. Further strong ties with event partners and licensing partners, create a strong constellation for efficiently creating value potentials.

The explicit contracts between KVV and GSM clearly define their roles and responsibilities in terms of marketing and management. This is very important at the strategic level, since this way they can focus on their own competencies and objectives, knowing the other will take care of theirs. Overall, the centralised and dense network at this level creates efficiencies that allow St. Moritz to create the value potentials that it does.

6.5.4 Cooperation effects

Cooperation at this level is very important and St. Moritz has presented some nice examples of how this can be achieved. The unique licensing of their brand to luxury good manufacturers creates a very tight bond of cooperation. The same is true of the KVV's cooperation with the event partners, who also match the luxury segment targeted by St. Moritz. The cooperation with BE is also an interesting example, since the two marketing organisations targeted different market segments in order to not cannibalize each others limited resources.

An important facilitator of cooperation was once again proper communication between the actors internal to the destination. The strategic actors need to inform the service providers how they ought to approach the markets and create value for the tourists.

“Everyone should know what the other is doing. That is essential, especially in marketing. And we try to inform our operators the best we can. But that requires a proper knowledge management and that we really do not have, but we want to improve it a little bit over the next years. There are also new technical possibilities that are maturing.” S2

The communication methods and channels for aligning the service providers will be discussed in more detail in section 6.6.1 on framework conditions for the operative level. To conclude, cooperation between actors was shown to be very important for both strategic marketing and management as well as the integration between the two. Since different actors in St. Moritz marketed the destination and actually managed the services, proper communication was important to allow them to work towards common goals.

6.6 Operative level

At the operative level, the goal is to integrate the different services delivered by autonomous actors into a valuable touristic experience for the guests. A key requirement for this is good communication, both among the actors and down from the strategic level. St. Moritz is described as having multiple channels for communication and they employ various technologies to get information to operators. However, the use of advanced technologies could still be improved.

“In the case of St Moritz you could say that various channels contribute to good and sufficient communication. Be it a column in the Engadiner Post or a channel on the Internet that also offers this information through different technologies and platforms, like through a WAP capable mobile phone, or the mobile phone itself, or simply on the Internet platform. So I would say communication on a one-way channel (from the hotel trade association) is rather timely. That means making information available. They are available, also internal information, but the exchange in the other way the placement of information on personalized platforms, that is a long way off. ” S5

In addition to the various touristic operators, there are about 50 different clubs that are also part of the service provision or value creation.

“Where we don’t want to necessarily differentiate between pure tourism activity and activity purely for the locals. We can’t do that. For example the choirs, they practice the whole year for themselves, but with their big performances they also do something for tourism.” S1

This is an interesting assessment, since it shows the understanding of the double roles that organisations play within a destination. The simultaneous provision of services for locals and tourists makes it so difficult to truly define the tourism industry. The operators generally receive information through the KVV, but there is little interaction. In fact, many operators are overloaded with the amount of information being sent to them or made available. Small operators lack professionalism and therefore do not take in the information provided to them. So there is probably a point at which over communication can reduce the effectiveness. Here it was suggested that it might be more appropriate to offer the information in a location where operators know where to get it. St. Moritz is working on this type of platform, which will make information available when needed.

“The information management of St. Moritz I see as very good. Only those who are not interested can be uninformed.” S4

Overall, communication between stakeholders is very important for the successful development of a destination.

“But with the problem that of course, as I said, some of these stakeholder groups are not able to communicate with one another, because there are different standards. Maybe technical standards they have. Then their understanding. The level, knowledge, education and yes, simply this understanding of communication. Then there are different goals. The different target markets. That makes it very heterogeneous.” S5

It is exactly this variety of goals, target markets and other heterogeneous factors that make the creation of clear guidelines or frameworks at the higher levels so important.

6.6.1 Framework effects

This brings us to the point made by the marketing manager of BE, when describing how the individual operators must fit into the overall strategy of the region.

“It is essential that the strategy provided at a regional level is delivered by the individual service providers. We have realised that you cannot force them. You can only do that in the case of a resort company. We cannot do that. We operate under the heterogeneous feudal system, where everyone is his or her own entrepreneur. But the strategy is predetermined and it should be adopted and lived.” S5

This is vital, since it is the adoption of the strategy by all operators that facilitates the final service delivery to tourists. Only by offering this consistent service and delivering on the value propositions developed and marketed at the strategic level can the destination St. Moritz deliver value to its customers and encourage repeat visitation.

Overall, the frameworks set at the normative and strategic levels of the destination are very coherent and well anchored in the local business community as well as the local population. This integration of all the different stakeholder groups into the planning process and the finding of a common goal and purpose is a key success factor for the model employed in St. Moritz.

6.7 Case summary

The overall results from St. Moritz are rather positive. Figure 6.3 shows a diagram of the actors involved at the different levels of destination management.

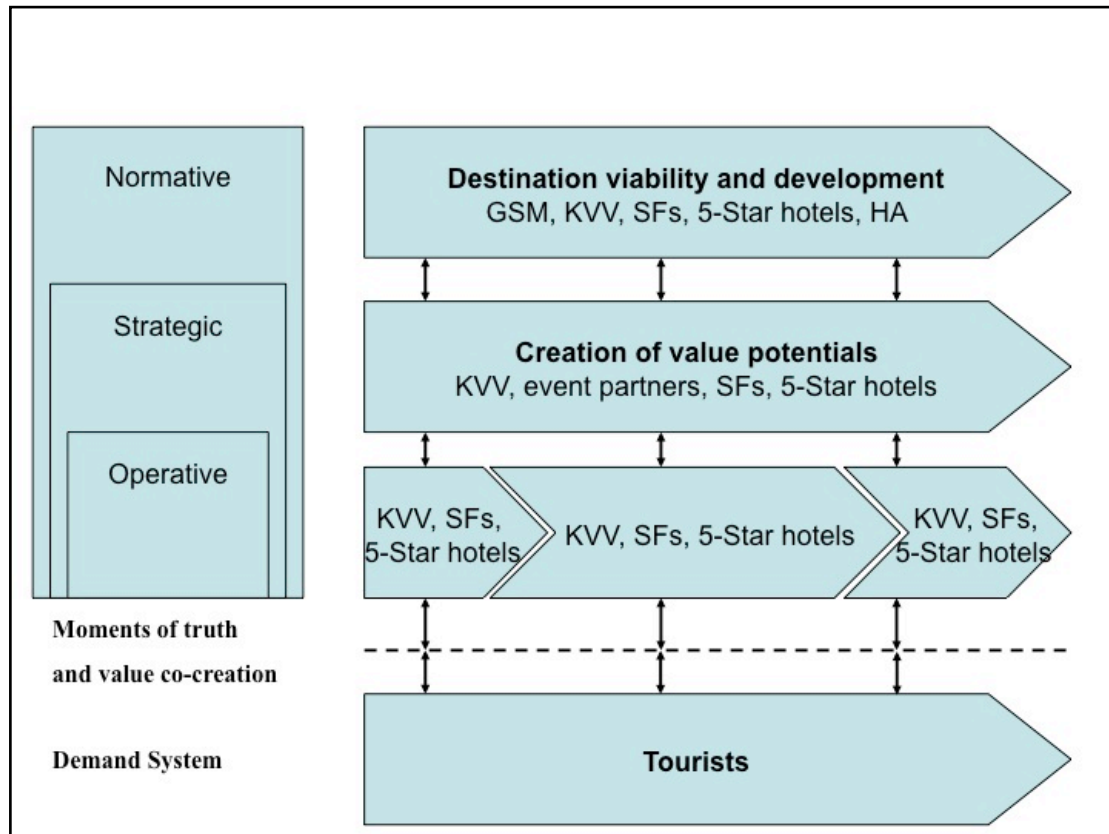


Figure 6.3: Summary of actors involved at different levels in St. Moritz.

At the normative level, St. Moritz has a clearly defined leading elite that sets the vision, but is also able to anchor this in strong local support for tourism. The identity of the destination is supported by a very strong brand, which has been consistently and professionally built over many years. St Moritz has a long tradition in tourism and the structures have been adapted to cope with tourism. Swiss law and the regional and local government levels also enforce their structures on the development of a destination. The ability of the general population to have influence on tourism decisions, in direct referendums, ensures that tourism development occurs in symbiosis with the village and not at its cost.

At the strategic level, St Moritz makes plans well ahead and then gathers resources and competencies, often through partnering arrangements, in order to create value potentials.

