



Handbook on Tourism Product Development



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Executive Summary

Key Principles in Tourism Product Development (TPD)

1. TPD is an integral part of overall tourism development strategic planning and should not be done in isolation.
2. TPD should follow the key principles of sustainable tourism development by:
 - being authentic and indigenous reflecting the unique attributes of the destination;
 - having the support of the host community;
 - respecting the natural and socio-cultural environments by not damaging these in any way;
 - being differentiated from competitors, avoiding ‘me too/copy cat’ developments;
 - being of a sufficient scale to make a significant economic contribution, but not so large as to create high economic leakage.
3. The generation of TPD should be firmly based on market trends and tastes, necessitating sound analysis of the findings of tailored market research, using a ‘market: product matching’ process to target specific products at clearly identified segments.
4. Government’s role in TPD is the identification and dissemination of information about opportunities, planning using designated tourism development areas, and facilitating and supporting their realisation by the private sector or communities. Government’s role is also likely to include the provision of direct investment/financial support in the form of grant aid or incentives, particularly in undeveloped regions.
5. Local level administrations play a vital role in bringing TPDs to fruition and require a strong, current knowledge of the changing demands of tourists.
6. Destination tourism authorities should have a dedicated TPD function which liaises closely with the tourism marketing agency/department.
7. Consultation, coordination and collaboration are bywords in TPD. Consultation with all stakeholders – public, private and community; coordination between central, regional and local government, with private sector interests, and with community representatives; and collaboration with neighbouring tourism administrations to achieve mutual benefit.
8. Implementation of TPD plans requires long term vision, mid-term strategy and planning, and short term action plans, with lead and support responsibility for each task identified. Plans should be monitored and adjusted as necessary on an annual basis.
9. Dividing a destination into separate Tourism Product Development zones can be an effective way both of:
 - expressing the strengths of each region through TPD, thereby creating a set of identities within the country; and
 - spreading the socio-economic benefits of tourism around the whole country.

Lessons to be learned in TPD

1. Tourists do not recognise administrative boundaries, so working closely with ones neighbours creates experiences for tourists that will be mutually beneficial.
2. TPD should be seen as providing 'sets of experiences' for tourists and be developed on the basis of creating logical and accessible combinations, based either on themes or geographic areas.
3. Tourists are becoming increasingly demanding about the range and quality of tourism products provided when choosing their destination.
4. No destination can grow its tourism sector without a stream of new TPD, and ensuring the highest quality standards of delivery are maintained.
5. Tourism product development can be an effective way of creating opportunities for SME development and local community participation, thereby contributing to poverty alleviation.
6. Achieving a 'mix' of tourism products that meets the triple bottom line requirements (e.g. economic contribution, environmental preservation and the maintenance of social cohesion) as well as maximising visitor spending and satisfaction is the optimal approach to Tourism Product Development.
7. The goal should be to achieve a blend of:
 - major developments – flagships – to act as attractors to a destination and form the 'hub' for tourist movement and activity, combined with
 - clusters and circuits of attractions and activities – the spokes – that can be based around a particular theme or a geographic area.

Introduction

The estimated 200 country destinations – and the much greater number of destination regions within those countries – that participate at major travel fairs such as the International Tourism Bourse in Berlin and the World Travel Market in London, are fully oriented towards marketing and promotion. Their goal is to attract more visitors through contracts with tour operators or enticing individual travellers. Alluring images are presented of the places to visit, experiences to enjoy, and cultures to absorb, along with the facilities provided to ensure the visitor is comfortable, satisfied and made to feel welcome. Hundreds of millions of United States dollars are expended in devising and preparing destination marketing and promotional strategies and campaigns.

While all destinations engage in marketing and promotion, a much lower proportion focus their attention on the development and delivery of the various attractions and activities that make up the tourism product. The fact is, though, that unless the tourism product meets the needs and expectations of tourists, the destination cannot realise its full potential. Tourism products are the basis for a destination's tourism sector operation. Critically, the marketing of a tourism destination starts with product research. Unless the product offer is indigenous and appropriate for the region or country, while also meeting ever changing customer needs, marketing alone will not achieve the destination's potential.

Many books, academic articles, reports and studies have been produced based on the research and analysis of tourism markets and segments, and how best to brand a destination, develop creative strategies, positioning and targeting to realise the opportunities identified from the markets and segments. By contrast, only a fraction of such efforts have been put into Tourism Product Development, even though the two elements are inter-dependent. A destination cannot undertake marketing without featuring its products, and a destination's products cannot become popular components of its tourism offering without being actively and creatively marketed. The market: product 'matching' principle is an obvious approach to tourism development, but all too often the two aspects are handled separately within a tourism administration, with far greater emphasis given to market development and marketing than to product development.

This handbook seeks to redress the balance. It identifies the institutional structures and inter-relationships (e.g. between the different levels of government, and with the private sector) necessary to plan Tourism Product Development in order to maximise the destination's potential. It outlines the essential elements in the process of Tourism Product Development planning and implementation e.g. coordination, consultation, collaboration – co-opetition. It illustrates these principles through a range of successful approaches and case studies from around the world, and sets out best practice examples and benchmarks by which destinations can assess their own product development system and methods.

Using the findings of a survey of 52 national tourism authorities/organisations, a programme of personal interviews both with destinations and the private sector, and the examination of over 100 case studies, reports and academic writings on the subject, Tourism Development International has produced a handbook with relevance to every tourism administration. Every destination is unique so there cannot be a single approach to Tourism Product Development fully suitable for all destinations. There will, however, be elements within the standard model destination covered in chapter 4 that represent valuable guidelines to assist all destinations in the growth stage of tourism development; while specific attention is given in chapter 5 to destinations that have their own special circumstances that influence how best they should go about the process, with some key principles to be followed.

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Definitions, Influences and Determinants

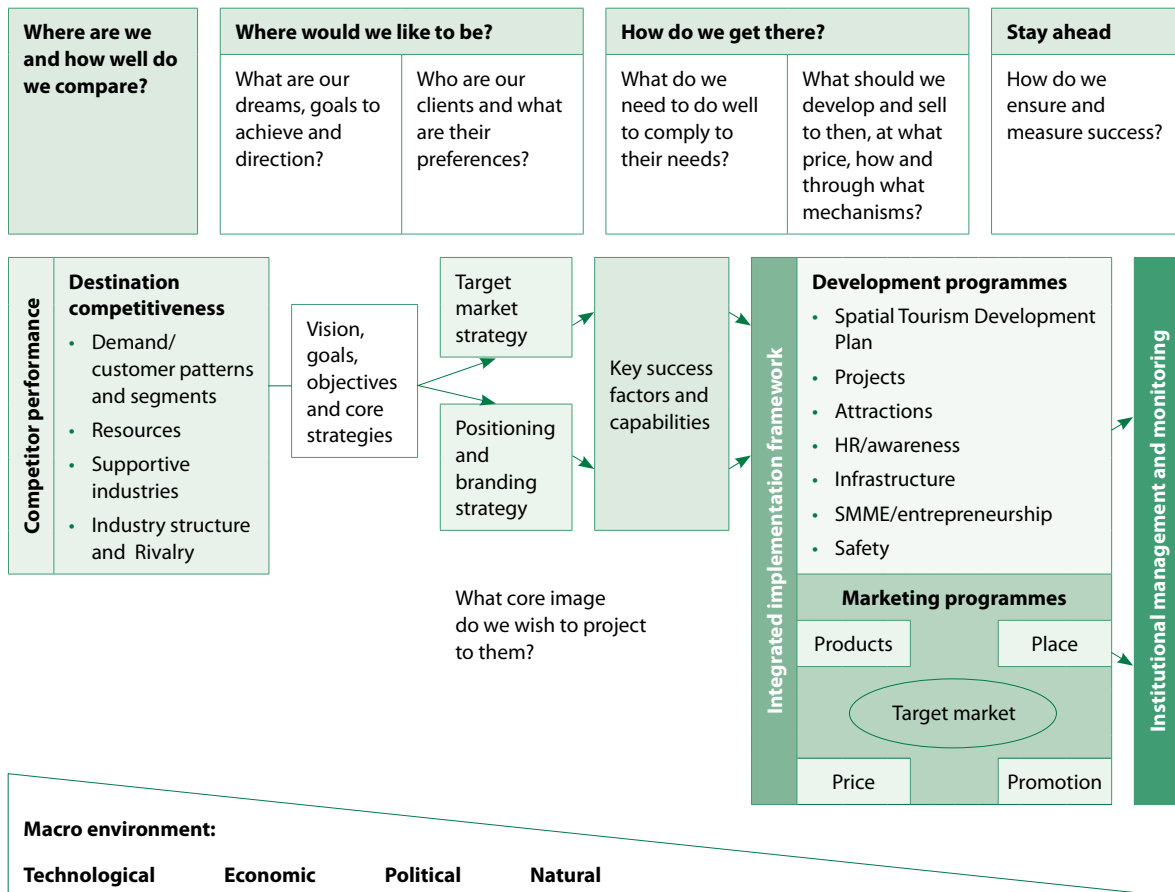
1.1 Defining Tourism Product Development

There are two key aspects to Tourism Product Development:

1. It is not an activity undertaken in a vacuum, but is part of an extensive and inter-linked process.
2. Market research, product development and marketing represent a continuum. The failure to deliver any of these key components will result in the destination under-realising its potential.

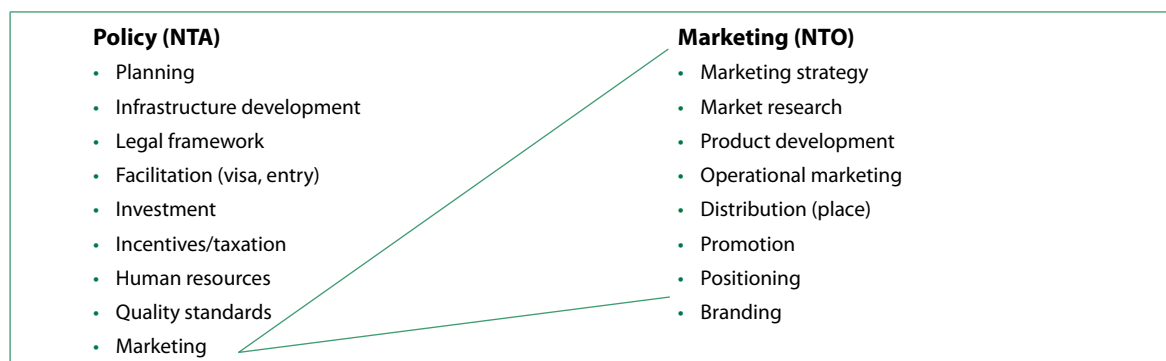
The range and calibre of the tourism product offering is what attracts tourists to a destination. Yet the development of tourism products is a part of a large, inter-linked and continuing process and should not be considered in isolation.

Figure 1.1 Destination tourism development framework



A destination’s overall development policy will lead to strategic development priorities and principles for the various economic and social sectors, one of which will be tourism. The identification of Tourism Product Development opportunities in line with these strategies will be determined through the understanding of tourist markets trends and tastes through market research; and the realisation of the opportunities will require capital investment and marketing. Indeed, the link between the market and the product – demand and supply – is fundamental. There cannot be one without the other. Given that the great majority of prospective tourists have not previously visited the destination, targeted and effective marketing is vital for tourism destinations and the providers of their tourism products.

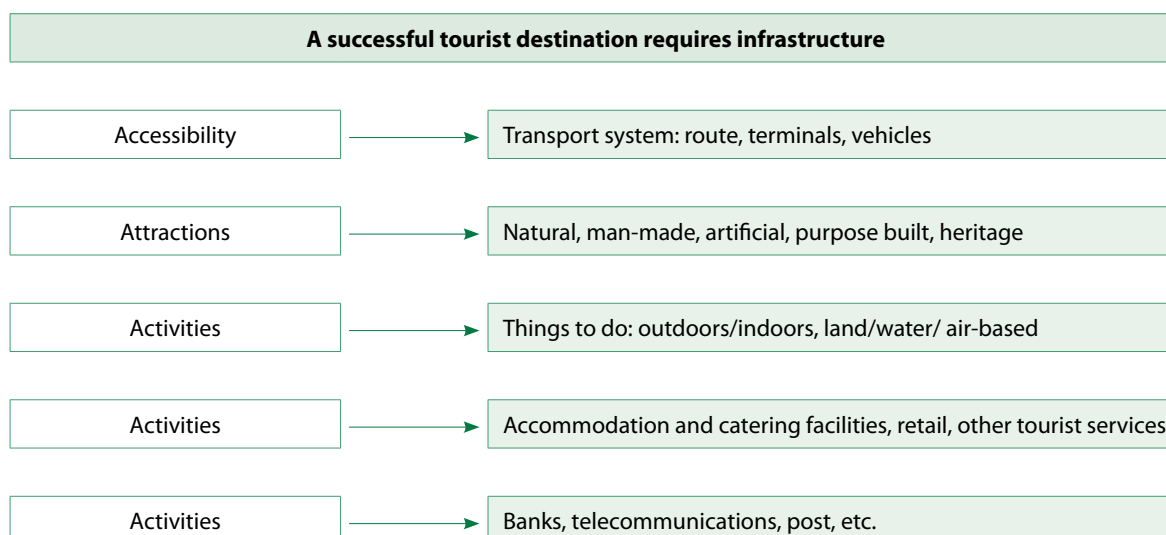
Figure 1.2 Tourism development



Source: Tourism Development International.

Tourism product development can be defined in many ways: at one extreme, it can be seen as embracing all elements with which the visitor to a destination comes into contact, including infrastructure (e.g. transport, utilities), the service personnel, places of lodging, attractions and activities, facilities and amenities; while, at the other extreme, Tourism Product Development can be defined as comprising only those attractions, activities and facilities that are specifically provided for the visitor. What is clear is that without the infrastructure to support the development of the things tourists want to see and do on their visit, Tourism Product Development will not fully succeed.

Figure 1.3 Providing infrastructure for tourism



Source: Tourism Development International.

Given that demand for almost all such features comes not just from foreign tourists but also from visitors from elsewhere in the destination as well as from the population resident in the vicinity of the development, it is not a simple task to separate these different demand segments. What is important for destination authorities in supporting Tourism Product Development is to understand precisely what

combination of objectives it is seeking to meet through their support for the development – and to appreciate the socio-economic benefits of such developments.

For the purposes of this handbook, the focus is on those products in which governments can most valuably play a role in bringing to development in order to meet one or a combination of the three main motivations for taking a pro-active role, namely:

1. to increase and speed up the sector's economic contribution;
2. to shape development in a form that ensures it is both sustainable and responsible, providing good experiences for the tourist but also bringing substantial benefits to the local community and safeguarding the natural environment; and
3. to add to the provision of leisure recreational and other services that can benefit the local community as well as visitors.

These interventions achieve development that would not have occurred without some form of direct government action or support.

In many, if not in most instances, large-scale projects such as hotels and resorts are private sector investments, though some form of state support may be provided. This form of development is not included within the confines of this handbook, other than where they constitute attractions drawing tourists into a destination e.g. eco-lodges aimed at the nature-based tourist.

Similarly, infrastructure projects and the provision of amenities, both of which are essential for tourism and which typically require extensive investment from destination authorities, are excluded. Instead the focus of the handbook is on tourism product developments that fall into the two categories of:

- activities – things to do; and
- attractions – things to see.

A tourism product in a destination is an amalgam of many experiences as far as the tourist is concerned. It is not just the hotel stayed in, the places, museums, parks, restaurants, theatres, shops etc visited, or the journey to and from the destination. It is all of these things, and more. When planning new tourism product developments, it is necessary to see how the ideas fit with the existing provision.

Any tourism product is made up of three factors:

1. *Experiential* – festivals, activities, community, event, dining and entertainment, shopping, safety, service.
2. *Emotional* – human, cultural and historic resources, hospitality.
3. *Physical* – infrastructure, natural resources, accommodation, restaurants.¹

The range of attractions and activities that falls under the umbrella term of 'tourism products' covers such diverse components as natural features, history and cultural heritage, the built environment, and the people of the destination themselves. A scenic landscape, a theme park and a classical concert are all tourism products, as are waterskiing, snowboarding, rock climbing, learning to prepare local dishes/specialities or making a traditional handicraft of the destination.

¹ *The South African Tourism Planning Toolkit for Local Government*, Department of Environmental Affairs and Tourism, 2009.

Definition: Tourism Product Development

Tourism Product Development is a process whereby the assets of a particular destination are moulded to meet the needs of national and international customers.

The 'tourism product' can include natural or man made attractions, hotels, resorts, restaurants, theatres, activities, festivals and events.

For the purpose of this handbook, the focus is on the development of a portfolio of things for visitors to see and do (e.g. active pursuits such as sports, water-based activities, hiking/walking/cycling, etc.; pastimes related to natural and cultural heritage, organised entertainments, health and wellness; and recurring festivals and events).

