



ADVANCES IN  
TOURISM MARKETING  
ALGARVE 2013

# CONFERENCE PROCEEDINGS

# Marketing Places and Spaces

*Shifting Tourist Flows*

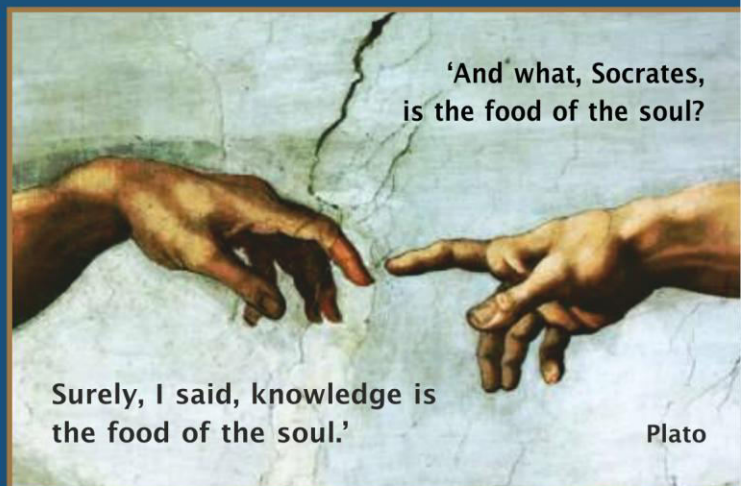
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# Marketing Places and Spaces

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## Shifting Tourist Flows

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## Preface

This copy of conference proceedings materializes the contributions to the fifth ATMC by a group of outstanding researchers from across the world. Bi-annually, they discuss the most critiqued and up to date topics in tourism marketing. The series started in Mugla, Turkey, in 2005. Since then, over 500 presentations have been open to the public. The conferences also produced four books, three special journal issues and many more individual articles that have found their way into top-ranking tourism journals after first presentations, collegial critique and discussions at the ATMC.

This fifth conference is no exception of this proud tradition. It is held by the Faculty of Economics, University of Algarve, Portugal and aims to bridge the gap between tourism space and place. Space expresses fluidity or contingency, whereas place implies interaction between individuals and the physical location. As space is transformed into place, tourism is all about the reality of experiences that generate flows and impacts.

This conference therefore seeks to analyze tourism as a subjective, performative action contextualized by the geographical and socio-cultural characteristics of destinations. Boldly questioning the scope and truth of Urry's gaze (1990) or Boorstin's (1961) critique who see tourists' postmodern condition as a "trivial, superficial, frivolous pursuit of vicarious, contrived experiences, [and as] a 'pseudo-event'", the conference looked for contributions that deconstruct how space takes form in different physical, cognitive, social, and emotional dimensions resulting from interactions between tourists and hosts' places.

Given that spatial behaviour is intertwined with tourists' own emotional connection to a given place, is place attachment truly just a contrived and commercially generated notion of feelings of attachment or embeddedness in a place? To what extent do tourists create this attachment by way of routes and itineraries (Clifford, 1992)? How does this spatial activity coalesce with their search for authenticity in new places (MacCanell, 1973; Cresswell, 1997; Löfgren, 1999). Boldly questioning the contrived nature of tourism, this conference is expected to contribute to our understanding of how tourism experiences scale spaces to co-create places and the extent to which hosts and guests perceive the same place.

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## Conceptualising the Value Co-Creation Challenge for Tourist Destinations

*Melis, G., McCabe, S. and Del Chiappa, G.<sup>1</sup>*

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### Introduction

The global marketing environment faces one of the most profound and important upheavals as technology development and adoption and a dynamic consumer market have shifted the balance of power from producers to consumers. These transitional states have been equated to a paradigm shift by marketing theorists (e.g. Vargo & Lusch, 2004). Firms and academicians have attempted to redefine what amounts to a radical reinterpretation of our understanding of the fundamental basis of the concept of value exchange (Prahalad & Ramaswamy, 2004a). This paradigm shift has led to an understanding that in order to establish competitive advantage, firms must collaborate with consumers to produce meaningful services (Verhoef, Reinartz & Krafft, 2010). Tourism, as a multi-faceted and complex service sector has recently begun to explore the concept that tourist experience value is intrinsically co-created between firms and customers synchronously, contextually and collaboratively (Shaw, Bailey & Williams, 2011). To date, most studies on value co-creation processes have thus far focused on the company-customer relationship and on how individual companies can gain competitive advantage by implementing activities to engage customers in more proactive ways (Griessmann & Stokburger-Sauer, 2012).