The cooperative position of St Moritz is strong, with major corporate partners wanting to attach themselves to the high-end luxury image that the brand has. There is some conflict regarding future markets to target and where to position particularly the summer product, which is traditionally not the same as the luxury winter product.

Operationally, St. Moritz has a well-defined and extensive service offering built around the luxury associated with the brand. The different service providers work well together in order to provide a complete service offering. Skifields and accommodation market themselves together. Two problems that were mentioned are the competition and structural change in the accommodation sector. Some hotels have been redeveloped as second homes or apartments, which now compete with the traditional hotels.

6.8 In-case analysis conclusion

In Chapters 4 to 6, the key findings from each case were presented with background to the cases, description of the local actors, and discussion related to the research issues presented in Section 2.6. Since the three destinations operate in different geographical, social, and economic environments, some observed activities may not be appropriate in other destinations or will need to be adapted. Chapter 7 will now present the cross-case analysis where the findings will be discussed at a more etic level in order to compare destinations and to determine how the insights gained from one destination can be applied to the others. In relation to existing literature, the research issues will be discussed across cases and a model of the influences of networks on the three levels of management presented.

Chapter 7 – Cross-case analysis

7.1 Introduction

The in-case analysis presented in the previous three chapters has provided a description of the actors in the cases, the structure of the networks as well as the normative, strategic and operative levels of the destination management in each resort. The analysis has provided insight into the cooperative nature of the management efforts in each destination and the various networks that are involved in the implementation at the three logical levels of management. Some of the factors and processes identified in the cases are clearly unique to the destination or country in which they were observed. These emic factors, although important in the individual destinations, will be difficult or impossible to implement in other locations. An example of this is the Swiss system of direct democracy, which allows local voters to influence tourism laws and decisions through public referendums. However the underlying principle of asking stakeholders opinions may also be applied elsewhere to gain buy-in for touristic ventures from the local population.

This chapter now presents a cross-case analysis and discussion with the goal of identifying some of the etic similarities and differences between the cases. The results are discussed in relation to the research issues identified in Section 2.6. Each research issue is discussed individually and then a summary presented, with the aim of answering the research question set for this thesis. The analysis and discussion will lead to a new model of destination marketing, which takes into account the factors that are likely to be important for destinations generally and can be applied in other locations to improve the marketing processes within these other destinations.

The chapter is organised around the seven research issues presented in Section 2.6. This focuses the analysis on the most important points and allows me to discuss the research question at the end of this chapter. The discussion is based on insights from the individual cases and relates these back to previous literature. Each research issue is analysed individually and then related back to the larger research question. Interactions and relationships between the different research issues are also presented.

7.2 Structural issues

This set of research issues was intended to provide insight into the structure of the destination networks and determine whether they fit with the classification presented in Table 2.9. Only by first analysing the different destination structures can inferences then be drawn about how these structures affect the destination at the three levels of management.

7.2.1 Destination types

The results collected in this section aim to answer the question of whether the network factors identified within the three destinations differ between destination types as assumed in Chapter 2 (Table 2.9). In addition potential reasons for such differences will be discussed, since this will allow generalisation to theory in this area of the research. Table 7.1 summarises the results from the cases.

Factors	Cases		
	Wanaka	Åre	St. Moritz
Centrality	Medium	High	High
Density	Low	Medium	Medium
Strong ties/weak ties	More weak than strong	More strong than weak	More strong than weak
Contractual basis	Explicit/implicit	Explicit/implicit	Explicit/implicit

Table 7.1: Summary of network factor results for the three cases

The results presented in Table 7.1 are the ‘averages’ across all levels and aim to show how the whole destination rates on the variables used. This masks some the differences between the levels presented in the individual case chapters (Tables 4.3, 5.3 and 6.3). The finding that analysing a destination as just one network hides some of the finer details is useful in itself. It suggests that research analysing a destination as a single network, is probably not sufficiently accurate for decision-making, since it loses important details in averaging across levels. The differentiation between the three management levels allows a much finer distinction between the required structures and success factors, since then the networks can be delimited around relevant goals and issues. These can be described as similar to action nets (Czarniawska 2004), which are connected through their joint focus on a goal, outcome or joint process. Ideally, the whole destination would be goal-

orientated, however in every destination there may still be serendipitous networks or part-networks that are not evolving on the same path or working towards the same goals (if any at all). I suggest that the involvement in the three management levels can be used as the basis for sub-network differentiation, which will lead to more accurate analysis of the networks that are moving in similar directions. I will discuss this in further detail in the sections on the normative, strategic and operative levels of the destination. Now I will discuss the findings relating to each of the network factors individually.

7.2.1.1 Centrality

Centrality refers to the degree to which the network is centred on individual actors or groups of actors (Wasserman and Faust 1994). Networks with a single centre are more mechanistic, whereas multiple centred networks are more organic in nature (Kilduff and Tsai 2003). High centrality can improve efficiency, but can also constrain change, since there is a lack of new information and/or resources entering the network. However, it is not only the connections between actors that shape a network, but also the structural holes that exist where two groups are not joined directly. This can provide opportunities for actors that liaise between or perform a bridging function between two distinct groups (Burt 1995). The actors filling these holes have a high degree of betweenness centrality, which refers to them being connectors between actors that are not otherwise connected (Kilduff and Tsai 2003).

Since the centrality of the actors in the Storper and Harrison (1991) model is determined by their power, it was of interest to examine the sources of influence as part of the case analysis. Although this was not one of the primary goals for the analysis, the insights that emerged from the interviews are of theoretical interest. Influence at all levels is based on actors' individual resources and competencies as well as their network position. A correlation or interaction between these two types of influence can be assumed, but if one type of influence is a precursor to the other is not clear. A summary of the different ways in which actors gain influence in destinations is presented in Table 7.2, along with examples from the case studies.

Sources of influence	Description	Examples from cases
Actor-based sources of influence		
Control over resources	The actor controls important physical, organisational or human resources in the destination.	There are many examples of this in the cases, including DOC in Wanaka who manage the national parks in New Zealand and therefore control who can operate touristic ventures in them and how.
Specific competencies	The actor has certain competencies that are vital for the functioning of the destination as a whole.	A good example of this is provided in Åre by Holiday Club, who were brought in to the destination due to their combined ability to manage a conference centre and provide accommodation, spa and indoor sports facilities.
Legal/judicial power	The actor has authority or responsibility given through legal mechanisms.	Examples of this are all of the councils in the three destinations that have the task and the legal authority to implement policy.

Network-based sources of influence		
Betweenness centrality	The actor connects different actors or groups of actors that are otherwise not connected.	VM2007 in Åre, joins the actors in the destination with the international ski federation and international sponsors.
External strong ties	The actor holds and manages external strong ties that add value to the overall destination product.	KVV in St. Moritz manages ties with the external event and licensing partners, which add value to the brand St. Moritz through mutual focus on the luxury segment.
Internal strong ties	The actor has a strong tie with another actor within the destination, which raises the profile of both actors.	Sustainable Wanaka would not exist and would not have the growing influence they have without their strong tie with Lake Wanaka Tourism
Sub-network centrality	The actor leads or facilitates the connections of a sub-network.	All of the associations in the cases are examples of this. They bundle the influence of their individual members, which gives them authority at the destination level.

Table 7.2: The actor-based and network-based sources of influence in destinations

All network based sources of influence can be argued to increase the social capital of the individual actor and the networks in which they operate, since they either add efficiency through close connections or bridge gaps that create opportunities for innovation (Burt 2001). The control over resources, includes both the physical, organisational and human resources, which can all make a firm more competitive (Barney 1991) and increase their influence in the network. Each of these sources of influence is relevant at all three management levels and can even transfer or reach across levels. For example, if an actor gained influence because they played a significant part in the provision of the total destination product, they could leverage this to exert influence at the strategic and normative levels of the destination. The 5-Star hotels in St. Moritz or Skistar in Åre are examples of this, since they are so important for the destination product that they play a part in the networks at all levels. When the influence comes from the actor's involvement in the operative level, this could also be referred to as 'bottom-up influence'. The reverse case, or 'top down influence' was also discovered in the cases, where for example a council that holds legal power to implement certain policies at the normative level uses this to influence the operative level. The QLDC in Wanaka is an example of this, since they create the legal conditions in which the individual tourism operators perform their activities.