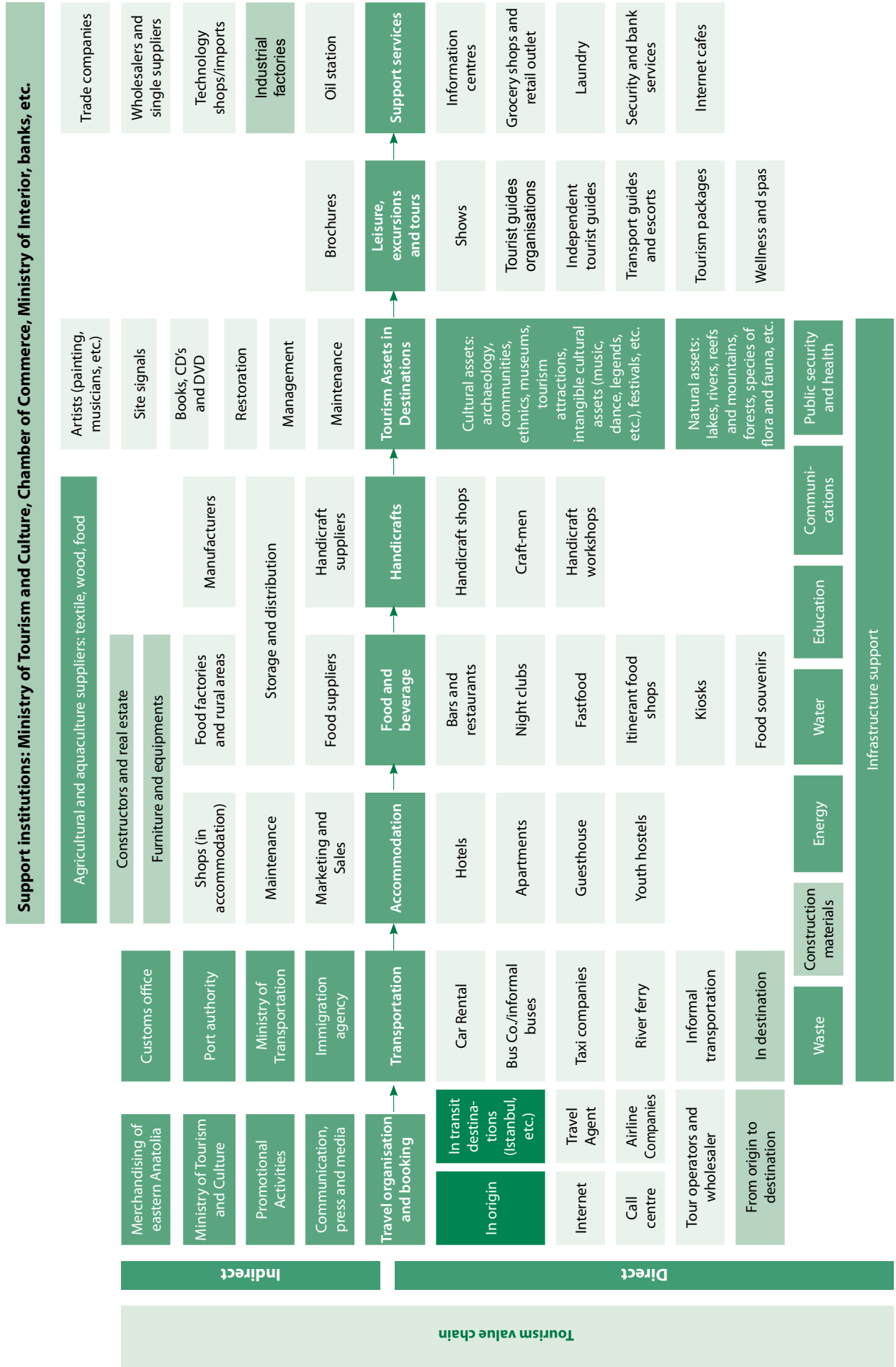
1.2 The Tourism Destination and its Characteristics

The tourism destination:

- comprises many products within the overall destination;
- involves many stakeholders with differing objectives and requirements;
- is both a physical entity and a socio-cultural one;
- is a mental concept for potential tourists;
- is subject to the influence of current events, natural disasters, terrorism, health scares etc.;
- is subject to historical, real and fictitious events;
- is evaluated subjectively in terms of what represents value-for-money e.g. based on reality compared with expectations; and
- differs in size, physical attractions, infrastructure, benefits offered to visitors and degree of dependence on tourism – in fact no two tourism destinations can be treated the same, each offering its own unique and authentic attributes.

The Tourism Value Chain illustrates the many entities directly supplying or indirectly linked to tourism in each of the three phases of planning, development and operations.

Figure 1.4 Many parties involved to make tourism work



The Tourism Value Chain illustrates a number of unusual characteristics when compared with other sectors of the economy that lead to tourism being a complex sector to plan and manage:

1.2.1 Fragmentation of Supply

The tourist does not consume a single product or service when visiting a destination but a series of them which together comprise a set of experiences. The tourism product is, thus, a composite one, a combination of attractions, transport, accommodation, entertainment and other services. In most countries, there are many separate suppliers of these various components – airlines, hotel companies, restaurant operators, museums, theatres, excursion organisers even governments in respect of the parks and public spaces that visitors enjoy. It is an important feature of tourism that, though an individual supplier of tourist services may serve more than one market, rarely, if ever, does a single supplier provide the entire range of products/services required by a tourist on a visit to a destination. Whether sold as a package or assembled by the tourist himself or by a travel agent, the tourist product is in practice an amalgam of many different products and services supplied by different entities. The fragmented nature of supply on one hand, and the demand for a combined set of products on the other, creates the challenge for destinations to achieve coordination and integration of all components across all sub-sectors of the tourism industry.

1.2.2 Interdependence and Complementarity of Tourist Services

Given that tourism demand is for a combination of products, then the various tourist products and services are interdependent and complementary. The supply – and reputation – of one is inevitably influenced by that of another link in the chain. Thus, a destination's reputation can be set by the weakest link in the tourist product chain. Setting regulatory standards and providing training and incentives to encourage the upgrading of the quality of provision of the weaker elements of a destination's tourism product range can be an important role for government – or for a public-private entity.

The product development and marketing approaches of one enterprise can directly influence other enterprises. A country with a liberal charter policy and/or an airline with an aggressive pricing policy may result in the attraction of low budget tourists which could damage the high quality image central to the marketing of a five-star hotel chain in the destination. There is again then the need for coordination and co-operation in order to ensure the different components of the destination's product range are complementary.

1.2.3 Rigidity of Supply

It is not possible to make rapid adjustments to the supply of tourism products easily in response to variations in demand. A hotel, for example, cannot add or remove rooms in line with demand. This relative lack of flexibility has obvious operational and economic implications. When demand falls below capacity, waste of resources occurs; when it exceeds capacity, the tourism industry fails to maximise its revenue. This "short term" can extend to years if the rigidity is caused by lack of airport or hotel capacity, given the extensive lead time to construct a new airport or hotel.

1.2.4 Long Lead Times

For large scale projects, the lead times in tourism product developments can be several years, as evidenced by the example of the Dublin Convention Centre . Even for smaller attractions or activities, the process can be lengthy from concept development to land acquisition, consultation, planning application and approval, feasibility study, financing, building and equipment, and staff recruitment and training. The market opportunity lost through delay in planning process may give a competitor destination the chance

to create a strong market position, thereby disadvantaging the destination. Streamlining and efficiency in the handling of planning for new ventures need, therefore, to be a priority for destination authorities.

1.2.5 Product Planning Based on Realistic Forecasts of Demand

The primary elements of the tourism product cannot be stored – they are perishable. If a room in a hotel or tour excursion coach is unused, the sales opportunity is lost. By the same token, these products cannot be transported. The need is to bring the consumer to the tourist product. While addressing this factor is achieved principally through marketing to ensure as high a level of utilisation as possible, given the high fixed costs of many tourist operations, product planning should be based on realistic forecasts of demand.

1.2.6 Intangible – “Expectations – Experiences – Memories”

Tourist products, except items like souvenirs, are services rather than goods. As such they are intangible. The tourism product is subjectively perceived – each destination or individual tourist operation is a mental concept for the prospective tourist encompassing both physical characteristics and other abstract attributes. The subjective nature of perception involves an emotional – sometimes an irrational – element. In consequence, the tourist has to be offered psychological benefits. Clearly, this has important implications for advertising and promotion in tourism and generally on how a tourist product is, or can be both developed and presented to consumer groups.

In consequence of the intangibility of tourist products, when an operator considers the product he might develop and the potential market for it, the essential thought process should be: *expectations* → *experiences* → *memories*. This is the same whether the supplier is a destination promotion authority seeking to attract tourists to a specific country or location within that country, or the operator of a fixed facility service like a hotel, restaurant or attraction, or a provider of tour excursion.

Each tourist is a *set of expectations*. The tourism product cannot be test driven or known about with certainty in advance of being consumed. The tourist, therefore, builds mental images of the destination and of the facilities and other components of the tourism product of that destination. He/she has a set of expectations about the place to be visited.

The tourist's consumption of the destination product – typically, for example, taking various forms of transport, visiting attractions, staying in some form of accommodation, eating, drinking, recreating, interacting with other people – represents a series of *experiences* since none of the things he does or sees produces a final physical product to take home. Each tourist trip, therefore, is a combination of various experiences.

At the end of the trip the tourist is left with little that is tangible but an abundance of *memories* and proxies of the trip – such as photos or videos.

The key for the destination as a whole, and for the individual operator, is to develop and present the range of products and services offered in such a way that the tourist is attracted to the destination but does not expect more than can be delivered. The experiences are assessed by the tourist against his/her pre-trip expectations. A major determinant of success is how well the experiences match or exceed these expectations.

The intangibility of the tourist product and the consequent need for the destination to address the potential market's perceptions of the tourist product has two dimensions: first, the need to offer psychological benefits to the prospective tourist; and, second, to recognise that the *perception is the reality* – with each tourist having sovereign power over his/her destination decision making – and that product development and marketing activities should be designed to alter the market's prevailing images in line with the destination's desired position.

1.2.7 Price Elasticity of Demand

Most forms of tourism demand involve the use of personal discretionary disposable income and free time. Holidaymakers need both money and time to engage in tourism. They have freedom of choice as to how to use their money and time for tourism purposes, affecting decisions such as how much to spend, how long to go for, where to go, when to go etc. As a result, tourists are highly sensitive to price, and generally their demand for tourist services exhibits a significant degree of price elasticity.

There are implications arising from these demand characteristics both for marketing and product development. There has been increasing pressure over the past twenty years on the single, main, long vacation, except in the case of lifetime fulfilment and honeymoon trips. This is the result of two inter-linked factors, namely increased pressure on free time and greater ease of international travel e.g. more frequent services to more destinations at fares rising below prevailing rates of inflation. This has led to a pattern of shorter but more frequent holidays. The implication for product development planners is to ensure that there are plenty of things for visitors to see and do, often in a short period of time.

1.2.8 Seasonality

It is a characteristic of most tourism markets that demand fluctuates over the course of the year. The principal determinant is climatic – either in the destination or the tourist generating markets. Residents of northern parts of the European and North American continents tend mostly to take domestic or intra-regional holidays in the summer months of June – September whereas they take long haul, inter-regional holidays more in the winter when the climate at home is generally less pleasant. As a result, tourist operators have periods when demand is near capacity and others when the level of utilisation can be below their break-even point.

These demand variations are all the more acute because of the fact that tourism products cannot be stored – the perishability factor. The concern of the marketer is to generate as much demand as possible outside the main season since the fixed cost element of any tourism operation does not change between seasons. Again, however, there are product development responses to seasonality, namely the creation of attractions and activities that are specific to the shoulder and off seasons aimed at bringing in tourists in these periods. Themed festivals or events, and sports tournaments, are favoured forms of season-breaking development.

1.2.9 Consumer as Part of the Tourism Product

Other tourists in the vicinity of the tourist when he/she is receiving tourist products/services constitute part of the experience. In tourism the customer is part of the product. This applies not only to hotels and restaurants, and tourist attractions or excursions, but to the whole destination. The type, quality, volume and other characteristics of restaurant customers, hotel guests or visitors to a destination influence the overall perception of that restaurant, hotel or destination by other potential customers, guests or visitors e.g. the market. Therefore, in product development and marketing it is important to ensure that the product's market mix is compatible. If an island resort features the underwater photography of its marine life as a key visitor experience, it should not cater for those whose desire is to use spear guns to hunt the fish. With the increased accessibility of destinations through the growth of low cost airlines, high speed railways and highway development in East European countries, growing consideration is being given by consumers in destination choice to the other market segments likely to be in the destination – again illustrating the importance of marketing to shape the perceptions of prospective visitors.

1.2.10 Importance of Intermediaries

The fact that the destination is fixed at a distance from its source markets brings the travel intermediary into play. Tour operators or wholesalers and travel agents – almost all from the generating market – are all traditionally important in product design, pricing, distribution and promotion. In many ways

they determine which elements of the destination tourism product range are featured, and how these elements are presented to the travelling public. While the increased sophistication of electronic technology has resulted in a growing proportion of prospective visitors researching and booking their requirements online, nonetheless the travel intermediary remains a significant player in the tourism distribution channel.

Destinations need to maintain close relations with international tour operators in planning and facilitating new tourism developments as they can be a valuable source of information on market trends and what the market is looking for.

1.3 Variables Influencing Tourism Product Development

In order for destination authorities to approach the process of Tourism Product Development planning in a systematic and market-led way, there are a number of fundamental initial actions to be taken. Of course, all destinations already have some level of tourist activity related to their basic resources and the attractions, activities and facilities that have been created. So, while the building block approach is advocated, it is acknowledged that most destination authorities will already have laid these foundations. These destinations will know what they have that could be developed for touristic purposes and what their strategic product and market developments needs are. Nonetheless, it can be a worthwhile exercise to go back to basics and run through the check list spelt out below as a means of verifying that the directions being pursued are appropriate and likely to bring the greatest level of beneficial results.

First, it is essential to consider the influences on, and determinants of, tourist demand in order that the right types of products might be developed, i.e. that the market wants and that bring the destination the greatest reward, while creating minimal environmental damage or socio-cultural conflict.

The UNWTO series of long range tourism forecasting studies – *Tourism to the Year 2000 and Beyond and Tourism 2020 Vision* (published in 1991 and 1997 respectively) identified a series of qualitative factors that shape the pattern, scale and forms of tourism development. These remain valid. Some of the factors continue to exert an influence decade after decade, albeit in different manifestations; others have an effect for a limited period only.

The continuing influences – the *foundations* for tourism – include **economic, technological, political and demographic factors**.

1.3.1 Economic Factors

Post war economic recovery in the industrialised countries led to rising personal incomes and free time availability – the fundamentals to engage in tourism e.g. money and time. There will be the regular fluctuations in economic performance – some periods of strong growth, some of low growth/recession but overall it is realistic to take an average annual growth of 2% to 3%. On the basis that each 1% growth in GDP produces a 2% to 2.5% increase in discretionary travel spending, then an average annual 2.5% rise in global GDP will result in a two-and-a-half-fold growth in leisure tourism spending by 2020. This is only a guideline but nonetheless a useful indicator of the frame of possibility. Despite the vicissitudes caused by the collapse in the late 1990s of the Asian financial markets and their currencies, various health scares (e.g. SARS and the A(H1N1) – bird flu-virus), terrorist attacks and subsequent military conflicts during the first decade of the twenty first century, and the credit crunch at the end of that decade, this rule of thumb has proved reliable when viewed over the long term.

International tourism recovered strongly in 2010 with an increase of 6.7% in international tourist arrivals compared to 2009 according to UNWTO figures². Following the year of global recovery, the Organization's Panel of Experts foresees a continuous growth of the order of 4–5% for 2011, reflecting the International Monetary Fund's estimate of global economic growth, led by emerging economies (up 8%) with advanced economies – the main tourist generators – rising at 5%.

2 World Tourism Organization (2010), *UNWTO World Tourism Barometer*, January 2010, Advanced Release, UNWTO, Madrid.

This demonstrates the fundamental truth that consumers will continue to attach a growing importance to discretionary travel and tourism in their choices in spending their personal discretionary disposable income.

1.3.2 Technological Factors

Technological progress has already contributed enormously to the growth of travel and tourism through the application of the jet aircraft to commercial air transport, and the development of electronic technology facilitating direct search and book. Travel agents still offer choice and reassurance and those which embrace electronic technology and marry this to personal service will survive and prosper. Nonetheless the advances and applications of electronic technology in travel and tourism product design and distribution will continue to be a growing influence in coming years. The use of websites to research and plan trips, and to make reservations, has grown exponentially in recent years – and this growth will continue. US travel booking online revenues more than doubled between 2003 and 2009 to approaching US\$ 100 billion. The implications for all destinations are that unless they fully embrace electronic technology in all aspects of tourism planning, delivery and marketing, they will lose ground to competitors.

1.3.3 Political Factors

In the past, political restrictions through visas limited the growth of tourism. However, since tourism was recognised as an economic sector to be encouraged, national controls were progressively eased. The trend is for less and less formal requirements in travelling from country to country, and for those that remain to be based on technology-driven systems of personal check based on hand geometry or retina inspection, rather than on-paper passports.

1.3.4 Demographic Factors

The ageing of the population of industrialised countries is already a well-established demographic trend. It will continue and pick up in pace. A consequence of this trend is that the workforce in those countries is contracting with less young people entering the labour market. As a result of the ageing population and shrinking workforce, the growth of South ↔ North migration will accelerate. The implications of these two developments are that there will be increased travel of older market segments – though there is a counter viewpoint that the shortfall in young people entering the workforce is leading to the raising of the retirement age with the consequence of less freedom among older populations to engage in leisure pursuits – and also increased Visiting-Friends-and-Relatives-travel between the North and the South brought about by the large volumes of migrants in industrialised countries.

Another demographic factor is the further erosion of the traditional western household through rising divorce rates, later marriages and delayed family build-up. The implications of this for tourism are that there is a growing range of households/household segments for the travel and tourism industry to cater for. Apart from the gay segment and singles, we now have the single parent (with child/children) with their own particular requirements from travel and tourism service suppliers.

Apart from these four basic determinants of future tourism, there are other significant influences. The first of these is the globalisation ↔ localisation issue.

1.3.5 Globalisation vs. Localisation

The growing power of international economic and market forces and the consequent decline in the ability of individual states to control their economies and of the private corporation in limited geographic

spheres of operation to dominate domestic markets – the process of globalisation. The impact on tourism is increased power in the hands of a small number of global travel and tourism networks achieving their globalisation not only through vertical and horizontal integration but through diagonal integration, economies of both scale and scope, and their huge investment in electronic databases and marketing.

Populations are responding – and not just in developing countries – to this globalisation of economies, markets, systems and cultures by focusing on their own identities. In developing countries the conflict between identity and modernity is intensifying. More groups defined in terms of ethnicity, religion and social structure are seeking to be recognised and treated as important and granted with their own special rights. Tourism is centre stage. This has led to the increased questioning of the form and scale of tourism development and marketing in these societies whether at country, province, county, town or village level. On the upside, however, this local level resistance and introverted response to globalisation provides opportunities and focus for the development of tourist experiences related to the cultural and natural resources of these subsets of society.

The travel and tourism sectors are mirroring the global/local polarisation process in their systems and structures. There are few fully global networks – though it does not take many to exert a stranglehold on world markets. These megagroups cater for a large volume of tourist movements, accommodation, mainstream or mass tourism; at the other end of the scale are niche operators offering special products and services, experiences to individuals and collections of tourists with eclectic tastes.