However, there have been few attempts that have explored the possibility of extending co-creation theory to more complex systems than single enterprises such as Destination Marketing Organisations (DMOs). These are characterized by a multitude of actors, often very different from each other both for nature and size, bound together not by hierarchical, but only through competitive and/or cooperative relationships. The complexity of DMOs is interesting because a) the tourist experience is the result of the action of a plurality of actors working in a specific destination and b) because the actors are independent entities, free to adopt strategies and actions that are not necessarily mutually consistent, even within the same territorial context in which they operate.

In view of the destination, the challenge to improve competitiveness is embodied in the combination of the appropriate mix of decisions and actions so that all the actors operate together

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to coordinate their activities and having as their objectives customer satisfaction, winning the loyalty of tourists and, possibly, of their benevolence in terms of judgment on the reputation of the destination. This paper presents a discussion of the conceptual issues relating to co-creation theory and tourism experience value. Through a review of the theoretical issues surrounding value co-creation, the paper aims to develop a conceptual model that explains how co-creation might be applied to complex organisational systems.

### **Method and materials**

The basic idea of the value co-creation theory is based on the active involvement of the customer who is no longer considered an external business process of design, production and distribution of the product-service, but is increasingly a referee (Priem, 2007) of the processes affecting their consumer experience (Prahalad & Ramaswamy, 2004a, 2004b; Ramaswamy & Gouillart, 2010; Vargo & Lusch, 2008a, 2004). In fact, while “in the conventional value creation process, companies and consumers had distinct roles of production and consumption” and “products and services contained value, and markets exchanged this value, from the producer to the consumer as we move toward co-creation this distinction disappears”. According to Prahalad & Ramaswamy (2004b, p. 5), “increasingly, consumers engage in the processes of both defining and creating value”. To sum up, it can be argued that while in the traditional perspective value creation occurred outside markets, in the co-creative approach, the experience of the consumer becomes the very basis of value (Prahalad & Ramaswamy, 2004a). At the same time, Vargo and Lusch were arguing that marketing faces such structural challenges, that in the future competition would be determined by those companies who could reorient their offers towards a new Service Dominant Logic, when they argued “the locus of value creation moves from the ‘producer’ to a collaborative process of co-creation between parties” (Vargo & Lusch, 2008b). In particular, they emphasize the fact that the service is based on the concept of “value in use”, in contrast to the traditional view based on the “exchange value”: the attention of the business entity that wants to create value, therefore, it can not be focused on the product (operand resources) and its construction, but the process leading to its design, development and distribution, no longer on the exchange between producers and buyers, but the relationship between the actors (operant resources) at different stages of the process that must be efficient and effective for both, albeit in different ways (Grönroos, 2008; Payne, Storbacka & Frow, 2008). Systems, therefore, should then be able to access and integrate resources together to create value through knowledge (Vargo & Lush, 2004, 2008b). In other words, the process of value creation starts to take form only when a customer consumes or uses the product or service rather than when it is built (Griessmann & Stokburger, 2012; Payne et al., 2008; Vargo & Lusch, 2004, 2008).

Yet as a foundational principle, Vargo and Lusch (2008a) underline that “all social and economic actors are resource integrators”. According to this thinking, each actor can be a

beneficiary of the economic relationship and the beneficiary is always a resource integrator but, as they noted, they are “all of the external service providers, each creating its own service-providing resources through its own resource-integrating activities” (Vargo & Lusch, 2011, p. 184). A consequence of this approach is that “S-D logic points toward a need to think about value creation taking place in and central to the emergence of service ecosystems” (Vargo & Lusch, 2011, p. 185). A service eco-system “is a spontaneously sensing and responding spatial and temporal structure of largely loosely coupled, value-proposing social and economic actors interacting through institutions, technology, and language to (1) co-produce service offering, (2) engage in mutual service provision, and (3) co-create value” (Vargo & Lusch, 2011, p. 185).