Centrality identifies the actors that are most crucial to the operation of the destination at the varying levels and can be seen as the favourable network position. An actor can increase its influence and therefore its centrality to the destination by improving in one or more of these categories. This would improve their network position (Håkansson and Ford 2002) and provide them with more opportunities and less network constraints in the future. In fact, the examples provided in Table 7.2 can be seen as a toolbox for managers wanting to improve their organisation's position in a destination network.

7.2.1.2 Density

The density of the networks in the three destinations differed depending on the level at which the actors were active. The results show that the operative level exhibits lower density in all destinations than the higher levels. A simple reason for this is that there are more actors involved at the operative level than at either of the higher levels. However, high density is not automatic at the normative level, as the Wanaka case shows. Although only a small percentage of all the actors in the destination are involved at this higher level,

they are still not all connected. This reduces the efficiency of the network and leads to conflict. In Åre and St. Moritz, the core groups, which make up the normative and strategic level, are very densely connected. This increases the efficiency with which they can make decisions and implement them.

Since networking takes effort and mutual commitment of time, energy and other resources, it is a better tool for long-term economic development, rather than the short-term pursuit of profits (Dennis 2000). This could explain why actors at the operative level are less densely connected, since there the focus is on individual profits for the actors, not on long-term development of the destination. This is also related to the dual value sets that affect the actors' opinion on and involvement in networking: *Gesellschaft* and *Gemeinschaft* (Von Friedrichs Grängsjö 2003). The former value set implies that the destination serves the company, individual actors are in competition with one another, and they seek to maximise their own personal gains. This is likely to drive thinking at the operative level. The latter value set is focused more on what the company can contribute to the destination, balancing cooperation with the drive for competition (Von Friedrichs Grängsjö 2003). These value sets are not mutually exclusive but in a dialectic relationship, with the competitive values embedded in the larger more cooperative values. An example of this in action is the Vision 2011 group in Åre. The individual actors work together on planning the vision for the destination and do their share in achieving the goals. However, at the strategic and operative level, each person operates as efficiently as possible, maximising the gain for his or her own company or organisation. Even Åre municipality has a vested interest in improving the economy of the destination, since it increases their tax income and encourages more people to move to Åre.

The differentiation between the three levels may also have interesting implications for the methodology used to assess networks. Density of networks is usually calculated as a ratio of actual connections between actors divided by the possible number of connections. Therefore a density of 0 refers to a grouping of autonomous individuals, where a '1' would signify perfect connectivity (Kilduff and Tsai 2003). The practicality of this mathematical notation in the analysis of destination networks is limited because the calculation requires a full network sample, meaning responses from every actor in a destination. If no boundaries were set based on the level the actors operate on, such a whole network analysis would favour the operative level, where most of the actors are active. If then the

researcher would assume that all levels had the same density, the density of the higher levels may be underestimated. Since the trends in the destinations studied show that the density of relationships decreases as the number of actors rises at the lower levels of the destination. Therefore a qualitative analysis of the actors involved in certain levels can be used to contrast or supplement the quantitative data.

7.1.1.3 Strong ties/weak ties

All the cases exhibited a combination of strong and weak ties. However, some appear to be closer to the ideal of structural optimisation, a good balance between efficient strong ties and weak ties for innovation (Pavlovich 2003), than others. The cases suggest that the most important factors in finding this optimal balance are the strong ties between the central actors. Since these actors hold power in the destination and influence the level or levels they operate on, the interaction between them is critical. The reason for this is that the central actors need to find common ground on normative and strategic issues that influences how the destination as a whole functions (Bieger 1997). Since the actors can have quite different objectives, finding this common ground can be difficult. Past research has shown that the cooperation between different actors in regard to tourism can reduce tensions between them, since it provides opportunity to work towards a common goal and allows actors to learn about one another (Sonmez and Apostolopoulos 2000). Therefore it can be assumed that cooperation and interaction, especially in strong ties will help actors to find common ground. This is most important at the normative and strategic level, where the framework for the service delivery must be created between public and private interests.

St. Moritz and Åre both provide good examples of how this can be managed, even though they are quite different in how they structure the arrangement. Åre relies on an informal group of decision makers drawn from the most important actors, whereas St. Moritz is centred on a very strong tie between the local council and the tourism organisation. The key success factor in both cases is that there are strong ties between the central actors representing both the public and private sector. The strong ties are reinforced through regular meetings, joint projects, and joint investments.

Respondents in Wanaka on the other hand gave few examples of strong ties between the public and private actors. There are some strong ties between the different public actors,

which provide the basis for the development of legal frameworks to govern the destination. However, the fact that the private actors are not well integrated into this decision making process creates tensions that reduce the efficiency of the network. At the same time, the public actors also do not have the full support of the local population for their plans, as these plans are regularly challenged in court. The differences in the actors' interests prevent them from arriving at a common goal that all involved can support. Possibly, the purposeful development of stronger ties, through regular interaction and communication could have the same effect as it did in Cyprus, where tourism cooperation managed to reduce the tensions between long-term enemies (Sonmez and Apostolopoulos 2000).

In terms of weak ties, all three destinations have actors with weak ties to actors inside or outside of the destination. These ties bring in information, resources, or connections that help the actors in the destination to innovate and strengthen the network as a whole (Granovetter 1983). In Wanaka, these weak ties dominate, which could explain the lack of coherence between most of the actors. There is too much novel information and input being generated. The few strong ties in the destination can then not effectively implement the ideas, since there is no consensus between actors on what the best path is. This is once again demonstrated by the lack of joint planning between different actors in Wanaka. They each develop plans for where they believe the destination should be, without taking the time to seriously integrate the views of others. This is a counterproductive strategy, since the plans of the council, for example, must then first be ratified in court. In St. Moritz, the planning is conducted between the local council and the KVV. The weak ties that the KVV has with outside partners helps them to innovate and bring new information into the relationship.

There is also evidence in the cases that ties can transition from weak to strong. In Åre, the initial search for a partner for the event centre led to a weak tie connection with Holiday Club, who had proposed the integrated concept with the event facility and indoor sports and spa services. The actors in Åre had enough strong ties to work together on realising the project and managed to attract Holiday Club to the destination. Holiday Club now also forms an important part of the product as well as the strategic and normative planning process. A tie deteriorating from a close partnership to a weak tie is also assumed to be possible. The dynamic nature of the ties in regard to their strength is an interesting element to consider when destination managers work towards the structural optimisation of the

network. As the cases suggest, weak ties are present in all three destinations, but the balance between the strong and weak ties is required to successfully implement innovative concepts. Åre and St. Moritz have this balance, whereas Wanaka lacks the strongly connected actors that can drive implementation. The Åre example also shows how a weak tie can develop into a strong tie over time, if there is value to be gained in increasing the commitment between the actors. This is important for destination managers, since it means that there is a chance to take influence on the structure of the destination through strengthening or weakening ties to create the optimal mix.

Overall, the cases showed examples of weak and strong ties influencing the destination on all levels. The key factor in the structural optimisation of networks is the balance between efficiency and innovation, which was only achieved by Åre and St. Moritz. This means that they had both the innovative weak ties to bring in new information and the strong ties to efficiently implement the innovations. A success factor that can be described here is the importance of strong ties between the central actors, which gives them the authority and influence to drive the destination forward at the normative and strategic level. At the same time, the actors' individual interests must be satisfied, since this is what provides cohesion in destinations (Bieger 1997). The weak ties at all levels introduce the necessary new ideas to the destination, which drives development, but only if there is a structure to implement these in. This structure is also influenced by the contractual basis for the destination.

7.1.1.4 Contractual basis

The contractual basis of the networks differentiates between implicit and explicit forms of governance (Bieger 2006). Each case showed signs of both types of governance, but there was usually a dominant mode. The assumptions presented in Table 2.9 about the contractual basis of the governance modes were not confirmed in the cases. In fact, some surprising findings in both Åre and Wanaka led to a search for alternative explanations. Wanaka was assumed, based on preliminary research, to fit into the category of implicit contracts, meaning that social mechanisms governed the interaction between actors (Bieger 2006). However, although the actors did report social networks playing a role in the destination, the primary frameworks guiding the destinations were explicit legal guidelines. Both the Resource Management Act (RMA) and the district plan set out the guidelines for uses of resources and permitted activities in and around the Wanaka area.

Conflicts over interpretations of the plan were common with many actors reporting that they were unhappy with the framework, but did not know how to change it. This led to people trying to circumvent the restrictions, which, if detected, led to legal challenges. What this suggests is that the frameworks are not in the interest of all actors and therefore form an unsupportive basis on which to operate at the strategic and operative level. An example of this is that the strategic plans of the council must be defended in court at very high costs, which means that even if the plans were well made, they cannot be implemented, since there is too much disagreement between parties.