Research by organisations like the Stanford Research Institute and Angus Reid consistently find that between 10% and 15% of discretionary travellers want the unusual – these are the alternative or new tourists, and demand growth from these groups is out-speeding that of mainstream segments. These tourists, typically highly educated, mature, affluent, well travelled, environmentally aware and sensitive to the social and cultural traditions, systems and mores of the destinations they visit, are responding to the demands of local groups to be heard, recognised and valued.

Of course, the divide is not as simple as suggested. Multinational and transnational corporations do not only cater for the mass beach resort market with the niche market operators focusing on the educated traveller. Much tourism demand is now characterised by customisation based on the use of electronic technology. Thinking global, acting local.

1.3.6 Socio-environmental Awareness

The build up of consumers' socio-environmental awareness of tourism development is leading to increased scrutiny on the part of the public in destination decision making and a growing requirement for new tourism developments to be sustainable. The three burning questions are: will this trend remain limited to a minority or become widespread, with more people assessing their carbon footprint in choosing their holiday destinations? do the public's actions match its avowed intentions – will consumers "walk the talk"? and will the private sector embrace and support sustainable socio-environmental practices, or only do what they have to? Undoubtedly progress has been, and is being, made and the rewards of adopting sustainable tourism development strategies are evident in destinations like Switzerland and New Zealand – but these issues remain only partially addressed in many other destinations.

1.3.7 Living and Working Environments

We are now realising that rather than being a liberator and freeing up our time the computer and electronic technology acts both to isolate us from each other, reducing direct human contact, and ties us to our work – there is no good excuse not to be in constant contact with the office!! Our urban lifestyles, traffic congestion etc. – in both the industrialised and developing worlds – leads to the increased need to engage in discretionary tourism to escape and/or to indulge. As the UNWTO's *Tourism 2020 Vision* Executive Summary states: "It will become possible to live one's life without exposure to other people with automated service the norm and full access to, and exchange of, information on everything possible

from one's own home [...]. In consequence, people will crave the human touch: and tourism will be a principal means through which they seek to achieve this" (UNWTO, 1999a).

The nature of employment is changing. The World Tourism Organization's Business Council study *Changes in Leisure Time*³ coined the phrase 'time poor but money rich' to describe the process. The pressure on free time comes from changes in patterns of work allied to the evolution of the computer for business applications. Gone are the days of 'jobs for life'. Contract employment is becoming increasingly common. This creates the need for people in all occupations/professions to keep in touch with the marketplace. We will lead a highly pressured life moving one contract to another. There will be little time to take time off during a contract and the need to be in constant contact with the marketplace for our next contract.

We may, however, take more holidays. There is occurring a switch from a single, main holiday to two, three or four holidays each of relatively short duration e.g. three to four days for the Asian tourist, and three to ten days (depending on whether the destination is short or long haul) for western market tourists.

1.3.8 Search for Authentic Experiences

Futurologists like John Naisbitt and Patricia Aburdene (1990)⁴ contended two decades ago that the industrialised world's transition from the service to the experience economy, would lead to a focus to the delivery of unique experiences that personally engage the consumer. The very clear implication of this change for tourism is the need to differentiate Tourism Product Development and marketing, both by destination and operator. The postmodern consumer's search for experiences that are engaging, personable, memorable – and above all authentic⁵ is especially strong in respect of tourism.

1.3.9 Marketing

A major influence will be the application of highly personalised relationship, or one-to-one, marketing techniques using electronic technology to readily and accurately identify micro market segments and niches, and to communicate with them more effectively.

It is noteworthy that many of the factors identified exert their influence in combination and are going to produce polarisation of tourist tastes and supply, with the result that there will be two broad groupings: large scale, mainstream tourism involving the movement of large volumes to extensively developed destinations and, on a smaller scale, individualised tourism. Both are likely to prosper.

1.3.10 Safety of Travel

Tourism will not flourish in destinations experiencing civil turmoil, at war, or where tourists' health or security is perceived to be under direct threat. This is the fundamental problem facing Africa, the Middle East and South Asia in achieving the major growth in tourism which their potential could support and their economies need. However accustomed the world may become to news of terrorist attacks, tourists will not travel to places where they fear for their personal safety.

3 World Tourism Organization (1999), *Changes in Leisure Time*, UNWTO, Madrid.

4 Naisbitt, J. and Aburdene, P. (1990), *Megatrends 2000*, Sidgwick and Jackson, London.

5 Gilmore, J. H. and Pine, B. J. (2007), *Authenticity: What Consumers Really Want*, Harvard Business School Press, Boston.

1.4 Destination Strategy for Tourism Product Development

The main factors that determine a destination's strategic approach to the development of its tourism sector are:

1. what it has, or can develop, to attract and satisfy tourists in a sustainable manner – e.g. in the main its natural, historical and cultural resources;
2. what the market opportunities are for the products it can develop, taking account of competitors and market trends and tastes;
3. how strong are: a) the destination's factors of production (e.g. land, labour, capital, enterprise) in respect of generating and supporting tourism development, and b) its standing in attracting outside investment; and
4. what priority and level of support the destination government allocates to the tourism sector.

1.4.1 Resources and Attributes

A destination's natural and cultural resources can be divided between those that are created by nature or historical events, and those that are constantly evolving.

The most fundamental factors are where the destination is located, and what its basic resources in terms of physical characteristics and history are. Most significant in this regard are:

- the natural, cultural and other resources of the destination;
- its size, topography and type of terrain;
- its location relative to major tourist source countries/regions;
- its susceptibility to disruptive natural events such as tropical cyclones and earth quakes;
- the key events and existing manifestations of its history.

While these resources can be said to be 'fixed', even within these the opportunities for tourism development can be influenced and increased. An example would be the introduction of low cost carriers on air routes to the destination serving to open it up for visitors with lower spending budgets than attracted prior to the change in transportation access.

Other resources and attributes for Tourism Product Development change over time e.g. a destination's cultural heritage expressed in the visual and performing arts is not the same now as a century ago though the historical development of its culture up to the present is part of its history.

Tourism products can be developed using the destination's basic resources or its living heritage. The products that can be developed are extremely varied – ranging from channelling a resource into a relevant activity such as a walk alongside a river or involve the development of a feature or attraction such as an art gallery.

By contrast, another category of tourism product – e.g. a thrills ride-based theme park – has little or no basis on the natural or cultural attributes of the destination being driven instead by the developer's commercial interests. The destination government's support for such a development would be related to the economic contribution it can provide.

1.4.2 Market Opportunity

The availability of a sufficient market potential that can be attracted to the destination and meet the financial and economic objectives of the developer/operator and government respectively, is a

prerequisite to the development of tourism products. Market intelligence is, thus, a primary tool in determining a destination's Tourism Product Development strategy.

Market research can identify the types of products that can be developed related to the resources and attributes available in the destination, with the emphasis on those which are difficult to replicate in competing destinations. The goal of the product planning strategy should be to achieve differentiation based on authenticity, innovation and sustainability – thus giving the destination a product range with a lengthy life span.

1.4.3 Factors of Production and Investment Potential

Development cannot take place unless the necessary factors of production are available in, or can be brought to, the destination. This entails:

- land availability of the scale and in the appropriate locality to realise the product development and market potential without undue negative impact on the environment and community living in the vicinity;
- labour availability in the form of a supply of trained personnel, or persons that can be trained, to meet the Tourism Product Development's needs;
- investment capital availability for the product developments – from domestic sources or, should the government policy be open to it, from foreign investors;
- a strong system of local enterprise in the form of SMEs and larger corporations able to supply to, and operate in, the tourism sector.

As noted, the attractiveness of a destination for foreign investment is a key determinant of tourism development strategy in the broad sense but the local availability of the necessary factors of production is most significant for the types of tourism products being considered in this handbook.

1.4.4 Policies and Systems

A destination's ability to develop tourism products is to a considerable degree a function of its political system and the policies for the sector being pursued. The possibilities can vary widely between centrally planned and free market economies, as reflected in the differing role of the private sector. There are also the issues of the destination's stage of economic development, and the government's degree of endorsement for tourism in its economic development policy. Finally is the question of the stability of the destination and whether or not:

- its tourism sector can operate without disruption from political change; and
- it is perceived by the prospective tourist as a safe place to visit.

Variations in policies and systems include:

- the form of political system in the destination;
- the degree of autonomy given to regional and local governments within the destination;
- political and social stability;
- degree of risk from internal or external conflict or terrorism;
- the role of tourism in the economic development mix – peripheral or a sector on which the destination has a high dependence; and
- its stage of overall economic development.

1.4.5 The Variables in Tourism Product Development Strategy

Tourism product development strategy can be influenced by factors that can change, or be changed through direct action by:

- public bodies in the destination;
- other agencies (including competing destinations); and
- events, many of which can be controlled by the destination.

While many of the actions to change these factors are not product developments, it is important to recognise that overall tourism development succeeds only when the many components are fully integrated e.g. infrastructure and utility supply, training and human resource development, and marketing and promotion.

Developing a large capacity and well-equipped airport is of little use if no carriers or tour operators are interested in featuring the destination. Developing a strong tourism product will not fulfil its potential if the market is not aware of, or interested in, it; or the management and staff are not fully skilled and trained to deliver visitor satisfaction. The factors that can be changed, thus, represent a check list for destination authorities to constantly review and have both regular strategies and plans, and contingency plans (in case of sudden or unexpected developments) in place.

Variables that can be changed include:

- its markets and segments – which countries/regions does it draw on? which segments does it attract? what changes are taking place in the tastes and trends in different origin markets? is there a good level of domestic demand from within the destination?
- transport infrastructure and utility provision – how easy is it to get to and around the destination? are power, water and sewerage services to the standard required by tourist markets?
- resources to support a growing tourism sector e.g. human resource skills and training programmes;
- its place on the tourism area life cycle (TALC) – is it a newly emerging, growing or mature destination? how will this positioning evolve over time? what actions are necessary to maintain sustainable growth?
- its competition – past, current and likely future – what strategies are being pursued and developments taking place, or planned, in competitor destinations and how will this impact on the subject destination? what actions can be taken to offset any erosion of market demand from these competitive developments?
- strength of the destination's own private sector – is there a good level of local private sector investment in tourism products and a strong local travel and tourism sector? or is the destination largely dependent on foreign investment with its distribution system controlled by foreign interests?
- the distribution system – how important is the destination to international airlines and tour operators? what can be done to strengthen those links? what further changes is electronic technology likely to bring about in the way tourists research and book their trips?
- perception of the destination in source markets – stable and safe or unstable and unsafe.

1.5 The Role of Destination Authorities in Tourism Product Development

The governmental role in democracies is to establish the conditions for economic growth, through facilitating and supporting those sectors where they can have competitive advantage. In order to facilitate and support their tourism sectors, governments are under pressure *inter alia* to develop the enabling

transport and utilities infrastructure, establish the vocational training system, and create a positive image of the destination as an aspirational place to visit in the international tourist marketplace. These are all high cost items. In addition, as tourism provides opportunities for SMEs (small and medium enterprises) many governments provide incentives to encourage this type of business.

As a result, the involvement of destination authorities in the development and marketing of their tourism sectors is imbalanced in many instances. While tourism development policy, strategies and plans exist for the majority of countries around the globe, and almost all destinations – either through state, private or combined agencies – undertake destination marketing and promotion geared to attracting tourists, a relatively small number of destination authorities are actively involved in shaping the tourism products developed and offered. For countries that place tourism high on their economic development priorities, major investment is made in air and sea ports, roads, power and water provision – often in the case of less developed countries through the support of international or regional funding agencies. For other countries public: private investment is becoming an increasingly used model for the financing of tourism infrastructure.

The reason why relatively few countries are directly involved in Tourism Product Development as opposed to destination marketing is not difficult to find. Government is responsible for establishing goals and directions for the destination's various economic sectors; and are keen to establish the destination's reputation as an attractive place to visit – since the market perception also influences non-tourism factors like inward investment in industry and commerce. Furthermore the tourism operators, while accepting their own responsibility to fill their seats or beds, argue that the state should finance the marketing of the destination as a whole.

Tourism product development has been left largely to market forces in most destinations with well-developed and long-established tourism sectors. Only in the past half century have governments sought to direct Tourism Product Development. Certain types of attraction or facility are included in tourism development policies with plans increasingly geared to meet specific socio-economic objectives. These objectives can be as varied as attracting inward foreign investment, generating local level economic impacts in the form of SMEs and/or community tourism, boosting economic development in certain regions of the destination or reducing the seasonal imbalance.

While the majority of such guidance – and direct intervention through incentives – relates to economic growth, governments can also direct the type of Tourism Product Development to minimising damaging environmental or socio-cultural impacts on the destination and its resident population. There is also a third goal in supporting Tourism Product Development, namely improving the provision of facilities that the local population can also enjoy, thereby improving their quality of life. As the living standards of population rises, so does demand for leisure and recreational provision. Tourism can meet both these needs: first, by bringing in visitors to the area to visit the attractions, participate in the activities and utilise the facilities developed; and, second, by providing these attractions, activities and facilities for local people to patronise. In many instances local demand alone is insufficient to justify the development but can serve as the top up for the features created principally for the visitor market.

As an example, tourists' share in theatre attendance and revenue can be cited. For New York's Broadway theatres⁶, 63% of all tickets are bought by tourists, with overseas visitors accounting for one-in-three of those tickets (e.g. 21% overall); while in London, spending by foreign tourists enabled the capital's West End theatres to contribute £ 225 million surplus to the country's balance of payments.⁷ Without the patronage of domestic and international tourists, the number of theatres that could be financially viable would be much reduced, and the ticket prices would be significantly higher. Visitor demand, therefore, directly contributes not just economically but also to the leisure facilities available for local residents. There are, therefore, economic, preservation/conservation and social reasons justifying the involvement of destination authorities in the process of Tourism Product Development.

6 The Broadway League, *The Demographics of the Broadway Audience 2008-2009*.

7 London School of Economics for the Society of London Theatre, *The Wyndham Report: Economic Impact of West End Theatre Industry (1998)*.

Fundamentals and Principles of Tourism Product Development Planning

Before looking specifically at the role, and process by which governments can assist, in Tourism Product Development, it is advisable to consider the broader picture, namely policy, planning and management of the overall tourism sector.

These have been divided into two broad groupings:

1. Fundamentals e.g. aspects that need to be put into place before effective and sustainable Tourism Product Development can take place – in other words the necessary 'hardware'.
2. Principles and procedures e.g. the optimal steps in developing and bringing a tourism product to fruition – the 'software'.

There are three fundamental issues to which all destination authorities need to give the most careful and detailed consideration, namely:

1. **Structures** – establishing appropriate institutional arrangements for tourism.
2. **Inter-agency coordination** – tackling the challenge of coordination both between central government departments and down the line to the regional and local administrations.
3. **Planning system** – establishing a planning system and a full planning process that gives adequate guidance but encourages originality and stimulates investment. Tourism is unlike any other economic sector in that it involves the state, private sector and community where it takes place. Under such circumstances:
 - planning for tourism is vital;
 - a different approach to policy and planning is needed to that used for other sectors;
 - in order to create an economically successful and fully sustainable sector over the long term, tourism planning should be comprehensive, fully coordinated and undertaken over an extended time frame.

Then there are a series of principles that underpin all sound Tourism Product Development planning and successful operation, whether stimulated by the public sector or arising from private sector or community initiative:

1. understanding market tastes and trends – market research;
2. market: product 'matching';
3. designating tourism development areas/zones;
4. undertaking extensive stakeholder consultation – including with the local communities in the areas of development – in an open manner and in a spirit of co-operation;
5. pursuing flagship development opportunities;
6. identifying opportunities for clusters, circuits and events;
7. preparing a full product portfolio and investment plan;
8. ensuring that personnel with the appropriate tourism technical skills are in place at national, regional and local levels to carry the process of Tourism Product Development forward; and

9. drawing up a marketing and promotion strategy to support the tourism product developments, and implement a programme of marketing communications.

Table 2.1 Principles and procedures of Tourism Product Development

Activity	Purpose
Market research	Understand profile, characteristics, tasks and trends of markets and segments
Market: product matching	Identify products and services to be developed in line with market requirements
Tourism/product development areas	Identify areas within the overall destination appropriate for specific types of product development
Stakeholder consultation and collaboration	Ensure the opinions and aspirations of all relevant stakeholders – local, national, international – are canvassed and taken due account of in the Tourism Product Development plans prepared
Flagships/hubs	Identify outstanding features within one or more tourism/product development areas where major products can be developed to constitute 'hubs' to attract tourists
Clusters, circuits and events	Create the 'spokes' fed through the 'hubs' by bundling together a range of attractions and activities, creating tourism routes, and organising festivals and events
Product portfolio and investment plan	Formulate the various Tourism Product Development opportunities into a cohesive and integrated development plan, and prepare and disseminate a product investment portfolio for prospective investors
Human resource development	Create vocational training and managerial educational programmes that produce the level and calibre of personnel needed by the planned tourism product developments
Marketing and promotion	Feature the tourism product developments in the positioning of individual tourism development areas as part of the overall destination branding.

2.1 Fundamental Issues in Tourism Development and Product Planning

2.1.1 Tourism Organisational and Institutions Structures

Tourism by its very nature cuts across many parts of government. Hall (2,000) lists no less than 32 central government departments and agencies plus territorial local authorities, regional councils and regional tourism organisations as constituting the institutional arrangements for government involvement in New Zealand.

The complexity of the cross-cutting nature of tourism gives rise to the problem of coordination – discussed later in this chapter – since tourism, by virtue of being a temporary increase in the population of the destination, has all the needs and impacts of the permanent population – and a few additional ones. It is a question of whether tourism should be:

- treated separately for government policy and planning purposes;
- linked with another government ministry or department according to the destination's development priorities; or
- incorporated within **all** the other sectoral government ministries and departments of which it is a part.

If “tourism” is not specified in the title of the government ministry or department responsible for it, there has been the tendency in the past for it to be treated as an insignificant sector by government policy makers and planners; but if tourism is a stand alone ministry or department, there arises the problem of coordinating the needs and impacts of the sector as they relate to the responsibilities of other government ministries and departments. Tourism has always struggled to have a position within the government institutional hierarchy commensurate with its contribution to the economy of the country. It was seen as a ‘candyfloss’ sector rather than a ‘real’ industry. Though that perception has gradually been rectified over the decades, and tourism has moved up in the hierarchy of ministries over the past two decades in line with its importance to the economy and the stand-alone ministry now has a far stronger standing with other ministries and departments, the sector still punches below its weight in terms of government recognition and status in many destinations.