All these theories focus the attention on the cooperative behaviour of the different actors of the destination. Cooperation may be defined as “a process of joint decision making among key stakeholders of an autonomous community tourism inter-organizational” (Jamal & Getz, 1995). This process is expressed on several levels: between institutions / administrations, between companies / organizations and within communities. It is so important to formalize that cooperation in a competitive environment germinates only if certain basic conditions are fulfilled. In parallel, the tourist literature has also identified a number of constraints to cooperative behaviour between stakeholders and institutions (Ostrom, 1991). Alter and Hage (1993, p.86) argue that cooperation can be identified as “the quality of the relationships between human actors in a system of mutual understanding, shared goals and values, capacity to work together on a common task”. Elbe, Hallen and Axelsson (2009) identifies three levels of cooperation: a) limited (from a very low contribution of resources – in terms of time and money invested – and an adaptation of operational activities to be negligible); b) moderate (it is restricted to one or a few areas of the business, a commitment in terms of resources increases, but to operational activities prompted a simple adaptation of the surface); c) large (the cooperation consists of a long-term horizon and is for the actors at the heart of business growth). The cooperation can be activated from each of the three levels, but the reality is developed primarily through a step by step process that starts from limited forms to reach the most complex. To ensure that the process develops properly, it needs to be recognized and legitimized the role of “coordinator” (Elbe *et al.*, 2009).

With regard to the factors which determine the behaviour of co-operation, the literature combines and, in some cases, contrasts two approaches: one is based on the formal aspects (specifically on contracts between actors), the second on the informal aspects of the relationship (for such relations). Many researchers have considered more functional test the model based on the formal aspects mainly on cooperative behaviour between institutional and administrative bodies, while the model based on relationships has been applied mostly at the community and regional level. In attempting to apply these theoretical considerations to the case of tourist destinations, Beritelli (2011) argues that both configurations can be detected the reality today. The

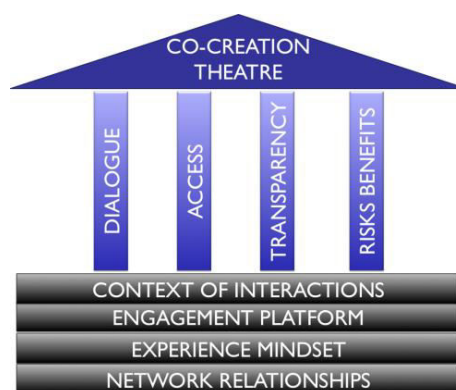


presence of one or another depends mainly on the specific nature of the agreements and the particular circumstances in which they are born.

As part of the literature on collaborative marketing applied to tourism, another important contribution is provided by D'Angella and Go (2009), which developed a model for assessing the orientation to the tourist market, applying the "theory of stakeholders". More recent research has tried to assess the organisational capacity for co-creation at the level of the DMO (Tussyadiah & Zach, 2013). Applying the theory of absorptive capacity to assess whether destinations had the knowledge, skills and capacity to transfer information in a co-creative sense, this study found that there was limited scope for knowledge acquisition and transfer amongst DMOs.

In today's world, a destination that is able to respond positively to the challenges of the market is one that has a high capacity "experience-centric" (Prahalad & Ramaswamy, 2004a) and this appear really congruent with the contribute of Prahalad and Ramaswamy, which posit at the basis of their theory the DART model: dialogue, access, transparency, and risk assessment (Prahalad & Ramaswamy, 2004). Six years later Ramaswamy and Gouillart (2010) developed the original idea paying attention on the premises that allow companies to put in use the value co-creation approach. In short, the two studies mentioned contribute to define what we can call the "theatre of co-creation" that can be represented in Fig. 1.

Fig. 1 – The co-creation theatre



Source: Our elaboration based on Prahalad & Ramaswamy (2004); Ramaswamy & Gouillart (2010).

## Discussion

This paper focuses on relational factors in the theory formulated first by Prahalad and Ramaswamy and then by Ramaswamy and Gouillart that should be considered in practice to assess the degree of participation of the actors in the planning and management of tourism, and the quality of that participation with a view to creating an environment conducive to value tourist

experiences to all the stakeholder interested in the phenomenon. This means, in other words, to understand how much, at the tourist destination level, are prevalent both for the management of destination and the different stakeholders, individualistic or collectivist cultural approaches, it is important to understand if a systemic approach or other types of approaches are prevalent, in addition to the extremes towards one or other approach, and the effects on the destination for the capacity to operate in a more co-creative and competitive sense in the tourism market more generally.

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