The conflict between actors, especially between public and private actors, leads to tensions that make it unlikely that an open dialogue will be initiated to solve the underlying problems. What is interesting is that not only the public actors say legal action is the only method to influence how the destination functions, but that the self-appointed environmental ‘watchdog’ UCES was also making use of the same mechanisms. They challenged new development projects in the environment court, if the project did not conform to their ‘high standards’ for environmental preservation, which some actors considered as unrealistic. Ambiguity in the interpretation of the legal documents led to this confusion, which could mean that if the documents more accurately related to each other and the local situation, these issues may not occur. So although the council, as the public actor, is supposed to represent the voting public, they enforce a legal framework that many disagree with. This top down approach works very well in St. Moritz, where the voting public is regularly consulted and has an active part in shaping the future of the destination. This suggests that an explicit framework, especially one that is enforced from the top down, must represent the views of the majority of stakeholders in the destination in order to be effective. Without the connection with the local population, it is likely to lead to strife.

In the Åre case, explicit contracts between Skistar, the lead firm, and the other actors were assumed to govern the destination. However, this was not entirely the case. At the normative level, the Vision 2011 group, which is informal and with no operational power directed the destination’s future. Although Skistar was of course involved in this group, they were not as dominant as was assumed based on preliminary research. The representatives who participated in the group trusted each other to act through their own organisation when implementing the decisions of the group. They mentioned that the small

group size and the mutual trust between them allowed them to take up issues that could not be discussed in front of a larger audience. Hence, the security of the social bonds between them helped them to approach the issues in the destination with a combined effort. In the example of the event venue or the skiing World Championships, these social bonds between the actors led to formalised agreements around the projects.

These findings suggest that each contractual basis can work equally well, as long as it matches the situation. In Wanaka, where there is little trust between actors, an informal vision group, like in Åre, is unlikely to work. At the same time, a strict legal framework would constrain the actors in Åre and prevent them from achieving their goals with such innovative solutions. Hence, the results suggest that a classification based on the types of contracts is very context dependent and is unlikely to match a particular network type. Since the contractual basis provides cohesion to the network, it is important in all networks, but cannot be assigned as clearly as I attempted in Table 2.9. This means that although the analysis of the contractual basis that governs destinations is valuable, it is not necessarily linked to the other network factors.

7.2.2 Difference between levels

The results show that the network structures at the three levels of management were different in all three destinations. This in itself is not a surprise, since other research has already shown that networks can be studied at different levels of analysis (Tinsley and Lynch 2001; Jäger 2006). However, an analysis of networks at the different levels of destination management is a new approach and represents one of the contributions of this thesis.

7.2.2.1 Trends in the network factors

The results from the cases suggest that there are trends in the network factors at the three levels at which they were analysed. This means that analysing the factors at the three levels provides deeper insight into the underlying structure of the destination networks. Each trend in the network factors is now described based on the case results.

Centrality

Centrality of individual actors can be high at any level of the destination, since actors can gain their power or influence from exceptional resources, competencies, or connections at any level (see Table 7.2 for a description of the sources of power). That power at one level

can then be leveraged to influence other levels. The normative level is where most of the central actors will be found, since if they have power in either of the other two levels, it is in their interest to help shape the normative direction.

Density

As discussed in Section 7.2.1.2, the density of the networks is greater at the normative level, since there are fewer actors involved. Since dense networks increase efficiency, this would suggest that there are also higher efficiencies at the normative level. However, this is not necessarily the case since this also requires some strong ties between actors at the normative level, ideally between all of them. Dense networks like the Visions 2011 group have the advantage that the mutual relationships between all the members make information exchange and also decisions very efficient. The fact that they all have project-based strong ties enhances this effect even further.

Strong/weak ties

Strong and weak ties can occur at any level of the destination, but the results have shown that it is important for the most central actors to have strong ties. This enables them to make decisions at the normative level and implement these both strategically and operatively. Both Åre and St. Moritz showed examples of how these arrangements can function in quite different ways. Åre working with an informal group of key decision makers and St. Moritz focusing around a very strong tie between the tourism organisation and council. The information or additional input from the weak ties could then be utilised to improve the competitiveness of the destination. There was no clear trend in the weak ties, as they were present at all levels.

Contractual basis

Both explicit and implicit mechanisms were detected at all three levels of the destination, in some cases simultaneously. This suggests that even if a primary mechanism can be determined, both can influence how the destination functions. The explicit legal guidelines in Wanaka for example were supplemented between social ties between actors. However, the dominant explicit basis in Wanaka was still less effective in providing normative direction, than the implicit bonds between the primary actors in Åre. Quite the opposite is true in St. Moritz, where the explicit agreements between the primary actors provided a good framework for the destination.

Since this was a small sample study intended to build new theory, the results from this section will provide the basis for follow-on research with a larger sample in the future. Something to note here is that the more structured destinations, Åre and St. Moritz, were also easier to study and present in writing. There was generally more order and also a greater understanding among the actors interviewed of how the destination functioned. This made it much easier to determine the key actors and related processes. Tourists or other stakeholders coming in touch with these destinations may receive the same impression, which could influence their judgement of the destination. This is a promising area for future research. I will now discuss the issues pertaining to each of the three levels of management in greater detail and with reference to the cases.

7.3 Normative issues

The normative level ensures the overall viability of the destination by creating a framework in which the strategic aspects of the destination can be realised. In this section I will discuss the different themes that emerged from the interviews regarding the structures and processes that facilitate this level in the three destinations. The section is divided into two subsections, which focus on the normative structures in the cases and the cooperation between actors.

7.3.1 Normative structures

In Chapter 2 I argued that leadership in destinations differs depending on the type of governance structure at the destination. It could be in the form of a single large actor that surrounds himself with a strong network or a group of different actors that together have enough power to lead and influence the destination. If it is a group of actors, they can be referred to as local elites, which form networks that provide the basis for any leadership (Bieger, Derungs et al. 2006). In regard to the normative structures the cases have shown very different structures. This was expected, since they were chosen based on their assumed structural difference. However, some of the findings contradicted other assumptions made based on literature. This section now discusses the findings in relation to the leadership structures of the three destinations.

As identified in Table 2.3 the four primary groups that must be taken into account in a destination are the voting public, political bodies, tourism organisations, and the individual

companies. In a practical sense, the political bodies represent the voting public and the tourism organisation represents the individual companies. Therefore the primary relationship that ought to be managed is that of the political bodies and the tourism organisation. The cases provided some interesting insight into how these arrangements may be organised. In St. Moritz, the KVV and GSM are the perfect example of this dual leadership. The strong ties and close cooperation between these two actors binds the interests of the destination together and allows them to manage the destination strategically.

One key feature in making the interaction between public and private actors work seems to be the attitude of the public administration. AM in Åre for example was very open to and supportive of business and tourism development, which made them a good partner for the private sector. One reason for this may be the power that the private actors have, both HC and SS through their sheer size and influence, as well as AF through their broad base of members.

7.3.2 Cooperation between actors

The normative network in Åre shows a very high level of reciprocity (Kilduff and Tsai 2003), which means that the actors are not just connected through a central actor, as would be the case in a hub and spoke network, but instead also connected amongst each other. This makes the network more robust and denser. At the same time, all the actors involved at the normative level also have many connections outside of this core group. This provided the much-needed balance to the very dense core, giving them access to outside information and funding.

This contrasts to Wanaka, where the normative level was less densely connected. In fact, in many instances there was no indication of wider cooperation. The WCB did interact with the QLDC and LWT, but it was more sporadic and there were no signs that there was ongoing cooperation. An example is the Visions 2020 exercise conducted to plan the future of Wanaka and get buy in from the actors. Although there was general agreement that it was a good exercise, there was little hope that it was going to be implemented and have the impact it could have had. One reason for this may be a difficult relationship between the QLDC and the business community.

As was introduced in Table 2.3, the cohesion in a destination is secured through the satisfaction of the actors' individual interests, where the primary institutions are the voting public, political interests, tourism organisations and tourism companies. This of course raises challenges, when there are such different groups involved. One of the primary challenges is the alignment or negotiation between the different interests, which is the responsibility of the actors at the normative level. The cases provided evidence that the alignment of the actors in the destinations is impacted by the constellation of actors at the normative level. The important stakeholders mentioned above need to feel part of the direction setting and feel that their interests and concerns are being considered.