In industrialised countries where tourism is a sector of significant scale and activity, but not one of the leading economic sectors, it is frequently not even referenced in the title of the government ministry or department responsible for policy and management of the sector. For example, in the United Kingdom tourism is part of the responsibility of the Ministry of Culture, Media and Sports. Even in relatively small countries – particularly island destinations – tourism, albeit often a mainstay of the economy, does not always have its own stand alone ministry but is linked with other areas of responsibility. This can be as the result of limited public finance for allocation rather than any disregard for the significance of the sector’s economic contribution.

Historically, tourism has tended to be combined with other areas, selected on the basis of their synergies and in line with government priorities e.g. civil aviation, economic planning, trade and industry, arts and culture, environment, sports. There have even been examples where it has been combined with public works, education/training/labour and foreign affairs. Nowadays, it tends to be associated with the main resources utilised for tourism e.g. culture, natural resources. Examples include Jamaica’s Ministry of Tourism, Entertainment and Culture, Tanzania’s Ministry of Natural Resources and Tourism, and Australia’s Department of Resources, Energy and Tourism. There are still instances where tourism is linked with international transport, found where destinations are located at some distance from main source markets e.g. Barbados which is between four and ten hours flying time from North American centres and eight and ten hours from European cities.

Even in those countries where tourism is a named component of a ministry, it has tended historically to be a junior part of that ministry’s work. For example, the then Minister for Economic Development and Tourism in Fiji in the pre-1987 coup admitted that no more than 3% of his time was spent on tourism!

Research carried out with NTAs/NTOs by Tourism Development International for this handbook indicates that there is no standard organisational model related to the process of Tourism Product Development, with responsibility spread across different layers and levels of government, making the task of efficient and effective coordination vital but complex. Three examples which illustrate the range of approaches are outlined below. Portugal – see organigram below – and France are two countries where tourism structures have recently been reorganised to synchronise the product development and marketing functions. By comparison, the Malta Tourism Authority (MTA) has no direct role in stimulating new product development. The third example – Australia, details given in section 2.1.2 – focuses on coordinating all aspects of tourism development between national, regional and local levels.

Portugal

Portugal is a good example of streamlined organisational structures at National Level. Turismo de Portugal has been established following the merger of four separate agencies with responsibility for (a) Tourism Legislation/Classification of tourism enterprises, (B) Tourism Training, (c) Marketing and Promotions, and (d) Inspections. The establishment of Turismo de Portugal has resulted in each of these functions being housed ‘under the one roof’.

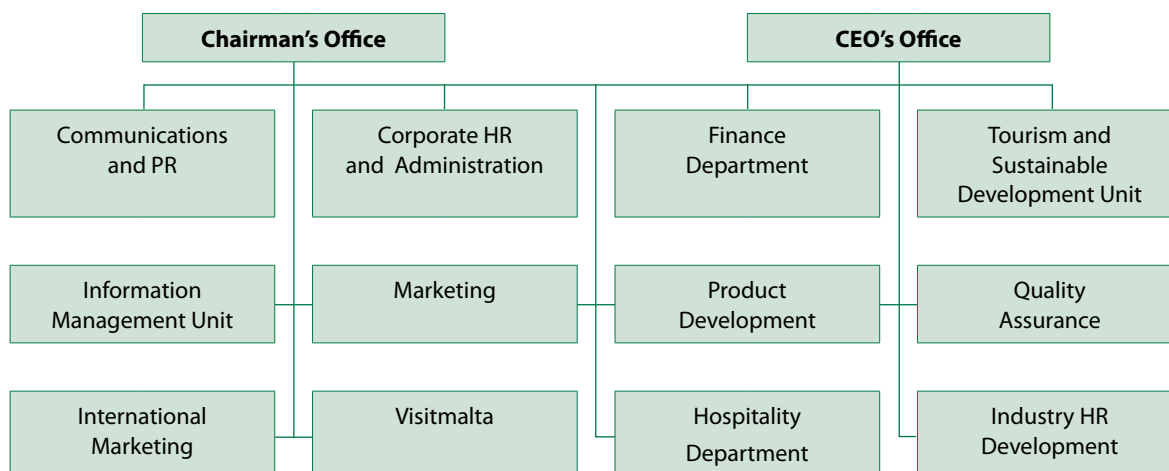
Figure 2.1 Portugal organigram



Malta

By comparison the Malta Tourism Authority (MTA) has no direct role in stimulating new product development, with its focus being on destination promotion, licensing, human resource development and acting as ‘to advise government on the planning and development of the tourism industry as well as on the infrastructure supporting the industry.’ The Product Development Department’s focus is on maintaining the quality of existing tourism products so that visitor experience is maintained at the highest possible level. To this end, it both liaises with other appropriate government agencies in respect of issues related to, for example, heritage sites, and takes direct action. It employs Tourism Zone Officers who inspect and take action as required in respect of, for example, cleaning of beaches. While the MTA handles accommodation development applications before passing these on to the Malta Environment and Planning Authority (MEPA), activities such as horse riding would fall directly under MEPA.

Figure 2.2 Malta organigram



There still exist examples where tourism is linked with economic development, the most notable example being New Zealand where the Ministry of Economic Development and Tourism has a Tourism Strategy Group within it. This has replaced the former Ministry of Tourism. The reason for this change is not a downgrading of tourism but the recognition of the need to fully integrate tourism with other industries and sectors in the development of the country's economy. The Tourism Strategy Group is responsible for advising government on how to maximise the value tourism adds to growing a high productivity New Zealand economy. The key is that tourism should be seen as a part of the integrated development of the country's economy. For that to happen, New Zealand has decided it needs to be part of a wider ministerial portfolio, working from the inside rather than from the outside.

From the investor’s point of view, the priority is for there to be a clear, centralised point of reference in government for information, assistance and support – a ‘one-stop shop’. While that may be located in a Ministry of Finance or Economic Development or through a Central Bank, rather than in a dedicated Ministry or Department of Tourism, it is important that the officials in the designated agency should be knowledgeable about tourism and be able to talk through the destination’s Tourism Product Development portfolio, explain the market implications and prospective economic impacts, and give informed advice.

While countries that grant tourism separate ministerial status are recognising the importance of the sector, to the extent that it warrants high level focus and dedicated resources, they are also creating the imperative for a strong inter-ministerial (or -department) coordination are policies, plans and activities. It is vital to ensure that the transport gateways and arteries are in line with anticipated visitor flows, that all personnel who have some form of contact with tourists do so with respect, integrity and in a positive and welcoming way, that tourist operation service standards are in line with those of competing destinations and with visitor expectations, that natural and cultural sites are well-maintained etc. The responsibility for meeting these requirements falls under other government – including local government – departments, but their efficient operation represents a key part of the tourist’s experience, and satisfaction with his/her visit to the destination.

The survey of NTAs/NTOs for this handbook indicates that less than a half of national-level administrations have a dedicated Tourism Product Development function, and that there is a trend towards increasing responsibility/autonomy being given ‘down-the-line’ to regional and local governments, again adding to the difficulty yet need for coordination. Only one-in-three NTA/NTO respondents to the survey have established procedures in place to facilitate a coordinated approach to Tourism Product Development.

Table 2.2 Incidence of NTA/NTO having dedicated product development function (%)

	Total	Regions					Tourism Lifecycle		
		North/ West Europe	South/ central Europe	Africa	Americas	Asia and the Pacific/ Middle East	New/ emerging	Growing	Estab- lished
Yes, have dedicated Product Development Function	47	46	42	50	67	29	60	46	44
No, Product Development linked to other Functions	51	55	58	50	33	57	40	50	56
No reply	2	–	–	–	–	14	–	5	–

Source: Tourism Development International Survey of NTAs/NTOs.

A destination needs a dedicated Tourism Product Development function if it is to be able to effectively plan for, facilitate, coordinate and support the creation of market-appropriate, community-acceptable, environmentally sound and profitable tourism products. A dedicated product development division within the ministry responsible for tourism might have a number of separate but closely coordinated units dealing with, for example:

- recreation development and funding;
- natural and cultural heritage development;
- taxation and related incentives; and
- enterprise advisory and research support.

Placing the same director to head both the product development and marketing divisions would help ensure close coordination between the development and promotion of the destination's tourism product. Working with the central division will be tourism development coordinating committees in each of the designated tourism development areas in the country. This structure is seen as providing a destination authority with the ability to shape the product in line with overall strategy for the tourism sector.

While this may be seen as a utopian solution ignoring the different political environments in individual countries, it can at least be regarded as a model for the central tourism agency to be shaped according to the circumstances and practicalities of the destination.

As part of planning the future product portfolio, the existing expertise in the destination at regional and local levels, and among the private sector, should be drawn on. Representatives from the different tourism (or product) development areas (or whatever other geographic or administrative division is used in planning) in the country should be involved both in setting and reviewing strategic directions, via the regional tourism development coordinating committees. Accessing the best expertise in the country may be best achieved through the establishment of a regular forum (whether in the form of a conference, seminar, or workshop) with representation from all areas within the country.

Destination tourism institutions operate both at central level and along the chain to regional (e.g. provincial, state, county, Bundesländer, départements etc.) and local levels. Since tourism takes place in the specific destination, so the municipality or other local authority has the responsibility to plan and cater for the visitor flows. In increasing numbers of destinations, the role of the regional and local administrations is recognised and facilitated by central government. A growing trend is for greater autonomy being given down the line with regards to decision making on product development.

Australia is an example of increasing reliance being put on states and territories. The National Long-Term Tourism Strategy of 2009 explains the inter-relationship between the different levels of government – and with the private sector – and how this is achieved:

“At the federal level, Tourism Australia works with state and territory governments and the private sector to market Australia to the world. The Commonwealth Government Department of Resources, Energy and Tourism (RET) delivers government tourism policy. At the inter-jurisdictional level, the Tourism Ministers' Council (TMC) is the principal forum for discussing tourism policy matters of mutual interest to the Commonwealth, the states and territories, and New Zealand. The Australian Standing Committee on Tourism supports the TMC. The National Tourism and Aviation Advisory Committee (NTAAC) formalises the relationship between major tourism stakeholders to provide high-level advice to RET, the Department of Infrastructure, Transport, Regional Development and Local Government (DITRD LG) and the TMC.”¹

This vital role of provincial and local governments is also justified on the grounds that tourism involves, and impacts on, so many entities (both within and outside tourism) and places demands on publicly-provided infrastructure and amenities.

The obstacle to the greater involvement and control at regional and sub-regional level within a country in tourism development and marketing strategic planning is twofold: weak institutional capacity, and inadequate financial resources. South Africa is a good example. With the advent to power of the ANC government in 1994, tourism was identified to be a primary means of achieving the economic empowerment of the majority population. For this goal to be realised, local populations needed to participate effectively in the planning process and become important players in the tourism economy engaging in a wide spread of activities. This in turn required informed guidance, strong leadership and hands on assistance from the local administration to encourage and facilitate the establishment and operation of small scale indigenous tourism businesses.

Cleverdon (2002) found that in South Africa the problem was most marked at the provincial/local level resulting in tourism's contribution to the economic growth of centres away from the main tourism magnets not being fully realised. Many local administrations were in a state of crisis, with little regard

1 Australian Government, Department of Resources, Energy and Tourism (2009), *National Long-Term Tourism Strategy*.

for, understanding of, or budget to facilitate the development or promotion of, tourism. Yet in many (indeed most) cases tourism had the potential to be one of the most useful sectors in alleviating their financial problems.

There was a widespread absence of the requisite tourism technical knowledge among South Africa's provincial and local government administrations to fulfil the essential leadership role to any effective degree. Institutional strengthening and capacity building at these levels was identified as a leading priority for the short-to-mid terms, since without it many tourism development opportunities would not occur. A cadre of local tourism officials was needed to create awareness in the community about tourism opportunities at these dispersed levels of government, and to provide official support for NGOs to act as facilitators and catalysts between government, communities and prospective investors. Such officials would be qualified in tourism but need not necessarily be widely experienced – it is the enthusiasm for tourism and ability to communicate that are the most important capabilities.

This problem has now been addressed by the development, circulation and training in the application of a tourism development planning toolkit for local government.² Though this is an extremely wide-ranging guide with product development a minor component, it sets out the groundwork necessary for any local administration to develop its tourism sector in an organised, cohesive and integrated fashion.

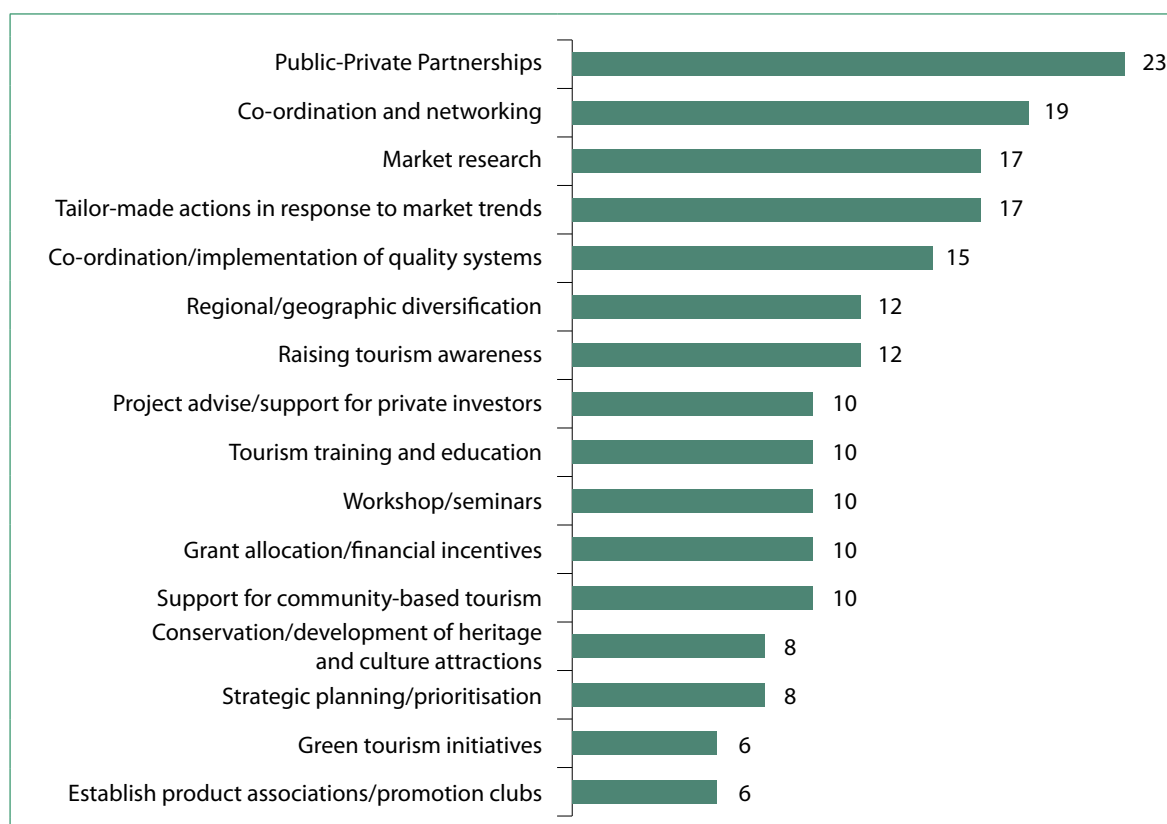
The role of Government in tourism is categorised into seven broad areas according to Hall (2000):

1. coordination;
2. planning;
3. legislation and regulation;
4. enterprise;
5. stimulation and promotion;
6. social tourism facilitator; and
7. public interest protector.

In any involvement in the process of Tourism Product Development, government is active in each of these areas, either through government departments or agencies or public-private bodies. The separation of the policy and planning aspects from the marketing role of government is common in order to encourage greater participation from the private sector in destination promotional activities. Businesses are less likely to contribute willingly to marketing strategies and campaigns that are designed and undertaken through a government ministry. Yet many countries need both the market knowledge of the private sector and financial contributions to support a fully fledged destination marketing campaign. As noted in section 2.2.3 a number of countries have established tourism promotion boards on a public: private basis to undertake destination marketing, such a role linking with product development.

The results of the NTA/NTD survey for this handbook indicate that national level tourism agencies have a wide range of responsibilities in respect of Tourism Product Development, with the establishment or public: private partnerships, coordination/networking, market research, and responding to market trends coming top of the list.

² Department of Environmental Affairs and Tourism (January 2009), *The South African Tourism Planning Toolkit for Local Government*.

Figure 2.3 Current approach and responsibilities concerning TPD (%)

Source: Tourism Development International Survey of NTAs/NTOs.