In all cases, there were both public and private interests represented at the normative level. The public actors were in all cases representatives of the voting public, however how they met this obligation differed based on the political system. St. Moritz, where referendums are held multiple times each year and where important tourism investment decisions are put to the vote, appeared from the interviews to have the most supportive population. One reason given for this was that they are supportive, since they are always asked. This suggests that the local population appreciates being involved in these decisions and that involving them actually improves their relationship to the industry. Another reason may also be the long history St. Moritz has with tourism, which means the population is well aware of their reliance on it. An association and/or large actors that had the power to gain their own 'seat at the table' generally represented the tourism industry.

The relationship that has emerged as important in all the destinations is the matching of the tourism interests with that of the local population. This is part of ensuring the viability at the normative level, since the support of the local population is perceived as vital for tourism development. The findings show that all three destinations approached this problem from a different perspective and with different methods. St. Moritz was the most structured example, since the Swiss system of direct democracy forces public actors to have their plans accepted by referendum amongst the local population. This creates a very open and transparent decision making process, which brings the decisions closer to the people and also helps the council in St. Moritz to gain support for their projects. In fact, it is likely that the simple process of asking the permission of the population had the effect of improving their relationship to the tourism industry.

The same was observed in Åre, where the Vision 2011 group also cooperated based on mutual trust. Interesting in that case is that the group was much more evenly balanced than was assumed based on initial research. Although Skistar provided the majority of the winter product and did drive the destinations marketing in winter, they were very cooperative and supported the other actors in fulfilling the vision of operating the destination all year. Hence, the core was a very tight network, rather than one lead firm with the other operators in the ring. This supports previous findings that even dominant players in a network cannot offer the entire destination product (except for extreme cases like amusement parks or cruise ships) and therefore still rely on the cooperation of other local actors (Von Friedrichs Grängsjö 2003). Although a coercive approach to aligning other actors with the lead actor is potentially possible, this was not observed in Åre and a much more inclusive approach was taken. This could be culturally motivated with the Swedish Jantelågen specifying an unwritten law for no one to stand out in Swedish society¹⁰. This means that people are more likely to work for the collective good.

A less clear defined governance network at the normative level, as was found in the case of Wanaka, increases the level of conflict between actors. It is therefore proposed that visions and clear identities in a destination affect the outcome of destination levels activities by providing a common structure.

7.4 Strategic issues

The strategic level is concerned with the marketing and management of the destination. These activities ought to be based on the normative framework and set the guidelines for the co-creation of value at the operative level.

7.4.1 Strategic structures

An interesting development in Åre was the desire of the actors to introduce a new DMO to market the destination. Although the actors suggested that the marketing was working well as it was, the DMO would be introduced to support Skistar in their winter marketing and assume responsibility for coordinating the varied summer product. Since the summer product is offered by a more diverse group of actors, it also requires more coordination.

¹⁰ This concept was first observed in the novel “A fugitive crosses his tracks” (En flyktning krysser sitt spor) by Aksel Sandemose in 1933 and has since become a part of Skandinavian culture.

Holiday Club, who managed the summer in their first year in Åre, no longer wanted to take the lead on this, so now the actors are looking to jointly finance a DMO to take on that role. This move towards a DMO to coordinate the summer suggests that DMOs are particularly useful when heterogeneous actors provide the product. A dominant actor in the product provision, like Skistar, can, or maybe even should, lead the marketing and management of the destination. This is especially true when, like Skistar, the lead actor is also the main beneficiary from any business in that season.

7.4.2 Cooperation between actors

The local council plays a more active part in the management of St. Moritz than in the other destinations. They contribute heavily to the funding of the RTO and even own the ski field in the village. The branding of St. Moritz is impressive, having been the first ever locality to copyright its name. This gives them leverage, especially in their targeted top end or luxury market segment. At the strategic level, Åre presented an interesting case. Although the Vision 2011 group wrote the normative vision for the destination, the individual actors developed the strategies for how the set goals were to be achieved. Of course, there was cooperation there also, as in the example of the World Ski Championships and the development of the Mix Megapol Arena. However, the Vision 2011 group did not implement any of this, since they are not operative.

Another fascinating finding was the difference between the network structure in summer and winter. Skistar dominated the winter season, performing the marketing almost by themselves. This makes sense, since due to their high involvement in the delivery of the services they are also the primary benefactors of a strong winter season. However, in summer they stepped back from this leadership position and let HC and a group of others do the marketing. SS still contributed what they can to the summer product, in terms of operative services (lifts, facilities, etc.), but at the strategic level the summer is not as important to them. Yet they contribute to summer because they know it is in the best interest of the village as a whole. This shows that although SS is the largest operator and can stand on its own two feet, they do take care of their partners in the destination and the village as a whole.

An example describing the creation of a value potential between actors are ski passes, which is a product common to all the destinations, but which is managed entirely

differently in each. In St. Moritz, the ski passes are provided by the regional ski field association, which allows tourists to visit any of the resorts in the region without having to buy separate tickets. St. Moritz is different to Wanaka, where there is fierce competition between ski fields and no joint tickets or packages are offered. One respondent in Wanaka actually expressed desire for this sort of integration and cooperation between providers. The difficulty of providing this sort of integrated product in Wanaka could be due to the SME nature of the product providers as well as the lack of cooperation at the higher levels. If no explicit contractual agreements are in place to coordinate the input of services from various providers as well as the distribution of benefits/profits to the various network players a coordinated product may become more difficult. As destinations grow, the social networks based on trust and possible sanctions in case of misbehaviour can no longer constrain opportunistic action and more formal arrangements may be necessary. In Åre, Skistar holds a monopoly on lift passes and therefore combines this part of the service. In fact, they add extra value since they can also sell tickets to any of their other destinations in Sweden or Norway. They also operate some complementary services, including ski hire, ski schools and accommodation, meaning that they can provide full service packages without including other actors.

7.5 Operative issues

The operative level is where the actual co-creation of value takes place with the tourists. The structure of the destination network and the processes that occur at the higher levels of the destination provide the framework on which the service suppliers can orientate themselves.

7.5.1 Framework effects

While all the destinations offered a full service spectrum for an alpine destination, including ski resorts in winter and hiking in summer, the way these were coordinated varied greatly.

In Åre and St. Moritz, where strong relationships between the central actors and clear structures were detected at the normative and strategic level, the respondents also provided more examples of positive interaction at the operative level. This included joint product development, provision of regional ski passes, and joint coordination of events. In

Wanaka, where the structures at the higher level were not clearly defined, actors gave many examples of conflict and discontent. These findings would suggest, that the operative level functioned better in destinations where better frameworks were developed at the normative and strategic level.

Since the customer's opinion was not asked in this study, the valuation of the 'quality' of the coordination was based on what the interviewees reported and my impressions from my visits to the destination. The availability of integrated tourism experiences and linkages between different service providers are thought to be good indicators of effective coordination.

7.6 Discussion of research question

The discussion in this chapter has so far focused on the individual research issues across the three destinations. In this section I will now bring the individual insights together to answer the research question.

In what ways does a destination's network structure affect the destination's normative, strategic and operative management?

The previous sections have shown that the network structures affect the destination management at the different levels. In fact, the networks in the destinations studied showed that there are also different structures at each level. This means that care must be taken when analysing destination networks, since studying the network as a whole, without differentiating between levels could lead to inaccurate results. Examples were provided of how these network structures influence each separate level. The next sections now provide discussion on the influence between levels, followed by the success factors for destination management.

7.6.1 Influence between levels

Section 7.2.2 discussed the differences between the networks at the different levels. This section now introduces the relationships between the different levels and how they influence each other. The basic logic between the management levels is that they reinforce each other, as shown in Figure 7.1. The normative level creates supportive framework conditions that facilitate the creation of value potentials at the strategic level. These potentials are then operatively implemented and value is co-created together with the

tourists. This is shown here as a virtuous cycle, where the levels add to each other and create more value over time. However, problems at any one of the levels can also lead to decreases in the viability, value potentials and actual value co-created. This can be related to destination branding, which also has different levels. A vision informs the strategic implementation of the brand and when the tourist then visits and comes in contact with the ‘onstage’ staff member that represents the brand, value is co-created in the service encounter. If the encounter is positive, the value of the brand in the eyes of the consumer will increase.

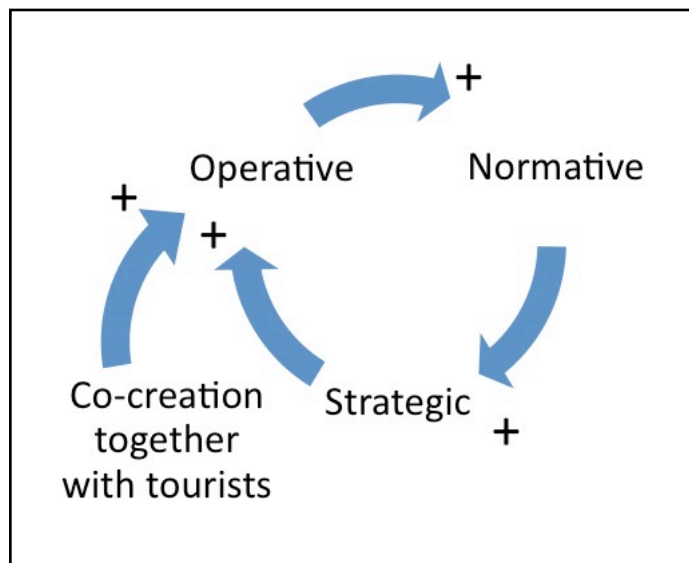


Figure 7.1: Cyclical reinforcement between levels

7.6.2 Success factors

A summary of the success factors at each level of the destination is presented in Table 7.3. Each of the success facilitators emerged from the analysis of one or more of the cases.

At the normative level, where the goal is to ensure the viability of the destination, the involvement of the primary stakeholders as well as the cooperation between actors was most important. This is closely related to the leadership of the destination, which is generally provided by the most important actors in cooperation. Strong ties and high density of the networks at the normative level in Åre and St. Moritz achieved the most consistent framework for the other levels to operate on.

	Goal	Success facilitators
Normative level	Destination viability	<ul style="list-style-type: none"> - Involvement of key stakeholders in the process - Cooperation between central actors - Leadership - Strong ties between central actors - High density
Strategic level	Creation of value potentials	<ul style="list-style-type: none"> - Cooperation between marketing and managing actors - Strategy aligned with normative vision - Strategy aligned with resources base and capabilities of actors
Operative level	Value co-creation	<ul style="list-style-type: none"> - Customer focus - Joint products - Information sharing

Table 7.3: Success factors for destination networks at different levels

Flowing on from the normative direction, the strategic level, the cooperation between the marketing and managing actors was important, since these two need to complement each other. Åre and St. Moritz, which demonstrated the most alignment of the strategic level with the normative, were also the most successful in their marketing. In addition, the alignment with the actors' resource base was necessary to present a consistent set of value potentials to the market. Specifically, the clear differentiation of the actors' competencies reduced tension, since it lessened the direct competition between them.

When actually delivering services to tourists, the focus on the customer is a success factor, as in any other business. However, in a destination this is made more difficult by the involvement of a large number of individual operators that together provide the service to the tourists. The cases showed interesting examples of how to improve this customer focus, through joint education projects as well as detailed information sharing.

The definition of these success factors represents an important contribution to the theory of destination management. Analysing networks at the different levels provides a more precise picture of the management processes that influence the destination. The success

factors provide a basis for managers to determine how their organisation is performing and how they may become more successful.

7.7 Conclusion

This thesis goes beyond many of the destination marketing models in that it aims to analyse the internal structural dynamics in a destination. Marketing a destination as a black box and without regard for the complexities of the networks that drive them is likely to be futile. A three-layer approach, based on the logical levels of management from the St. Gallen management model, has the advantage that it allows the separation of critical issues at these levels. At each level a number of success factors have been identified that help to enhance our understanding of the practical management steps that can be taken to improve destination performance.

This chapter summarised the findings from the three cases in relation to the research issues presented in Section 2.6. The results were discussed across cases and in relation to relevant literature, allowing conclusions to be drawn regarding the questions asked. The actual research question was also discussed and success factors for the destination levels presented. The following chapter concludes the thesis and provides recommendations for policy, further research and practice that were gained from this research.

Chapter 8 - Conclusion

8.1 Research summary

Three comparative case studies have been conducted on tourist resorts having a common property of providing winter sports and associated facilities. They are: Wanaka in New Zealand, Åre in Sweden and St. Moritz in Switzerland. The cases were compared on the characteristics of their networks to determine the effect the networks have on the management of the destinations at the normative, strategic, and operative levels. The cases displayed different approaches and different structures for destination marketing and management. Additionally, the networks not only differed between destinations, but also between different levels, which is an important finding from this thesis. This demonstrates the need for each destination to work within the boundaries of its context in order to develop the most appropriate destination marketing strategy and structure for implementing it. Marketing in networked tourism destinations will always require a cooperative effort and coordination will be the major hurdle to achieving the desired level of cohesive marketing and management. Destination networks face the challenge of coordinating the various components of tourism, with the goal of providing visitors with a unified and coherent experience. The way this is managed at the normative, a strategic and operative level differs based on the destination's network structure. This was supported by the findings of the cases reported in this thesis.

The findings from the normative level show that different structures can succeed at coordinating the components of tourism. However, the underlying objectives of the actors are the same and hence the different cases should be able to inform a more general or etic level of understanding for the coordinating process. The primary factors that emerged from the research are the need to generate consensus between the most important stakeholders and then agree to move forward on a chosen path.

8.2 Conclusions about the research issues

Seven research issues were presented in Section 2.6: each investigated a part of the overall research question. Conclusions for each issue are presented, leading towards the conclusion on the research question in Section 8.3.

8.2.1 Research issue 1

RI 1: Do the network factors differ between destination types? And how?

Yes, the network factors differ greatly between destinations. Table 7.1 showed the different network types based on the network factors examined in the cases. Some differences were observed from the initial assumptions from Table 2.9, which can be used as a basis for future research to differentiate between how these network types are structured. Table 7.2 provides a classification of the different sources of influence that give actors centrality in a network. Density was shown to decrease at the lower levels, since there are more actors involved. In relation to strong and weak ties, the findings showed that the most important strong tie that raises the efficiency in a destination is the connection between the public organisation and the tourism organisation. Weak ties brought in new information and resources, but strong ties within the destination were required to exploit the advantages. The contractual basis for network governance differed between destinations, but not as expected based on the literature. Where Wanaka was expected to be coordinated through implicit contracts, much of the coordination was actually facilitated through explicit, legal contracts and frameworks. In Åre, where explicit coordination was expected, the actors coordinated most of the strategic decisions through an implicit forum, with no binding legal framework. These new insights into the structures of these destination networks challenge existing theory on network structures and provide a basis for new models.

Of course it must be noted here that this research was exploratory and the differences between destinations ought to be tested in a quantitative study with a larger sample size to see if the new propositions hold. This will be discussed further in Section 8.7 along with other future research proposed based on these findings.

8.2.2 Research issue 2

RI 2: Does the network structure differ between levels of destination management?

Yes. In all destinations, there were different types of actors involved at the various levels and the overall network structures were also different. The primary conclusion reached for this issue is that the analysis of destination networks ought to account for the different levels in the destination. Since the networks are charged with quite different roles at each level, the actors involved should also change, based on their competencies. Of course, this is all context-dependent and every destination will be different, however the interaction between the levels provides a framework for analysing the local situation.

8.2.3 Research issue 3

RI 3: Does the network structure affect the normative management of the destination? And how?

I conclude that yes, the structure of the network does affect the normative management of the destination. In support of Bieger et al's (2006) thesis on regional leadership, the findings show that indeed there are signs of elite groups that take an active part in the development of the destination. In fact, signs of leadership from strong personalities or groups are apparent in all destinations under study. The most effective arrangements were observed in Åre and St. Moritz, where tightly connected groups of actors provided the leadership at the normative level. These actors developed guiding frameworks for the destination to function in. However, they did so in quite different ways. St. Moritz was structured more around explicit agreements between the central actors, whereas in Åre the group providing the vision were implicitly and informally connected. Both arrangements worked well, since they both provided a framework for the strategic and operative level actors to make their contribution to the destination.

Centrality of the actors involved is largely based on the same sources of influence as for the other levels. However, what seems to be important for consistency is that some actors involved at the lower level, or in the case of large actors, all levels, are involved. To find common solutions, both the private and public actors need to be involved in decision making. Overall, a more structured network with clear division of competencies provides a better basis for developing value potentials at the strategic level. Another reason is the involvement of the most important actors in the decision making process, which makes it more likely that the decisions actually get implemented.