2.1.2 National and Regional Coordination

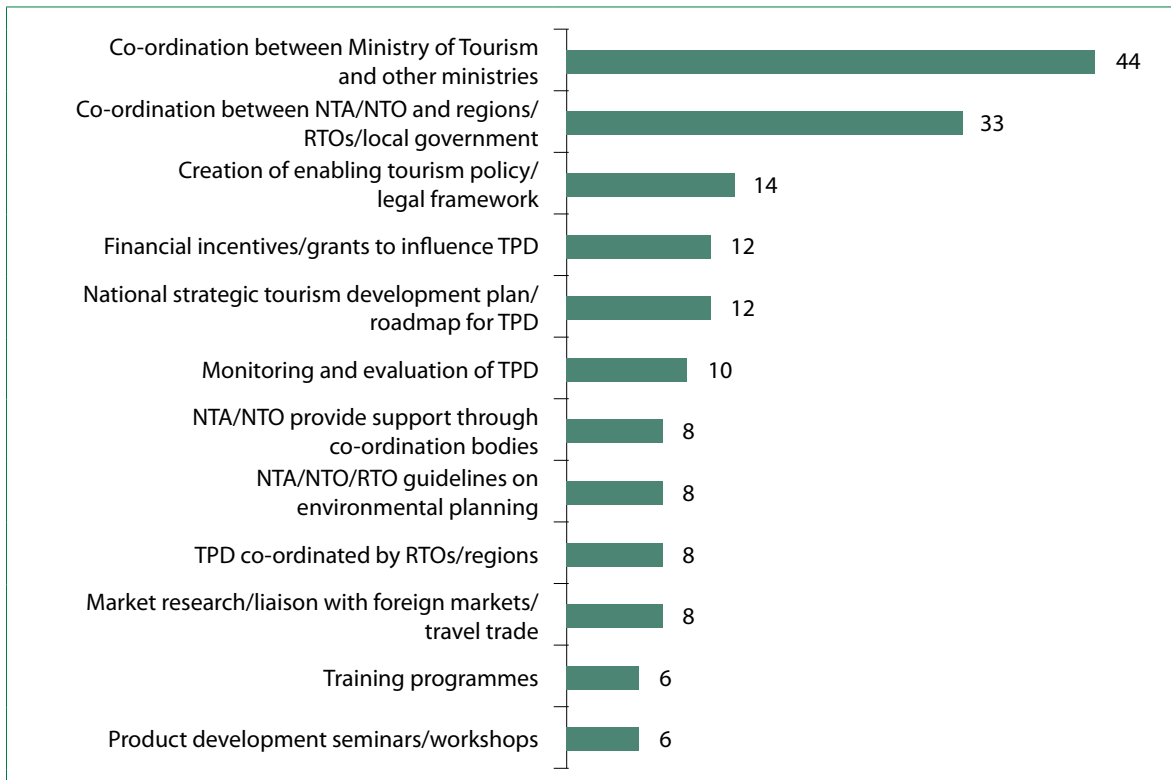
Coordination for tourism occurs both horizontally (e.g. inter-sectoral between different government departments and agencies) and vertically (e.g. between different levels of government). It is vital at central level between the different ministries and departments with responsibility for an aspect related to tourism, as well as between central, regional/provincial and local levels.

The means of putting in place a system of delegated authority and communication between central, regional and local governments to achieve effective coordination will vary from destination to destination, depending on government structure and present institutional arrangements. The need is to avoid creating unwieldy bureaucratic structures while giving stakeholders at each level – including at local level – and from the private sector a “voice” in plans and strategies developed for the country and the regions within it. Furthermore, this “voice” needs to be based on sound, technical knowledge of tourism, and to be representative of the divergent views about tourism development and marketing.

At inter-ministerial level, the two main means employed are a form of inter-departmental coordinating committee or, as in the case of New Zealand, a Tourism Strategy Group that is part of the Ministry of Economic Development and, as such, can liaise and work with other government agencies on relevant topics.

The NTA/NTO survey for this handbook found that inter-ministerial coordination is widely practiced as a means of achieving coordinated TPD. Co-operation between NTA/NTOs and regions is also cited as important in this regard.

Figure 2.4 Ways in which TPD is coordinated (%)

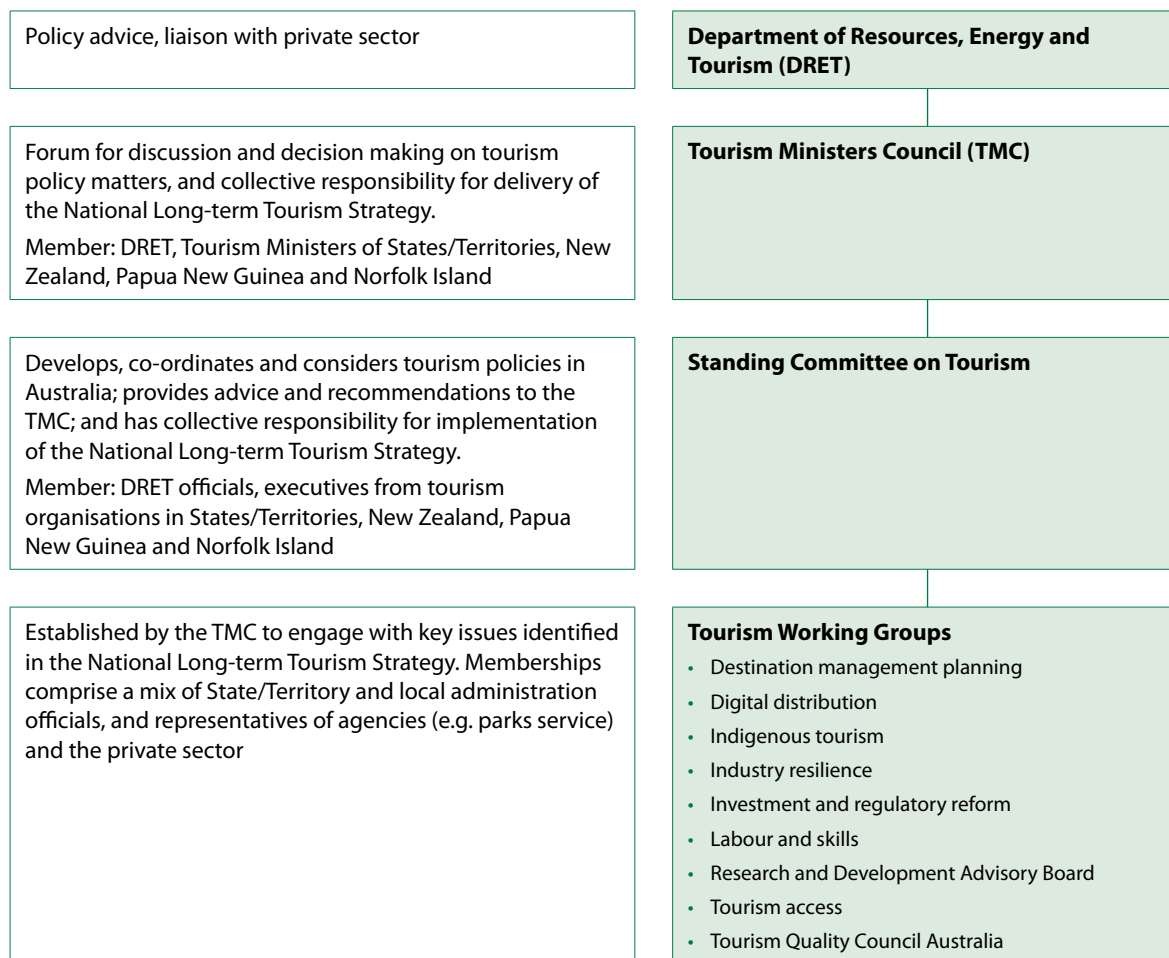


Source: Tourism Development International Survey of NTAs/NTOs.

To achieve the necessary coordination between central and regional governments, the Australian model is a good one. Again, the example will not be replicable in full in other destinations but it represents a clear illustration of why it is important to coordinate between the different levels of administration and with the private sector in planning Tourism Product Development, and how such coordination can be achieved.

Tourism Ministers Council, Australia: A forum for discussion and decision making on tourism policy matters of mutual interest to the Australian Government, State, Territory and New Zealand Governments with collective responsibility for delivery of the National Long-Term Tourism Strategy.

Figure 2.5 Tourism institutions – Australia



Source: Tourism Development International.

A representative from each local tourism administration – perhaps the chairperson of the local tourism committee, or equivalent – should be incorporated into the country’s tourism planning structure. South Africa uses a two-tier system: national government with provincial tourism officials, and at provincial level incorporating representatives from the individual local municipalities.

There are few instances where a region or locality within a country can operate on a “stand alone” basis – Bali being one of the few truly successful examples in a developing country; neither is it a desirable route because it can lead to fragmentation, inconsistency and internal competition within a country. Coordination with national policy and strategy is, therefore, a priority. It is vital to ensure that local level product development and marketing initiatives:

1. are consistent and compatible with Tourism Product Development and marketing strategy at national and provincial levels – at best they should represent the “hands on” implementation of the country’s overall goals for tourism, interpreting them in the local context; and
2. “piggyback” to the maximum extent possible on national and provincial programmes and schemes in order to achieve local level objectives.

It is important to set up a system at the local level through which the various stakeholders in tourism (including community representatives such as leaders from traditional society, church/religious groups, residents etc.) can be consulted. Furthermore, their opinions and demands should be taken into account in deciding future plans and actions. Under the auspices of the local administration, a *Tourism Committee* (or other appropriate nomenclature) can be established with participants from the local private sector – both those directly involved in tourism and those that supply goods and services

to tourism operations – and the community. The *Tourism Committee* can operate at two levels: first, strategy and planning for tourism development and marketing (including liaison with national and provincial levels); and, second, overseeing the execution of local marketing activities. As noted, the chair of the *Tourism Committee* could be the local representative in the national-provincial planning system for tourism.

Steps should be taken to enable the local debate to be properly informed, and dialogue with central/provincial authorities to be based on full understanding of the tourism system, its impacts and operation, product and marketing planning etc. Education and training (e.g. short, intensive courses for administration officials) is one component of this, while a good computer system is another. Without adequate investment in computer technology to provide a stream of up-to-date information on tourism development and trends from the “centre” to the “outposts”, it will be difficult to maintain the market knowledge needed at local level.

Destination product development and marketing are changing. As competition intensifies, with virtually every country or territory actively seeking to encourage inbound tourism, so the ways in which destinations organise and undertake their product development and marketing programmes are evolving. The successful destination will increasingly develop products targeted at, and marketed to, segments that are identified as representing strong potential – and as the areas within a country may have different resources and product development opportunities so it is at local level that much of this segmentation will take place. The NTA/NTO can no longer carry the burden for all these tasks: the private sector, and provinces and states down to the municipal level, each have increasing roles to play in line with the rewards they obtain from tourism.

There are four distinct aspects that can be combined in making the case for increased local level product development and marketing intervention:

1. money from the centre is tight. Central government, in seeking to reduce the dependence on it to finance the country's tourism marketing, is pushing responsibility for marketing “down the line” to provincial/local administrations and the private sector operating in the localised areas;
2. need for tightly focused niche marketing on a highly targeted basis. Local input can be crucial in developing a differentiated message for targeted segments;
3. counterbalance to the international tourism distribution system's push for standardisation in destination tourism products. This increasing commoditisation of tourism products can be slowed through the development of marketing messages that stress the unique features and attractions of individual localities (again requiring strong local level involvement); and
4. exploiting growing consumer trends. In the globalisation – localisation continuum, the opportunities in tourism destinations offered through growing consumer interest in local cultures and features necessitate marketing action at the local level to be fully realised.

It is only at the local level that the differentiation that is necessary for long term survival can realistically be achieved. The importance of differentiation is also most marked at the local, micro level as this is the means by which a given location's stakeholders seek to ensure the durability of their tourism sector. That said, it will remain appropriate for countries with emerging tourism sectors to lend substantive marketing support from the centre to create a strongly positive image for the destination in source markets.

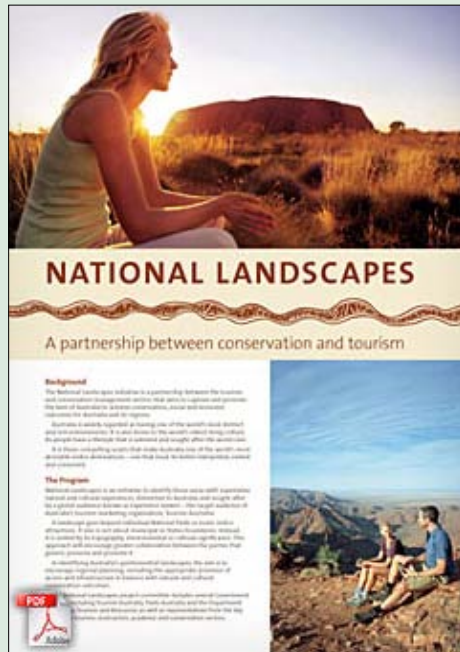
The ability of any destination to decentralise product development and marketing responsibility depends on sufficiently developed institutional capacity at provincial and local level to take on the devolved task. In developing an agenda for local level action, the following key factors need to be considered:

- coordination (national-provincial-local);
- organisation (local administration-private sector-community);
- product development and marketing strategy;
- attracting, informing and satisfying the tourist.

The National Landscapes Program in Australia is an integrated Tourism Product Development approach that is coordinated at federal level but depends for its success on being driven by local communities since the parks to be included are nominated at this level rather than being selected or imposed from the centre – an excellent example of coordination and consultation.

Case Study: National Landscapes Program – Australia

(Parks Australia/Tourism Australia – both Australian Government Agencies)



The National Landscapes Program provides a model for collaboration between government, the tourism industry, conservation and other stakeholders; developed to build on tourism opportunities presented by Australia’s natural and cultural assets.

Australia’s National Landscapes program was launched in 2006 and ten iconic Australian Landscapes have been included in the program to date: the Australian Alps, Australia’s Coastal Wilderness, Australia’s Green Cauldron, Australia’s Red Centre, Great Ocean Road, Greater Blue Mountains, Kakadu, Kangaroo Island, Flinders Ranges and the Kimberley.

The program was inspired by the realisation that the term ‘National Park’ was a tourism brand name with worldwide recognition. However Australia has over 600 national parks; in comparison to 57 in the United States of America and 41 in Canada. It was considered that the large number of national parks were overwhelming for visitors to comprehend.

Tourism Australia and Parks Australia formed a partnership between tourism and conservation to identify Australia’s iconic landscapes and to achieve conservation, social and economic outcomes for Australia and its regions via the promotion of exceptional nature based tourism experiences. The selection of landscapes is designed to attract the ‘Experience Seeker’ market – reflecting Tourism Australia’s target market.

The National Landscapes Reference Committee (NLRC) was established in 2005 by the Director of National Parks and Tourism Australia to oversee the programme design and delivery. The NLRC provides direction for the program; reviews candidates at each stage of the selection process; and has decision-making responsibility in the assessment and evaluation of potential National Landscape candidates.

The National Landscapes project committee includes several Government agencies including Tourism Australia, Parks Australia and the Department of Industry, Tourism and Resources as well as representatives from the key Australian tourism, ecotourism, academic and conservation sectors.

In identifying Australia's quintessential landscapes, the aim is to encourage regional planning, including appropriate provision of access and infrastructure, in harmony with natural and cultural conservation outcomes. The landscapes chosen are not confined by municipal or state boundaries; but share common topographical, environmental or cultural significance.

The goal is to encourage greater collaboration by cross-jurisdictional stakeholders; enhance the value of tourism to the regional economy; and the role of protected areas in that economy.

Source: Based on following website: www.tourism.australia.com/nationallandscapes.

2.1.3 Comprehensive, Integrated and Inclusive Planning

Tourism has a huge range of direct and indirect impacts – as explained earlier since tourism takes place where other people live, it adds to the needs and impacts that the permanent population has, as well as creating the need for special facilities such as commercial lodging. Government planning, regulation etc is therefore needed.

Conclusion 1: Planning for the tourism sector is vital

Tourism is an economic sector executed by the private sector. Tourism activity involves direct contact with the local population. Tourism, then, involves a triumvirate of destination interests – state, private sector and community. As such, tourism planning for development and marketing is unlike any other economic sector and requires special approaches, procedures and institutions.

Conclusion 2: Tourism is an industrial sector that requires a different approach to policy and planning to that used for other sectors

The complexity of tourism planning requires the process to be conceptualised to incorporate the tourism system of demand, supply and distribution, values (of the host community and visitors), stakeholder relationships, definition of planning goals and parameters, the issues of scale, and the means by which development is dealt with in terms of concerns over sustainability.

Some 70% of international tourist activity is comprised of discretionary purposes trips that are subject to all the market-related and exogenous variables detailed in chapter 1. For many consumers discretionary travel will be the first item of their spending that is cut back during harsh economic times or in situations of heightened international tension.

All travel and tourism operators are subject to market conditions and standards of operation of other businesses which supply to, or purchase from, the operator in question. All tourism businesses are inter-linked in one way or another. A hotel's operation is linked with that of transport companies and all the many other travel and tourism sub-sectors, as well as with the construction sector, suppliers of foodstuffs ranging from local farmers, fishermen and market gardeners to food importers and processed food manufactures and distributors, and many sectors and sub-sectors outside travel and tourism that trade with travel and tourism operators.

Conclusion 3: Successful tourism planning is dependent on being fully comprehensive and coordinated – both inter-sectorally and intra-sectorally

Other factors which shape appropriate approaches to tourism planning include:

- the long lead times in creating new core travel and transport facilities, such as airports and hotels;
- the high capital expenditure of building and equipping a hotel and acquiring a fleet of airplanes;
- the combination of the high upfront element of these costs and the tendency for the build up of demand for new travel and tourism products to be gradual rather than instant, can result in a weak return on investment in the early years of operation;
- the need for specialist training programmes to create the special skills needed for tourism.

Conclusion 4: Tourism planning is a long-term process

The difficulty faced by travel and tourism, however, is that at the destination level, there is often a conflict between the necessary long-term approach for successful tourism development planning, and the demands of the two agencies of power (namely governments and private sector investors) for short term returns. Governments need to be re-elected so they are less keen to support a sector which shows the benefits in a decade's time or longer; while the private sector's requirement for profits to satisfy its shareholders, through the rapid achievement of a good return on investment, makes the long-term nature of most tourism investment equally unattractive. This leads to many conflicts, since a short-term planning approach has been "forced" onto a location, resulting in detrimental consequences in the longer term right across the triple bottom line – economic returns, environmental and socio-cultural impacts – performance.

Planning approaches are needed which address the uncertainties of the marketplace and the needs of governments and investors while providing the essential long-term perspective for tourism development. It was common in the early days of tourism destination planning to produce detailed blueprints for tourism for periods as long as 20 years – those prepared by Belt, Collins & Associates for Fiji (1973) being a prime example. However excellent the concepts and technical skills deployed, the approach was fundamentally flawed because the knowledge on which the plan was developed was rooted in the 1960s or 1970s and could not anticipate the – as it turned out phenomenal – changes that would take place over the 20 years (a common time frame) of the plan. Yet, as explained above, a long term planning time horizon is vital.

To this end, a phased planning approach with a progressive narrowing of the focus of the details of the plan can achieve these goals. The three phases can comprise:

- a 20 year strategic vision – a short, succinct statement of the principal goals and means of reaching them, approved and adopted by Government as its overall guide for tourism development;
- a three- to five-year tourism development plan that incorporates specific activities, budget/financial plan and responsibility allocation;
- a detailed one-year action plan to be incorporated in department/agency annual operating plans/budgets, with accountability clearly specified by department, agency or individual.