8.2.4 Research issue 4

RI 4: What influence does cooperation between actors have at the normative level?

Cooperation between actors at this level influences the overall well being of a destination. It is here that the actors negotiate on their interests in order to find a common denominator, which then influences the lower levels. Hence, if the actors do not agree to the overall framework here, then this will have detrimental effects at the lower levels. The two most important ingredients for this are the involvement of all important actors in the decision making process as well as their willingness to cooperate. Difficulties that appear to hinder the process of finding a common vision between actors are a strong conflict of interests between groups, direct competition between actors, and a lack of leadership from central actors.

8.2.5 Research issue 5

RI 5: Does the network structure affect the strategic marketing and management of the destination? And how?

Yes, the network structure affects both the strategic marketing and management of the destination. One interesting finding in regards to the leadership is that it changes depending on the objective of the network and in accordance with an actor's ability to solve a particular problem. For example, in Åre a different actor took the lead in regards to summer, rather than winter. In fact, the whole product differed, so it required different actors to provide the experience and different tourists were involved in the co-creation. This implies that different strategic networks are necessary to target different markets or to satisfy certain demands. This differentiation can be by season, market (St. Moritz difference between regional and international markets), or different objectives (such as sustainable Wanaka vs. developer network in Wanaka). At a normative level it is important for the different strategies to complement or at least not harm the others goals. Otherwise the virtuous cycle is broken and the destination will stagnate.

8.2.6 Research issue 6

RI 6: What influence does cooperation between actors have at the strategic level?

Cooperation is an essential facilitator for the destination at the strategic level. The most important factor is the matching of the marketing, what is promised, with the management, what is delivered to tourists. These two should match closely and hence good cooperation

between those actors performing the marketing and those managing the provision of services need to agree at the strategic level. This sets the stage for the frontend delivery of services to tourists at the operative level.

There is no one clear process for achieving this, since both the strong relationship between the council and tourism organisation in St. Moritz and the informal arrangement between the core actors in Åre are successful. The lesson learned from this issue is that successful integration of the actors' interests at the normative level facilitates the strategic cooperation.

8.2.7 Research issue 7

RI 7: Does the structure of the network(s) at the higher levels influence the service delivery at the operative level? And how?

The findings from all cases suggests that yes, the framework conditions set at the higher levels influences the service delivery at the operative level. Examples are the training of front-end staff and provision of accommodation for staff, which both must be facilitated at the higher levels of management. Cooperation between actors at the operative level increases, if they agree to common strategic objectives at the higher levels. When no cooperation or alignment at the higher levels occurs between actors, then it is unlikely that they will cooperate operatively. However, the alignment on destination level activities does not guarantee the cooperation at the operative level, since there are different value sets involved that allow for co-opetition at different levels (Von Friedrichs Grängsjö 2003).

Overall, the higher level networks and the frameworks for tourism they provide influence how the frontend services are delivered. Having large service providers involved at the normative, strategic and operative level, like Skistar or Holiday Club in Åre, for example, is an advantage, since it stabilises the flow between levels. Also, having large operators that focus on different parts of the service provision leads to greater cooperation between them since they complement each other and do not compete directly.

8.3 Conclusions about the research question

The individual research issues together allow inferences to be made about the research question, which was presented in Section 2.6.

In what ways does a destination's network structure affect the destination's normative, strategic and operative management?

First of all, the research findings indicate that the network structure has an effect on destination management at all levels as well as between levels. The more connected the different actors are that operate at the various levels, the better the destination system as a whole seems to function. When relating this back to the three levels, it could be stated as follows:

1. At a normative level, networks provide the structure in the destination, the elite network is a strong facilitator for vision setting, and a strong group of core actors allows continuity in a destination, which in turn facilitates the building of a strong framework for strategic and operative action.
2. At a strategic level, the actors involved create the value potentials that set the stage for the co-creation of value at the operative level together with the tourists. The primary activities focus on marketing the potentials in order to draw tourists to the destination and creating systems that can add value to the tourist experience once they arrive in the destination.
3. The operative level must deliver on the promises made by the marketing and in line with the identity and vision for the destination. Providing aligned service offerings, looking at the triple bottom line, which improves buy-in from stakeholders, and ensuring quality customer interactions (living the brand) creates an operative implementation that is likely to lead to a virtuous cycle of value co-creation.

Overall, it can be stated that the network structures in a destination seem to have an effect on all three levels of the destination. Hence, destination managers at all levels need to be aware of the networks they operate in and aim to improve their network position in order to create the most value for their own organisation as well as for the destination as a whole.

8.4 Implications for theory

The research findings suggest that theories of destination marketing and management ought to take into account the networks of actors in the destination and how these affect the various levels. On a practical level, this means that before developing a marketing strategy for a destination, the actors are well advised to take stock of the dynamics within the destination and to align normative, strategic and operative considerations. The same applies to researchers, who should acknowledge and integrate the different levels of networks into future research.

This thesis contributes to the destination marketing literature in three ways. First, The thesis integrates the Swiss tourism and management literature with English literature to suggest a new framework for analysing destinations, based on three levels of management. Secondly, it operationalises this model in three international case studies and clearly differentiates between different types of destination networks, providing criteria for their analysis. Thirdly, the results of the research distinguish key success factors for operating in networks at the three different management levels. These were presented in Section 7.6.2. The implication of these is that tourism marketing must be considered within the overall framework of the three management levels, since the success factors build on or detract from each other. Marketing management research ought to acknowledge that destinations are made up of networks that differ in their structures and affect the destination at different levels. This means that destinations ought to be studied as the complex systems they are and not as black boxes that can be marketed, branded or sold. This adds a level of complexity to the study of destinations, but will simultaneously allow for more precise research and definitions of the underlying factors that drive or influence the marketing, branding and selling of a destination.

Since tourism destinations can be seen as an example of network competition, the cooperative success factors identified can likely also be applied to other cases of cooperative competition, like production networks or other virtual service firms. The success factors at the three levels of management can also apply to these, but different types of actors will need to be considered. Not all production networks will have such a strong reliance on public/private partnerships, which are essential in tourism. The successful cooperation between the private and public sector strengthens the destination,

because they each have their roles to play in the provision of the tourism product. In other industries, private actors may only need formal arms-length relationships to public actors for bureaucratic purposes.

8.5 Implications for policy

Since policy is the responsibility of the normative management level, these implications largely concern those involved at this higher level. The key findings are that the networks at the normative level have a strong influence on the operation of the destination at the lower levels. An important insight gained is that a combination of private, public and NGO actors at the normative level provide a good basis for integrative decisions. This has the added advantage that such decisions are more likely to gain support from other local stakeholders.

It is likely that policy makers in a destination, especially small village or resort destinations, have a good knowledge of the primary actors involved. They are in a good position to use that knowledge to bring the right people into the planning process. However, as was shown in St. Moritz and Åre, it requires strong personalities to initiate this dialogue. A further recommendation is to ensure that all actors involved in this process are aware of the network character of a destination and are willing to cooperate to grow or improve the pie for all actors in the destination. This might mean setting aside competitive instincts and cooperating even with competitors. This co-opetition was already observed by von Friedrichs-Gränsjö (2003), but has been reconfirmed in this thesis. The analysis of the destination at three levels has provided additional information on where the cooperation and competition are placed within destinations and how policy at the higher levels can help to reduce tensions at the operative level.

8.6 Implications for tourism managers

The implications for practitioners are multi faceted, since the term includes people in varying positions. For a destination manager and/or marketer, the results suggest that networking, relationship building, and communicating with stakeholders may well be the most important activities. The research showed that in the three destinations, different approaches were taken to both marketing and management of

the destination. However, the actors identified communication in all destinations as critically important.

For a tourism operator the implications are that the awareness of the destination network and its dynamics is important. Each manager should be aware that they are unable to win without contributing to the greater good of the destination. Hence, cooperative strategies, aimed at growing the pie (in Brandenburger and Nalebuff's (1996) words), and joint innovation have the potential to lead to long-term growth in the destination.

By learning from the cases studied for this thesis and the resulting model, destination managers and tourism managers in general will be able to position themselves better in order to take advantage of or improve their position within the network. Managers at all levels can use Table 7.2, outlining the different types of centrality in the networks, to analyse what type of influence their organisation has and how they may increase it. This can allow actors that mainly operate at the lower levels to grow their influence within the destination and take influence at the normative level, if they desire.