This structure allows evaluation and feedback at each phase. Revisions and refinement can be made to the plan resulting from, and taking into account, the material changes of the diverse factors affecting the tourism marketplace. It is a rolling, iterative process.

It is during the mid-term development plan and action planning stage that destination authorities can play their most valuable role in stimulating and fostering the types of specific tourism product developments identified in the destination's long term strategic vision.

Tourism planning has moved on from the narrow interpretation of land-use planning. It occurs in a number of *forms* – development, infrastructure, land and resource use, organisation, human resource, promotion and marketing; *structures* – different government, quasi-government and non-governmental organisations; scales – international, transnational, national, regional, local, site and sectoral; and *phases* – for development, implementation, evaluation, and satisfactory fulfilment of planning objectives. Also, tourism planning increasingly incorporates economic, social and environmental considerations.

By way of illustration, the 2002 Guizhou Province, PR China (see case study page 113) tourism development plan prepared by Tourism Development International focused on poverty alleviation of the population, particularly in the more remote areas, through emphasising environmental tourism, ethnic cultural heritage tourism, rural tourism and water-based tourism.

Government intervention in the form of tourism planning is justified in market-driven economies by one or more of market failure, market imperfection and public/social concerns about market outcomes. Market failure takes many forms: inadequate protection of the environment where tourism can exploit common resources (“tragedy of the commons”) and weak infrastructure provision – with high dependence on governments to act as the main providers – being two of the main examples. By facilitating and supporting Tourism Product Development each of these three problem areas can be addressed.

The dispersion of responsibility for tourism development across many departments and agencies has served to confuse local authorities and the private sector. Furthermore, the fragmented structure of the industry makes it difficult to coordinate the various elements of the planning process. Of course, it is this very diversity which makes planning for tourism so important. Integrated approaches to tourism planning are neither *top down* nor *bottom up* but rather an interactive approach requiring participation and collaboration between the various levels of government, private sector stakeholders and the local community.

With governmental coordination in place we can move towards collaborative planning for tourism where the emphasis is on planning *with*, rather than planning *for*, stakeholders. Collaboration is a primary means to realise the collective good of stakeholders in tourism. It is a time-consuming process as tourism planners have to find accommodation between various stakeholders and interests in tourism development in order to reach outcomes acceptable to all. Opposition (usually based on macro level environmental, social and economic grounds, and at the micro level arising from envy) has to be negotiated through a dialogue of communication and trust. Without trust, cooperative or voluntary action and the entering into a commercial partnership are unlikely to occur.

Tourism planners need to embrace the participation process and to involve themselves in relationship building between stakeholders, building trust. Creating and maintaining dialogue is a critical role for the tourism planner. This necessitates tourism planners becoming actively involved in the places for which plans are being developed.

One of the benefits of the collaborative approach to Tourism Product Development is that more original and innovative ideas may emerge rather than if the process was conducted centrally, or solely through public agencies. Involving a wide spread of inputs, including from the academic world, can result in product possibilities being developed that if left solely to the public or private sectors would not come to fruition. The case studies reproduced below and the following pages (Nordic Innovation Centre; TRIP Canada; Bank of Tourism Potentials in Slovenia) represent a range of approaches to produce an innovative approach to product development – thinking outside the box.

Case Study: Nordic Innovation Centre – Nordic countries (Denmark, Finland, Iceland, Norway and Sweden)



The Nordic Innovation Centre (NICE), based in Oslo, initiates and finances projects that stimulate innovation. The organisation's role is also to disseminate information on innovation and the results of their projects. NICE is governed by the Nordic Council of Ministers, formed in 1971, the forum for cross border co-operation. Projects it supports must be at least 50% self-financed; include partners from at least three of the Nordic countries – Denmark, Finland, Iceland, Norway and Sweden; and last for not longer than 36 months.

In addition to project finance, businesses which participate in a NICE project gain the opportunity to acquire new networks and contacts. NICE is involved in a wide range of projects including industry, culture, education, environment and tourism. Tourism was identified as a sector with great potential but one which lagged behind other OECD countries in terms of market share.

In 2008, to boost the Nordic tourism sector, NICE began the *'Innovation in Nordic Tourism – New Products and Services'* programme. SMEs were invited to apply for funding for cooperative tourism projects focusing on the development of innovative products, services and concepts.

A workshop, held in Copenhagen as part of this programme, had the goal of uniting key Nordic, West Atlantic and Baltic stakeholders to identify and develop synergies within the tourism sector. The main issues discussed in the workshop were how to further improve knowledge-exchange, as well as new requirements for innovation, growth and productivity in the Nordic tourism sector. The workshop concluded that while there were challenges ahead in the tourism sector, due to increased competition and climate change; there were also many opportunities, particularly as tourism demand grows in the long term, driven by improvements in other economies. Key drivers for tourism growth were considered to be a focus on nature-based tourism, cross-sector co-operation, continuous innovation, education, professionalism and sustainability.

After a review of the submitted projects, seven were considered to have significant potential and these were chosen to receive funding under this programme. The objective of the *'Innovation in Nordic Tourism – New Products and Services'* funding programme is to foster new products, services, export concepts, cross-sector approaches and new forms of organisation, as well as new marketing methods and sustainable tourism.

Examples of the seven projects chosen are *'Travel 2.0 Promotion in Asia and Pacific'* which aims to utilise web crawl/search technology to gather, analyse and present Asian content on the Nordic region and to share knowledge with new Asian tourists and Nordic Tour Operators; and *'Nordic Event Tourism Network'* which aims to generate and share knowledge about festival and event management that will help organisers to innovate and improve current practice.

Further details of the seven projects and the report – Nordic Innovation in the Tourism Sector can be found on the NICE website.

Source: Based on following website: www.nordicinnovation.net.

Case Study: Tourism Research Innovation Project – Canada



Rural communities in Canada, like many others worldwide, are in a period of transition with people, who have traditionally relied on farming, fishing, mining and forestry as their main income, seeking economic diversification and alternative livelihoods. However information and resources are often inaccessible to those most in need of it, resulting in viable projects not being realised or supported.

The aim of the Tourism Research and Innovation Project (TRIP) is to enhance rural tourism development in the province of British Columbia through information exchange, research and innovation; and to act as a model for similar initiatives in Canada's rural communities. The project was designed to share knowledge about tourism development between rural communities, government agencies and academic institutions.

The objectives of TRIP were to mobilise tourism development information and resources in rural communities; engage in dialogue with community leaders and tourism entrepreneurs to better understand the realities of rural tourism development; enhance community based tourism development through documenting innovative practices and sharing them throughout the province; link academic and non-academic partners to create a cluster of rural tourism expertise; and influence strategic decision making and education programmes in British Columbia to reflect the needs of rural tourism development.

Some key activities have included regional liaisons with local communities to document innovative practices; the development of a series of 'How to...' manuals addressing common tourism issues such as signage; an annual forum on parks and protected areas for researchers and practitioners to learn from each other; a series of videos to be shown in communities to act as a catalyst for discussion and showcase tourism innovation; and use of the TRIP website to make tourism development resources accessible.

The TRIP website lists a series of innovative examples of product development, planning, partnership and visitor experiences. One of the key issues for rural tourism development is improving accessibility; enabling visitors to access remote communities and for businesses directly and indirectly involved with tourism to generate revenue.

An example of tourism innovation on the TRIP website is the MV Chuck III which has operated around the north-western part of Vancouver Island for over 40 years. The boat operates as a both a passenger and freight boat, offering tours to otherwise inaccessible areas and enabling tourism businesses to thrive.

The project partners include five academic institutions: Malaspina University-College, Thompson Rivers University, College of the Rockies, University of Northern British Columbia and College of New Caledonia; five government agencies: Ministry of Tourism, Sport and the Arts, Ministry of Economic Development, Tourism BC, BC Parks, Canadian Rural Secretariat; and the BC Centre for Tourism Leadership and Innovation. The project also receives funding support from the Government of Canada.

The US\$ 600,000 three-year project was first conceptualised in 2005 with a three week road trip to discuss information needs with rural communities. The project was funded by the Federal Government's Social Sciences and Humanities Research Council (US\$ 300,000); Ministry of Tourism, Arts and Sports (US\$ 27,000); BC Parks (US\$ 45,000); Ministry of Economic Development (US\$ 18,000); Community Partners (US\$ 30,000); and the education partners (US\$ 180,000).

The TRIP project is a practical results-focussed project that has had a wide-ranging impact. The project now has over 700 contacts and both local communities and academics have benefited from its existence.

Although the project was funded for three years the partners have sustained the activity and aim to use already established networks to develop new projects. The project has enabled improved inter-sector working relationships; leveraged finance into projects; hosted the provinces first rural tourism conference; and influenced high-level policy.

A key lesson learnt was the inclusion of academic partners which allowed long-term view to be taken and increased consistency for communities trying to establish tourism initiatives.

Source: Based on following website: www.trip-project.ca.

The third example of an innovative approach to supporting new product development from Slovenia demonstrates the creative use of electronic technology whereby anyone can submit a concept for consideration, feedback and development by others accessing the portal. Through sharing and cross fertilising ideas, the belief is that sound new product developments will be produced thereby strengthening the tourism product offer in the country.

Case Study: Slovenian Tourism Board – Slovenia



The Bank of Tourism Potentials in Slovenia (BTBS) is an innovative web based portal where individuals, tourist boards, public institutions and companies contribute ideas and energy in the field of tourism development. Ideas for a concrete project/service can be deposited in the BTBS account (idea deposit); energy (that refers to financial and material resources and knowledge) can be obtained for the realisation of ideas (energy deposit in BTBS account).

The BTBS, which started in 2006, was proposed by the Faculty of Tourism Studies at the University of Primorska and supported by the Slovenian Tourist Board and the Tourism Directorate at the Ministry of the Economy. It is now operated by the Slovenian Tourist Board with continuing support from the other two partners.

The BTBS concept encourage 'ideas' from those who are offering ideas free of charge, asking a symbolic amount for them or are asking a commercial price for an idea or a share in profits. Energy deposits (financial and material resources and labour) are welcome from those offering donations

for free, interest free or from those who wish to share in the profit from an idea whose realisation will be (co-)financed by them. In addition requests or bids for 'knowledge deposits' can be made which can include survey and poll results or personal experience.

The objective of BPTS is to stimulate innovation in Slovenian tourism by harnessing people's creative potential; enabling them to share and develop their ideas to entrepreneurial undertaking. BPTS enables the exchange of promising ideas and matching up of ideas with relevant stakeholders in the tourist sector.

Key areas of innovation include the use of web technology for the dissemination of creative ideas and direct communication; the participation in the project of stakeholders with complementary skills e.g. people with creative ideas and institutions interested in tourism development and financing; evaluation of ideas by experts in tourism; and dissemination of relevant knowledge on tourism through the 'knowledge portal'.

Since the start of the project over 230 innovative ideas have been deposited in the bank and over 100 have been recognised as promising. Several BPTS ideas are in the process of realisation or have already been realised. One example is the city of Koper which annually provides € 20,000 in funding for three innovative tourism projects.

The website was awarded the 2009 UNWTO Ulysses Prize for innovation and application of knowledge in tourism.

Source: Based on following website: www.btps.si.

Where tourism is designated to achieve particular economic or social objectives, government needs to create the framework to facilitate and realise these objectives. An example is the initiative embraced by many developing country administrations for tourism to be a central means of alleviating poverty, through "pro-poor tourism" (PPT) and Sustainable Tourism for Eliminating Poverty (ST-EP) strategies. In the "lessons on stakeholder roles in PPT" Ashley, Roe and Goodwin (2001) state that there is much that only governments can do – in terms of policies, regulation, and coordination – so a leading role for government in PPT is a great advantage, with the following actions being undertaken:

- consult with poor residents when making decisions about tourism;
- provide secure tenure for the poor over tourism land or assets;
- use planning controls and investment incentives to encourage private operators to make and implement pro-poor commitments;
- encourage dispersion of tourism to poor areas, through infrastructural investment and marketing;
- ensure good policy is followed up with implementation;
- promote pro-poor enterprises and products in national marketing material;
- revise regulations that impede the poor in employment or small business;
- integrate awareness of PPT into pro-poor growth strategies and small enterprise strategies;
- coordinate stakeholders around PPT objectives.

It is clear that the initiatives to encourage local level tourism development in areas where the populations have limited options for economic advancement is increasingly in tune with market trends for more experiential holidays, including the opportunity to interact with the poor and their cultures. These concerns illustrate the problem for governments since to facilitate the development of tourism that gives visitors direct access to the nature and culture of local communities requires sensitive planning that in turns necessitates the type of technical knowledge rarely found in developing country tourism administrations.

The Mekong Discovery Trail project (see case study below) represents an original approach to the development of experiential tourism in an area previously uncharted for tourism with extensive involvement of the local community in the planning and delivery of the attractions and activities.

Case Study: Mekong Discovery Trail – Cambodia



The Mekong Discovery Trail is an ecotourism destination in North-east Cambodia. The 180 km long themed trail has been developed to link a series of local and regional attractions and to enable marketing to key target markets. The trail consists of a number of smaller trails radiating out from major gateway towns which each have the capacity to offer a range of visitor accommodation and services.

The key aims of this product, launched in 2007, are to alleviate poverty, by developing appropriate forms of sustainable pro-poor tourism to generate local economic development in Cambodia's less-developed provinces of Kratie and Stung Treng; and to help protect the Mekong River and the critically endangered Mekong River Dolphin.

The project has been implemented by UNWTO in four phases with support from the UNWTO ST-EP Foundation, the Netherlands Development Organisation SNV, the Spanish Agency for International Co-operation for Development (AECID), and the Government of Cambodia. Phase I involved the preparation of a Tourism Master Plan for Kratie province. Phase II concentrated on planning the Mekong Discovery Trail, its tourism products, marketing, promotional tools including the website, and the trail opening. Phase III, completed during 2010, consisted of infrastructure development, capacity building, investment promotion, product development, and marketing. Phase IV, part funded by the Spanish Agency for International Co-operation for Development (AECID), is focused on four major areas: business development and investment; product development; infrastructure; and marketing and promotion.

A comprehensive website provides potential visitors and tour operators with maps, itineraries and images; as well as transport and accommodation options, including home-stays, along the trail network. Details of local products and nature-based activities such as dolphin-viewing, horse cart riding, mountain biking, forest trekking, and house boating are also supplied. The website is used to draw the attention of responsible international tour operators; and develop linkages between visitors and local communities.

The Mekong Discovery Trail is a good example of a government – The Royal Government of Cambodia (Ministry of Tourism) working with a range of aid donors to foster sustainable development in a less developed region through sustainable pro-poor route-based tourism.

SNV estimate that 3,500 people in Kratie and 700 in Stung Treng will be employed directly and indirectly by the tourism sector by 2017, with about 50% of these from poor backgrounds and supporting a family of five. In addition improved supply chain linkages, such as agriculture, will generate indirect revenue supporting those who do not have direct linkages with visitors.

Lessons learned in the implementation of the Mekong Discovery Trail project, and transferable to similar forms of product development, are:

- involvement of the private sector in the design of tourism products to ensure they appeal to the target market, yield benefits to communities; and to raise awareness;
- capacity building activities that focus on skills training and linking product development to the training to ensure sellable products as a result;

- raising awareness on sustainable tourism development among local communities and enabling them to sell goods and services to tourists can help improve visitor-host interaction;
- by actively informing and involving tour operators, their interest and willingness to purchase goods and provided by local people from the communities significantly increases.

Source: Based on following website: www.mekongdiscoverytrail.com.

2.2 Principles and Procedures for Tourism Product Development

As stated at the commencement of this chapter there are a series of principles and procedures that underpin all sound Tourism Product Development planning and successful operation. Like for any product development, tourist attractions, activities, facilities and events must first and foremost be in line with the tastes and trends of the market. Destinations need to know what the market likes, what it is looking for, and how its preferences are changing and are likely to change in coming years. Demand is not static and is subject to a wide range of influences – including marketing and promotional campaigns – as outlined in chapter 1.

Translating these patterns of demand into products and their presentation is the challenge for destinations. This process involves relating the resources available in the destination to market demand and developing a product offer that will appeal to a number of identified target markets and segments. The product development strategy will depend on the exact nature of the resources available: if there is a major attraction, then a flagship approach using a hub and spoke approach can be employed. If, however, there are no opportunities for destination ‘attractors’, then a clustering approach whereby a number of features can be grouped together to constitute a product offer that can persuade the prospective visitor to choose the destination. The use of festivals and other events to bring visitors into a destination that they might not otherwise choose to visit, or to address seasonality imbalances of visitor flows, can be valuably employed.

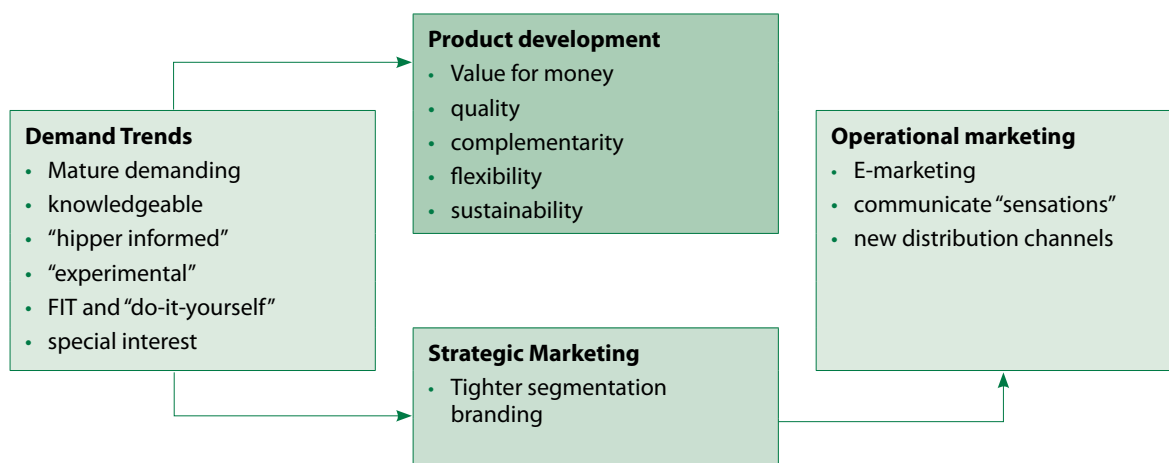
2.2.1 Market Research

Market research is the starting point for all Tourism Product Development and the marketing cycle. It is the basis on which concepts are checked and translated into reality, and then supported through marketing and promotional action programmes. Understanding the tastes and trends in demand of tourists is one of the most fundamental requirements for successful destination Tourism Product Development. Unless we understand what the visitor would like us to provide it is difficult to be sure that what we offer is acceptable and preferable to that available in other destinations. Then, once the product opportunities have been assessed and developed, a targeted marketing campaign converts the potential into demand.