8.7 Limitations and Further Research

This thesis has presented new insights into how destination networks influence the management of the destination at the three management levels. One limitation is that the research paradigm chosen, with its focus on generalisation to theory, and the qualitative methodology do not allow for generalisation to the population. This was also not the purpose of this thesis, but is considered useful in a next step. Therefore the insights presented in Section 7.6 ought be tested using quantitative means to compare the findings across larger samples. This will provide a more objective view of how these destinations operate and what influence the networks have. Similarly, a limitation is the study and comparison of destinations across different countries. Although great care was taken in the set-up of this study, the different contextual variables influencing the management of the destinations could not all be accounted for. Studying multiple destinations within a country, will allow researchers to determine the effect of the national environmental variables on the networks and the resulting strategic decisions. A further limitation is the focus on peripheral, alpine destinations with skiing as the primary tourist activity in winter. In order to be able to generalise the theoretical insights to a broader population,

follow-up research should examine different types of destination as well. This could for example include beach resorts, urban tourist centres, or even the internal network structures of a large amusement park.

In extending the examination of the three levels of tourism management, it would also be interesting to test how these findings hold up in tourism in the under-developed or developing countries. It could be assumed that there, where political and regulatory frameworks are not so well established, social interaction and communication becomes even more important. However, trust between the different actors may also be diminished through the lack of good governance, corruption, and other destabilising factors. Overall, destination marketing in developing countries has not been researched in much detail and if tourism is used as a tool for development, it would benefit from further theory development in this area. Network models, taking into account social ties and different levels of management are likely to provide a good point of departure for theory development.

As mentioned earlier, I observed that the more structured destinations, Åre and St. Moritz, were also easier to study and present in writing. This was evidenced in more order and also a greater understanding among the actors interviewed of how the destination functioned. This made it much easier to determine the key actors and related processes in each destination. Tourists or other stakeholders coming in contact with these destinations may have the same impression, which could influence their judgement of or experience in the destination. It would be interesting to test whether the structure of a destination has an impact on the tourists' judgement of it. This raises the questions: Do more clearly structured destinations provide better services and co-create more value in the eyes of the tourist?

On a more general level, tourism destinations were the focus of this study, but they are only one example of a virtual service firm or a strategic network. The results from this study and the application of the three logical levels of management to other network structures would need to be researched in order to test the applicability in other contexts. Since models and literature have been drawn from different fields, including strategic management, service management, and general marketing theory, the results could be integrated into these fields where appropriate. The management of virtual service firms in

other industries could be a particularly fertile ground to apply these new theoretical insights.

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Appendices

The following appendices provide additional information that was too large to include in the text itself. A list of the appendices and their titles are provided below.

Appendix A: Interview topic guide

Appendix B: List of secondary research documents

Appendix B: Information sheet

Appendix C: Consent form

Appendix A: Interview topic guide

This appendix shows the topic guide for the interviews, but is not a complete list of all questions asked. Other follow-up questions were also used to encourage discussion during the interviews and to follow emerging topics of interest.

1. Interviewee Background – to determine level of experience
 - a. Might include: Qualifications, jobs held, industry experience, etc
2. Thoughts on the structure of the destination, including major players and governance
 - a. Who is their own organisation?
 - b. Who are the stakeholders/other players?
 - c. How is the destination governed? Who is in charge?
 - d. Who are the key players or decision makers?
 - e. What are the relationships between them?
3. Thoughts on stakeholder communication within the destination
 - a. Who communicates with who?
 - b. How do the various groups communicate? Formal/informal communication?
 - c. Do they cooperate?
 - d. Is there conflict?
 - e. How important is communication for success of the destination?
4. Thoughts on strategic decision making in the destination
 - a. How is strategic planning approached?
 - b. Who is involved?

Appendix B: List of secondary research documents

This appendix shows a list of the supporting documents and websites that were used for the case descriptions in Chapters 4-6.

1. List of supporting research documents

Wanaka:

Wanaka 20/20 document

Lake Wanaka Tourism Marketing Plan

Åre:

Vision 2011 presentation

Förstudie till Holiday Club

Destinationsutvecklingsprocess Åre - Delrapport 2 (by R. Hedung)

St. Moritz:

Printed material from the Gemeinde St. Moritz

Strategic plan KVV

2. List of websites consulted as part of the research

Wanaka:

www.lakewanaka.co.nz (LWT)

www.qldc.govt.nz (QLDC)

www.sustainablewanaka.co.nz (SW)

www.doc.govt.nz (Department of Conservation)

www.stats.govt.nz/ (National statistics official website)

Åre:

www.skistar.se (Skistar – consumer site)

www.corporate.skistar.com (Skistar – corporate site)

www.are.se (AM website)

www.holidayclub.se (Holiday Club)

www.jamtland.info (Jämtland Härjedalen Tourism)

www.naturensbasta.se (Nature's Best – Ecotourism)

www.visitare.se (Åre tourist office)

St Moritz:

www.engadin.stmoritz.ch/sommer/de (Regional tourism organisation)

www.stmoritz.ch (KVV)

www.gemeinde-stmoritz.ch (Gemeinde St. Moritz)

Appendix C: Information sheet

INFORMATION SHEET FOR PARTICIPANTS

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request.

What is the Aim of the Project?

The purpose of the project is to examine tourism destinations as competitive units and to determine whether the organisational structure of a destination has an effect on the strategic decision making process of the destination and what these effects are. This research project is a part of my studies for the title of Doctor of Philosophy in Marketing Management.

What Types of Participants are being sought?

The participants for this study will be key decision makers in the destinations under study, because they are likely to have a more macro view of how the destination as a whole functions. The aim is to speak to people with varying backgrounds to get a broad picture of the destination. All respondents are thought to be experts and professionals with experience in tourism related issues.

What will Participants be asked to do?

Should you agree to take part in this project, you will be asked to take part in two interviews of around one hour's duration. The interviews will not follow an exact protocol and will therefore vary in length. The second interview will be shorter than the first and is aimed at clarifying issues raised in the first round of interviews.

Please be aware that you may decide not to take part in the project without any disadvantage to yourself of any kind.

Can Participants Change their Mind and Withdraw from the Project?

You may withdraw from participation in the project at any time and without any disadvantage to yourself of any kind.

What Data or Information will be Collected and What Use will be Made of it?

The data to be collected during the interviews comprises a small amount of background on the participant and their opinions as well as experiences with the topic area under study.

This project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops. Consequently, although the Marketing Department is aware of the general areas to be explored in the interview, the Department has not been able to review the precise questions to be used.

In the event that the line of questioning does develop in such a way that you feel hesitant or uncomfortable you are reminded of your right to decline to answer any particular

question(s) and also that you may withdraw from the project at any stage without any disadvantage to yourself of any kind.

The data will be collected to study the destination as a competitive unit and to determine what communications processes underlie strategic decision making at the destination. By interviewing a number of experts it will be possible to gain a macro view of the issues that the destination faces as a whole.

The original transcripts will be used to compile the issues raised by the respondents. The original transcripts will only be accessible to the researcher (Mr. David Ermen) and his supervisors (Prof. Phil Harris and Assoc Prof. Juergen Gnoth).

The results of the project may be published and will be available in the library but every attempt will be made to preserve participants' anonymity. Original quotes will only be included with the explicit consent of the respondent.

As a respondent you are most welcome to request a copy of the results of the project should you wish.

The data collected will be securely stored in such a way that only those mentioned above will be able to gain access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

What if Participants have any Questions?

If you have any questions about our project, either now or in the future, please feel free to contact either:

David Ermen

Department of Marketing

University Telephone #: 03 4797695

Email: dermen@business.otago.ac.nz

or

Assoc Prof Juergen Gnoth

Department of Marketing

University Telephone #: 03 4798446

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This proposal has been reviewed and approved by the Department of Marketing,
University of Otago

Appendix D: Consent form

CONSENT FORM FOR PARTICIPANTS

I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.

I know that:

1. My participation in the project is entirely voluntary;
2. I am free to withdraw from the project at any time without any disadvantage;
3. The data (*digital audio recordings*) will be destroyed at the conclusion of the project but any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed;
4. This project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind.
5. The results of the project may be published and available in the library but every attempt will be made to preserve my anonymity.

I agree to take part in this project.

.....
(Signature of participant)

.....
(Date)

This proposal has been reviewed and approved by the Department of Marketing,
University of Otago