No destination can, therefore, establish a product development portfolio without:

1. an extensive system for the collection, analysis and interpretation of tourism statistics related to tourism in their destination e.g. through border entry/exit points, lodging establishments, registered/licensed attractions and activities;
2. a programme of regular market research and ad hoc studies into the scale, structure, profile, characteristics and trends in major and prospective source markets and segments.

Figure 2.6 Market research is the starting point



Market research can be designed from a demand or a supply perspective: it can provide analyses and assessments of the market, or be tailored to investigate the potential for specific product development. Different consumer groups – or market segments – have different needs and expectations. A destination will need to distinguish between the different patterns of demand from short and long haul markets, from first time and repeat visitors, from vacationers and business persons etc. In this context the previous ETC/ UNWTO Handbooks on market segmentation, destination branding and e-marketing can be valuable sources of guidance for destinations.

The accompanying case study (based on Tourism Development Internationals’s own experience) relates to the application of market research to the development of rural tourism in Malaysia.

Case Study: Malaysia Rural Tourism Market Research Programme – Malaysia



In 2002, Tourism Development International was appointed by UNDP and the government of Malaysia to prepare a Rural Tourism Master Plan for that country.

As a precursor to the preparation of the Malaysia Rural Tourism Master Plan, a comprehensive programme of market research with visitors – including a survey of over 2000 respondents and ten focus group discussions – and with international tour operators was carried out.

The market research programme provided the Government of Malaysia with a clear insight into visitor perceptions of rural Malaysia and the ‘homestay’ programme promoted by the Department of Agriculture.

The research was central to the identification of rural Malaysia’s competitive advantages, namely nature/rainforest, Asian culture/exotic destination, and multi-cultural society. Combined with the SWOT analysis this information formed the main building blocks for the recommended rural Tourism Product Development presented in the Master Plan.

Web reference: www.visit-malaysia.com.

Source: Surveys conducted for Malaysia Rural Tourism Master Plan 2001.

The UNWTO's publication *Rural Tourism in Europe: Experiences, Development and Practices*³ outlines the best practice guidelines for market research as follows:

First, the research objectives have to be clearly stated. These could include:

- to obtain an understanding of how visitors/potential visitors perceive the destination and its principal competitors e.g. overall awareness, strengths, weaknesses;
- to identify the markets/segments with greatest interest in, and potential for, the destination;
- to identify the characteristics and profile of markets/segments with the greatest potential for the destination.

Having agreed on the market research objectives, the next task is to decide on the market research approach, usually involving the use of multiple methods, both desk research of published or other accessible materials, as well as primary research.

Among the different types of research required are:

1. existing product inventory/audit;
2. tourism trends overview and analysis – international, regional and in the destination and its competitors;
3. visitor survey – designed to be representative by taking account of the volumes of tourist flow by season and range of destinations visited within the country; and
4. competitor analysis – focused on the style, standard and strengths/weaknesses of products, prices, marketing approach etc..

It is encouraging to note that in the NTA/NTO survey conducted for this handbook the service most commonly provided by government agencies in support of Tourism Product Development is market research and market study findings to assist regional/local administrations and the private sector in developing their tourism sectors. Other important services provided by destination governments are the organisation of product development seminars/conferences, financial incentives/grants, and business advisory services.

2.2.2 Stakeholder Consultation and Collaboration

Given the multiplicity of interested parties in tourism development, a prerequisite for successful planning is achieving a balance between the various needs and values of the entities involved and building trust between them. The process of consultation and consensus building is, thus, a crucially important element in the development of tourism and the attractions, activities and facilities that are provided for visitors. To be fully effective, such consultation needs to take place at, and between, all levels of the administration, with the private sector and local communities where tourism takes place.

The establishment of the political and regulatory framework for tourism, and the necessary facilitative measures to bring about the desired form and scale of development, can only be carried out at central level, albeit based on consultation with the full range of stakeholders. However tourism takes place in specific locations – almost always where other people live. The need for the involvement of the local level participants in planning and presenting the image in marketing with which they are happy is clearly strong.

Consultation with local residents through their community leaders, faith organisations and community groups enables the planner to get a good feel of the types and scale of tourism development that is likely to be sustainable within a destination. The consultation needs to be genuine and thorough, since the

3 MacNulty, P. (2004), 'Understanding the Market for Rural Tourism and Customer Needs', in: *Rural Tourism in Europe: Experiences, Development and Perspectives*, UNWTO, Madrid.

spirit of a community and its attitude towards visitors is a key component of the tourist experience and of sustainable tourism.

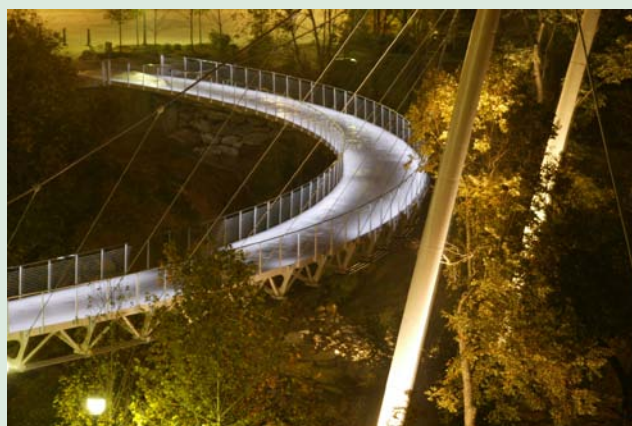
While public consultation is a standard tourism planning mechanism to deal with controversial issues, the means utilised (e.g. public meetings, resident surveys) often serve merely to identify the problems rather than resolve them. In many cases the focus has been on the technique rather than the process, and the process has been interest-based rather than values-based. For effective consultation, four principles are identified by Smith (1984) and quoted by Hall (2000):

1. Real and regular consultation – starting early in the planning process and inclusive of all stakeholders.
2. Development of a common information base.
3. Action plans which involve multiple stakeholders – designed to encourage ongoing dialogue serving to encourage further co-operation and anticipate difficulties.
4. The use of a variety of effective mechanisms including mediation and zoning.

To convince local interests that their voice is being heard it is important that tourism planning, and public participation as a component of it, addresses values and peoples' perception of the "truth", and not overly focus on the short-term interest management as expressed in "facts" as seen from the tourism planner's viewpoint.

Public consultation can take many forms – surveys, public meetings, group discussions with local interests, media features and feedback. The case study from the *Greenville Product Development Concept Plan*, South Carolina, United States of America, prepared by Tourism Development International in 2006 illustrates how consultation with local residents can assist planners in developing product concepts through communicating a sense of the community's values.

Case Study: Greenville Product development Concept Plan, South Carolina: Identifying Destination Core Values – United States of America



In researching and assessing appropriate tourism product developments in Greenville, the consultants were guided by the need to meet three general objectives:

1. to create economic benefit – spending, taxation revenues, jobs, new business opportunities;
2. to improve the quality of life for Greenville residents both through economic contribution and the creation of more recreational facilities; and
3. to use tourism to conserve and preserve Greenville's natural and cultural heritage and way-of-life.

In other words, products had to meet criteria both in respect of market potential and residents' needs, as expressed through the core values of Greenville citizens. These were identified through public consultation as: family orientation – “a great place to bring up a family”;

- friendliness/politeness;
- awareness and love of natural beauty – as evidenced by the strength of a body like the Ladies Garden Club;
- cultural/artistic appreciation;
- cosmopolitan – reflecting the international corporate community;
- wellness – of body, mind and spirit;
- a clear sense of identity combining traditional values with the best of modern developments – “we know who we are, and what we stand for”; and
- activity rather than passivity – of mind and body.

Source: Fieldwork and stakeholder consultations for Greenville Product Development Concept Plan: www.greenvillecvb.com/!UserFiles/docs/Tourism_Rpt_11x17.pdf.

The imperative for coordination stressed in section 2.1 allied to the interdependence of the many entities involved in delivering the tourists' experiences in a destination can only be achieved if all parties recognise the mutual advantage of working together and joining forces in designing, delivering and marketing tourism products. This approach – termed co-competition – can be a means of jointly exploiting market potential that one destination alone could not do to the same extent.

Cross-border collaboration is also vital in recognising that tourists are not bound by administrative borders. The example quoted in section 2.1 whereby New Zealand is a full member both of the Australian Tourism Ministers Council and the Standing Committee on Tourism, while the neighbouring island nations of Papua New Guinea and Norfolk Island are granted observer status, illustrates how regional co-operation can be effective.

Other examples are outlined in the two following case studies. The regional South Africa Development Community countries (see below) are seeking to re-establish the original tribal and ecological divisions in the region, and facilitating visitor travel to and around these integral areas of cultural and natural heritage. The second example from the Anjou Region in France (see next page) illustrates how a wide ranging network of local administrations, communities and businesses have come together to help create a major attraction related to the natural environment of the area and adopted a modern form of presentation and interaction with visitors.

Case Study: Boundless Southern Africa – Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe and South Africa

Following the Berlin Treaty of 1884 African territories were divided among colonial powers; new national borders cutting across existing tribal and ecological boundaries. African countries are now attempting to rectify this through the establishment of Transfrontier Conservation Areas (TFCA's). These aim to restore natural ecosystem boundaries, enabling free movement of both wildlife and tourists; and conservation of biodiversity and cultural heritage.

Boundless Southern Africa is a forward-thinking marketing initiative that promotes seven TFCA's within southern Africa to potential investors and tourists around the world in terms of ecosystems rather than geo-political boundaries. World-famous natural attractions such as the Victoria Falls, the Okavango

Delta and Fish River Canyon are all situated within the TFCAs which stretch across the borders of Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe and South Africa.

The Boundless Southern Africa brand was initiated and marketed by the South African Development Community (SADC) in the run-up to the 2010 World Cup and launched at the 2008 Tourism Indaba in Durban. The initiative is supported by the governments of the nine countries involved and the Peace Parks Foundation; created to assist governments in establishing a network of protected areas.

Boundless Southern Africa is part of the TFCA Development Strategy for 2010+ which aims to raise investor awareness of the tourism potential and opportunities of southern Africa. The goal, by consolidating the marketing, infrastructure development and investment of existing transfrontier initiatives, is to unlock investor potential and help share the benefits of tourism. South Africa was mandated to implement the strategy by the governments of the remaining eight countries.

The key innovation that lies behind this venture is the packaging of clusters of investment opportunities. 51 such opportunities were presented to investors under the Boundless Southern Africa brand at an investment conference in Johannesburg in 2008. These projects were identified by the stakeholders for each TFCA, based on the existing conservation and tourism plans and the total value was around R 785 million (US\$ 107 million). Opportunities include a wide range of new accommodation from rustic chalets to five-star lodges; conference facilities; ski-resorts and golf developments, as well as existing facilities that need to be refurbished and upgraded.

Source: Based on following websites: www.boundlessa.com and www.boundlessinvest.com.

Case Study: Terra Botanica, Anjou Region – France



Terra Botanica is an interactive botanical theme park in Anjou – the leading horticultural region in France. The park, which opened in April 2010, consists of eleven hectares of green space with 15,000 m² of glasshouses and buildings, 25,000 m² of aquatic areas, 60,000 m² of gardens, 275,000 plants including 367 exceptional trees and 5,500 tropical trees and bushes. Within the park there is also a shop, restaurant, tourist information centre and business centre for conferences and exhibitions.

Visitors explore four different themed areas – Coveted, Generous, Mysterious and Tamed. Each area has a principal attraction, such as a river or a 4D cinema; with a total of forty attractions and activities throughout the park designed to educate and entertain. Special effects and settings bring to life all aspects of plants: symbolic, historical, geographical, economic, scientific and aesthetic, to create a fun and educational attraction on an impressive scale.

Development of the € 94 million project was initiated by the General Council of Maine-et-Loire to reinforce the regions identity as a centre of horticultural excellence; and to provide an attraction within the Maine-et-Loire County that would increase visitor retention and spend in this area, particularly from the domestic market.

The project was financed by grants from the Maine-et-Loire Council (€ 65.2); European Regional Development Fund (ERDF) (€ 16.5 million); Pays de la Loire Region (€ 8.3 million) and the French government (€ 4 million).

First conceived of in the late 1990s, the park took two years to construct on the site of an abandoned airfield and a golf course. The park now employs 30 full-time and 50 seasonal employees and hopes to attract 400,000 visitors each year. Between April and September 2010 over 200,000 tickets were sold to the park. The annual economic knock-on effect outside the park is estimated at € 8 million. Local linkages are optimised with the restaurant using locally sourced produce and the shop selling products linked with the region and mainly sourced from local environmentally-responsible suppliers.

The company selected to manage the park, Société Anonyme d'Exploitation Mixte Locale TERRA BOTANICA (SAEML TERRA BOTANICA), is made up of a Public-Private Partnership (PPP) of 15 shareholders including the Maine-et-Loire Departmental Council; Angers City and Avrillé City; Angers Loire Metropolitan area; tourism agencies such as Destination Anjou; agricultural sectors such as the Regional Agricultural Board; and economic sectors such as the Chamber of Commerce and Industry and financial organisations.

With over 100 companies involved in construction, Terra Botanica is a good example of original thinking and an effective multi-stakeholder partnership.

Source: Based on press kit found on following website: www.terrabotanica.fr.

2.2.3 Market: Product Matching

No consideration of marketing strategy or development of a marketing plan can proceed without detailed understanding of the products available since it will be these products for which demand is sought through the campaign undertaken. Products and markets are mirror images of each other. In this regard, the starting point in product development planning typically involves the preparation of a comprehensive assessment of the destination's overall political, economic, sociocultural and technological – PEST – situation, and an audit/inventory of tourism resources and assets – natural, cultural and historical – and existing products. Combined with a SWOT analysis this enables a comprehensive analysis and understanding of the present situation to be developed.

What products do countries offer and market, and how are they tailored to the needs of specific market segments? The first element in a marketing mix is the product. However skilfully designed, no marketing and promotional campaign can disguise the shortcomings of an inferior product offering. Yet, in tourism, it can be argued that the role of marketing precedes the development of the product. The marketer gathers information regarding the expectations of the target market (the customers – both domestic and from the various international source regions), and the destination then uses such information to develop appropriate products.

There is another complication in tourism in respect of the product development and marketing relationship. Individual operators are clearly responsible for promoting their own businesses. However, the fact that destinations are situated at a distance from the places where their international customers come from gives rise in many instances of perceptions which can be damaging to the visitor industry. It has become the norm for the NTO to undertake destination marketing and promotion seeking to establish a strongly positive image for the country – in effect an umbrella campaign under which individual operators can undertake their own marketing. This perhaps explains the reason why most destinations place a far greater emphasis on marketing than on product development.

The destination needs to have the right products to support the brand image development that the NTO identifies as important to gain competitive advantage in the marketplace. This demonstrates the vital interrelationship between product and market. Marketing needs the right products; and the products have to be designed to the market's tastes and trends.

It is pertinent to note that a number of countries have established joint public: private destination promotional organisations, recognising that tourism businesses frequently have the market knowledge that government officials do not. One example is the Jordan Tourism Board:

"[...] officially launched in March 1998 as an independent, public – private sector partnership committed to utilize marketing strategies to brand, position and promote the Jordan tourism product as the destination of choice in the international markets. The adopted strategies are tuned to reflect the true image of the Jordan tourism product, being a cultural, natural, religious, adventurous, leisure and MICE destination."⁴

In essence, the Jordan Tourism Board is conducting market: product matching. It is clear that in reflecting the 'true image of the Jordan tourism product' in the marketing strategies being pursued, the Board's personnel are also influencing the type of new tourism products being developed in the country.

There are a number of factors that can lead to the fragmentation of the destination's tourism product presentation and can therefore be a major contributory element in the absence of sufficient critical mass of tourism products to attract significant inflows of visitors. The primary such factors are:

- the lack of a clear tourism development and marketing strategy based on a prioritised list of products assessed in respect of their market (and market segment) potential, and
- the lack of coordination of marketing and promotional efforts of the NTA, tourism associations and institutions, local authorities and private sector operators.

Many destinations lack the infrastructure, facilities and services to sustain a substantive tourism sector. Product developments can occur haphazardly without direction in the absence of an official, clear and comprehensive tourism development and marketing strategy based on a prioritised list of product opportunities assessed in respect of their market (and market segment) potential. This can lead to the lack of a critical mass of tourism products to attract significant inflows of visitors. The situation can be further exacerbated by:

- inadequate levels of marketing and promotional support from the State agencies responsible for the tourism sector;
- weak coordination of existing marketing efforts between the public and private sectors leading to fragmentation of the destination's tourism product presentation;
- limited technical tourism knowledge in the public administration – both at State and district levels; and
- the lack of effective coordination of the tourism private sector.

The irony of destinations in this situation is that many of them have a wealth of natural and cultural resources with the potential to meet the needs and expectations of many tourist market sources and segments. These resources have not been developed to attract and cater for various tourist markets on any significant scale. These destinations do not have weak potential; it is simply that the State has not developed its resources in a way to draw tourists and provide fulfilling experiences. Developments have been ad hoc and not based on market assessment. The many resources and attributes that could be developed into tourism products need to be developed to create a set of cohesive and dynamic tourism destinations; BUT it is necessary for such developments to be market need/interest-based and in fulfilment of an integrated market: product development strategy.

Without product development support input from the centre, the role of the regions and local administrations in promotion and visitor information undermines an integrated approach to tourism

4 <http://uk.visitjordan.com/Default.aspx?tabid=300>

development. In addition the absence of a national Tourism Product Development plan will result in an uncoordinated series of non-tourism market-related developments.

To invest substantive financial resources in promoting a wide spread of destinations cannot be justified when these areas are:

- not individually significant as tourist destinations;
- difficult to find/travel to; and
- isolated from other possible attractions, in that they do not form part of established and promoted destination packages, clusters or circuits.

Product development to create substantive destination products to achieve the necessary critical mass to attract private sector investment must be seen as a priority for the development of tourism in such destinations.

The various elements of a destination’s tourism product offer have varying levels of appeal to different markets and market segments. The coastal product of northern European destinations may have limited attraction for international tourists, whereas for Mediterranean destination the beaches constitute a major draw.

By way of illustration, an indicative market: product matching matrix is shown below. It considers the broad product development categories that research for the Romania Tourism Development Plan in 2007 identified as offering the greatest potential, with separate assessment according to the main source markets e.g. international (split between tours and independent travellers), regional (e.g. the countries adjacent or otherwise geographically close to the subject country) and domestic. The primary resources with potential for international tourists are the country’s inland natural features and cultural heritage giving it strong opportunities to develop products in ecotourism and culture.

Table 2.3 Market: Product segmentation analysis – Romania

Product \ Market	International		Regional	Domestic
	Tour	Independent		
Health and wellness	*	***	*	***
Seaside	**	*	**	***
Culture/heritage	***	***	**	***
Ecotourism	**	**	*	**
Short breaks	*	**	**	**
Business/conference	*	***	**	***
Winter sports	*	*	*	***
Adventure/sports	*	**	*	**

Notes: Scale of potential: * limited; ** moderate-to-good; *** strong.

The term “ecotourism” is used to include “rural tourism”, “agro tourism”, “nature-based tourism” and “geotourism”.

Source: UNWTO/Romania Tourism Development Plan.

2.2.4 Tourism and Product Development Areas (TDAs/PDAs)

The establishment of a tourism development strategy related to an expanded range of tourism products can best be achieved through the designation of a system of tourism development areas (TDAs) based on separate and distinctive character zones. This approach, which was designed and implemented by Tourism Development International in South Carolina, United States of America, has the benefit that it

gives the destination authority and the ability to influence – even control – both the location and type of tourism development that takes place.

An example of a three tier system could be as follows:

- TDA 1 open to all forms of tourism development;
- TDA 2 open for certain types of development limited by type and scale;
- TDA 3 maintained free of new tourism development other than small scale by local communities.

Of course there are many variants of this system. Where a destination is seeking Tourism Product Development in all parts, it can divide the destination according to the type of resources available and accessibility. In such a case, each of the TDAs should have a key gateway or hub with a network of tourism clusters and circuits, in each case underpinned by a flagship project – see explanation on each of these features later in this chapter.

A strategic approach is needed whereby tourism development is based:

1. on cities or other locations which have good infrastructure access and tourist appeal to act as “gateways” or “hubs” for a wider region;
2. individual sites, attractions and facilities in the region around the “gateway”/“hub” that are presented to the tourist market as a “cluster” and visited in the form of a “circuit”.

The South Carolina Tourism Product Development Planning Programme (see following case study) is a good example of the designation of TDAs/PDAs based on separate and distinctive character zones.

Case Study: Tourism Product Development based on Product Development Areas, South Carolina – United States of America



The State of South Carolina was faced with the fact that it did not enjoy a cohesive identity from a tourism perspective. It was seen as a group of administrative regions encompassing a diversity of destinations, ranging from hi-tech industrial cities to pristine nature environments, from city centres to the quiet lakes. Rather than being a destination itself, the State was a collection of varied destinations, each with a separate identity and appealing to different markets. It was determined, therefore, to recognise and promote these individual characteristics through a State Tourism Action Plan⁵.

5 *South Carolina State Tourism Action Plan*, prepared by Tourism Development International on behalf of New Carolina – Council on Competitiveness.

A number of Tourism Sites (TSs) were identified in the State Tourism Action Plan. These comprised significant natural and cultural heritage sites, areas of attractive landscape, other areas where recreational and leisure activities take place, and key sites for tourism development; and were identified using the following development principles:

1. **Significance of Tourism Features** – although there are a number of cultural and natural assets that can be developed into attractive tourist experiences, building on the attractiveness of significant features with the potential to be flagships makes the task much easier.
2. **Distinctiveness** – distinctiveness differs from significance, in that it enables one tourism region or area to be differentiated from another. In some places, for example, the natural assets may be interesting but not spectacular. However, by tapping into the right target market segments, providing a quality experience, ensuring authenticity, as well as a strong local identity and involvement, a strong appeal and unique selling proposition can be created, which allows an attractive and feasible tourism offering to be developed.
3. **Clustering** – it is quite common to find cultural heritage or natural assets scattered in a region, none having a sufficiently strong lure potential to draw in visitors. However, clustering them, and developing itineraries, can increase their attractiveness. Similarly, developing themes and links between various products can strengthen their attractiveness, and also allow ‘weaker’ potential products to tap into the lure potential of more attractive individual products.

Eight separate character zones were identified, each an existing or potential Tourism Destination Area (TDA). NB in the detailed regional planning studies conducted between 2008 and 2010, the TDAs were retitled Product Development Areas (PDAs) and the names of some of them were amended to give a more marketing-oriented feel to them.

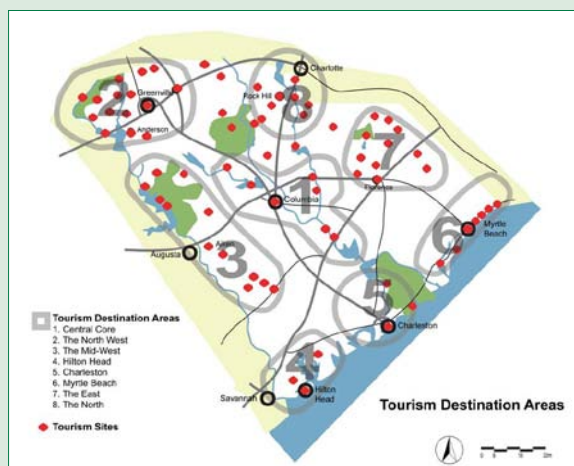
Tourism and product development area	Principal Differentiating Features
Central core	Capital and Lakes District
The North West (subsequently renamed The Upstate)	Foothills and Arts Country
The Mid West (renamed The Scenic Savannah River Region)	Horse and Forest Country
Hilton Head (renamed The Lowcountry)	Treasured Coast
Charleston	History and Southern Experience Centre
Myrtle Beach (renamed The Waccamaw Grand Strand Region)	Vacation and Convention Capital of South Carolina
The East (renamed The Pee Dee Region)	Swamp Fox Country
The North (renamed The Catawba Region)	Centre for All Time

In the transition from the State Tourism Action Plan⁶ to the full Product Development Plans for each of the eight regions, a more inclusive approach was taken by which the lesser attractions in each region were closely linked with the major features by means of the product ‘bundling’ and the development of touring routes and trails. For example, in the Waccamaw Grand Strand Region, development opportunities were identified to link the inland waterways and their associated natural attractions, as well as the historical areas in the Region, with the coastal attractions catering for the ‘beach plus’ market segments who are no longer fully satisfied with a totally ‘sun, sea and sand’ experience.

A tourism ‘destination’ is a centre which draws visitors to stay a considerable period by virtue of a combination of attractions, facilities and amenities which meet their various interests and needs.

6 *South Carolina Tourism Product Development Plans*, prepared by Tourism Development International on behalf of South Carolina Department of Parks, Recreation and Tourism.

The coastal area of South Carolina is characterised by 'destinations' that are distinct, distinctive and established. By contrast, the interior of the State has few tourism products of substance and, in consequence, there is the need to create destinations through product development, using the techniques of 'flagship' and 'cluster' development, on the basis of 'hub and spoke'.



Source: Fieldwork and stakeholder consultations for South Carolina State Tourism Action Plan and eight regional tourism product development plans: www.scprt.com/tourism-business/tourism-development-plan.aspx.

2.2.5 Flagship and Hub Development

A central component of a destination's differentiation is a flagship tourism attraction. Flagship tourism products are those with such strong market appeal that they determine the travel decision and choice of destination. Their role is therefore vital to destinations. Once a destination has a flagship attraction, all elements of the tourism sector can benefit. Extra demand is generated for the accommodation sector as flagship product visits typically involve an overnight stay in the destination. Other destination attractions and facilities also benefit through increased patronage and custom. The economic benefits to a destination from a flagship tourism development can, thus, be extensive.

Flagship tourism products can take one, or a combination of, three forms:

1. Major development

This can typically be a historic/cultural edifice that acts as an icon for a country (e.g. the Pyramids of Egypt, India's Taj Mahal) or a purpose-built visitor attraction for an individual destination, such as the Eiffel Tower in Paris, the London Eye or Dublin's Guinness Storehouse.

2. Cluster of individual products

A tourism flagship can take the form of complementary tourist attractions that have the potential to develop and contribute to the implementation of a coherent marketing strategy. Depending on the location of the destination, its stage on the TALC, the size of its domestic population and the range and type of existing attractions, criteria for a flagship cluster can be set specifying:

- the minimum number of attractions it should comprise;
- its role as a gateway, or hub, to a tourism development area;
- its ability to draw on adequate commercial lodging in the area; and
- the minimum total investment required.

The concept of a flagship cluster is valid though in practice there tends to be a single major attraction as the flagship and several mid-to-small attractions and activities comprising the cluster supporting, and benefitting from, the major flagship.

3. Keynote event

The organisation and operation of regular or one-off major sporting, arts/culture or trade events (e.g. Olympic Games, Soccer World Cup, Expo) can serve to establish a destination's reputation as an important tourism destination. More effective, however, are events held on a recurring basis (e.g. music and dance street events such as Rio de Janeiro's Carnival and New Orleans Mardi Gras, and the Edinburgh Festival (arts)).

Flagships can come in different forms. The first example is based on a historic monastery which still functions over a thousand years after its establishment (see following case study). The Archabbot recognises the role of the Archabbey in drawing visitors to the region and providing economic activity for its population, and is actively strengthening its role as a flagship for Pannonhalma and the surrounding region. It should be recognised that the Archabbey would not in itself constitute a flagship; it is the development of the facilities and attractions (e.g. visitor centre, accommodation, conference venue, winery and souvenir shop) that has made it into a flagship.

Case Study: Archabbey of Pannonhalma – Hungary

Pannonhalma is 20 km from the city of Győr in north-western Hungary and 120 km from Budapest. The town, with 4,000 inhabitants, is dominated by the Benedictine Pannonhalma Archabbey and Secondary School, located above on Szent Marton Hill. In 1996 parts of the town were included in UNESCO's designation of the Abbey as a World Heritage Site. In 2000 the village of Pannonhalma was granted town status.

Pannonhalma Archabbey, founded as the first Hungarian Benedictine Monastery in 996, is one of the oldest historical monuments in Hungary. The monastery became an archabbey in 1541 and was later fortified. The properties of the Order were confiscated by the communist state from 1950 until the end of communism in Hungary in 1989. In 1995 the complex was reconstructed and renovated. There are currently around 50 monks resident in the monastery.

A four-stage development plan was commenced in 2001. The Archabbey now offers a visitor centre, accommodation, conference facilities, winery, and gift shop selling local products (including chocolates, herbs, herbal teas, lavender products and Benedictine liqueur. The gift shop enables local linkages to be created, thus spreading the local economic benefits of tourism.

In 2009 the Archabbot of Pannonhalma announced the commencement of a Ft 1.57 billion (US\$ 7.2 million) development project which is 80% funded by the government's New Hungary Development Plan 2007–2013. The development includes a new visitor centre, with a restaurant, an underground car-park and rooftop cafe terrace with panoramic views.

The aim is to increase the number of visitors from 100,000 to 120,000 annually. The Archabbey received a total of around Ft 2 billion (US\$ 9 million) from eight different European Union tenders between 2004 and 2009.

The Archabbey of Pannonhalma is a good example of a flagship product being created around a renowned product brand name; bringing wider benefit to the surrounding region.

Source: Based on following website: www.bences.hu/en.

The Guggenheim Museum (see case study below) was an example of an urban regeneration scheme that created a flagship from scratch. It has served not only to become a major flagship attraction for Bilbao but also a hub for tourism in and around the city and surrounding areas. Again, however, the Museum was a part of a much larger scheme – the revitalisation plan of Bilbao – and without all the

other urban improvements contained in that plan, it could not have functioned so successfully as a flagship for the city.

Case Study: Guggenheim Museum, Bilbao – Spain



Copyright © FMGB Guggenheim Bilbao Museoa, Bilbao, 2011.

The Guggenheim Museum Bilbao is a museum of modern and contemporary art located in Bilbao, Spain. The museum is part of the Guggenheim network of museums and features presentations from the Permanent Collection and temporary exhibitions.

The ground-breaking building was designed by the architect Frank Gehry and built by Ferrovial and Balzola. The spectacular construction of the building was aided by Computer Aided Three Dimensional Interactive Application (CATIA). The building was designed to resemble a ship with a skin designed from seemingly random curved titanium panels resembling the scales of a fish.

The city of Bilbao in the Basque country of Spain was in need of revitalisation in the 1990s with industrial decline resulting in high unemployment. Construction of the museum was part of an overall strategy – the Bilbao Metropolitan Revitalization Plan – to redevelop the city and diversify the local economy. The concept of locating a Guggenheim Museum in Bilbao was first originated in 1991, with construction beginning in 1994. The Guggenheim Museum Bilbao was constructed on a former industrial area and, when it opened in 1997, was located in a post-industrial area of warehouses and rusting cranes.

Since the launch of the museum the effect on the city has been dramatic. Parks, cycle lanes and riverside cafes have replaced the post-industrial environment. In the first year the museum was attracting over 100,000 visitors a month, this leveled off to around one million visitors a year, the majority from outside the Basque region; well over half from other countries.

The building was constructed on-time and on-budget, rare for this type of architecture. The construction cost, which was around US\$ 100 million shared at equally by the Basque Government and the Provincial Council of Biscay, was recouped within three years. The ongoing operating costs of the museum are 70% funded by the museum and 30% by the public authorities.

In 2009 direct expenditure generated by the museum's activity in the Basque Country amounted to € 204 million; of this € 28 million related to expenditure within the museum premises and the remainder directed to the catering, shopping, lodging, transport and leisure sectors. During 2009 the museum activities contributed to the maintenance of 3695 jobs and generated revenue of € 25.3 million for the Basque treasury. The museum concept was clearly a success. As a flagship development, it has contributed to the regeneration of Bilbao and to local economic development.

Source: Based on following website: www.guggenheim-bilbao.es.

The concept for the Greenville Reedy Square development (see case study below) was to hold visitors in the broad region longer by encouraging them to explore the areas within easy reach of the city. The interpretative nature of the presentations both creates awareness of the possibilities and entices the visitor to sample the attractions and activities available.

Case Study: Greenville, South Carolina – United States of America



Though growing rapidly in popularity, the Greenville Convention and Visitors Bureau recognised that the city's attractions were unable to hold visitors for more than 2–3 nights and repeat visitation prospects were limited. The solution was seen as being to create a major attraction in the city that focused on things to see and do in the surrounding area – in Greenville county and the surrounding counties of Spartanburg, Oconee, Pickens and Anderson – thereby providing a more extensive menu that encouraged visitors to stay longer in the area or to make a return visit to experience the attractions not done on the initial visit.

The proposed positioning for Greenville was, therefore, to establish it for a weekend break experience and as the 'gateway' to the 'outdoors' and those communities outside the city. The 'Go Experience' (Reedy Square) was envisaged as a Downtown facility that links the Upstate outdoors assets and regional townships with the city through entertainment and information that stimulates visitors to extend their interest in visiting and doing activities throughout the area, by presenting its strengths in an exciting, vibrant atmosphere.

Source: Fieldwork and stakeholder consultations for Greenville Product Development Concept Plan: www.greenvillecvb.com/UserFiles/docs/Tourism_Rpt_11x17.pdf.

The Cliffs of Moher (see following case study) again indicates that however attractive the main feature might be, it cannot succeed as a flagship without the supporting facilities being developed.

Case Study: Cliffs of Moher – Ireland

The rugged Cliffs of Moher rise spectacularly 214 m from the broad expanse of Atlantic Ocean below, and have long featured in the "must-see" for coach tours as well as individual motoring visitors touring Ireland. Given their location on the exposed West coast where there are over 220 rain-days per annum, together with not infrequent sea-fogs, the visit in the past ran the risk of disappointing with the expectant visitor unable to see the full extent of this striking natural phenomenon.

Although the Cliffs have been popular as a tourist attraction for well over a century, the provision of facilities, including a centre, did not commence until around 1970 when a small information office and coffee shop was provided. However, it soon became clear that to be fully effective site

management and visitor expectations demanded a more all-embracing visitor centre. Following an architectural design competition, the winning design proposed an environmentally sensitive solution. The new Cliffs of Moher Visitor Centre opened in 2007. Total cost of development was € 31.5 million.

Source: Fieldwork and stakeholder consultations for Five Year Development and Marketing Plan for the Cliffs of Moher Visitor Attraction 2003.

2.2.6 Clusters, Circuits and Events

2.2.6.1 Cluster development

Cluster development can be:

1. linked to a flagship on the 'hub and spoke' principle;
2. a grouping of attractions and activities in a geographic area that is on a readily accessible route NB if not linked to a flagship, the number of features needs to be greater;
3. a grouping of attractions and activities that are linked through a common theme or interest e.g. traditional rural lifestyle, cycling/horse riding/hiking trails.

Product clusters are typically delivered, and promoted, as circuits, or trails. Most clusters and trails would not occur without some form of public sector initiative

- to group the multiple stakeholders, getting them to work and cooperate with each other; and, in some instances;
- to support the development of the cluster through direct intervention – the en route facilities and amenities that travelers along the prescribed might need.

Case Study: Lake Võrtsjärv Foundation – Estonia



Võrtsjärv
Vaata me tulevikku

Lake Võrtsjärv is the largest lake in Estonia with a shoreline of 100 km and is a designated Natura 2000 bird and nature reserve. Although the lake has attracted visitors for many years its full potential as a recreational resource had not been fully developed. The seven municipalities bordering the lake, Rannu, Rõngu, Puka, Põdrala, Tarvastu, Viiratsi and Kolga-Jaani, recognised that the development of Lake Võrtsjärv as a common resource was in their joint interests, and they actively co-operate in the development of tourism and recreation.

The Lake Võrtsjärv Development Plan 2000–2005 led to the creation of the Lake Võrtsjärv Foundation to manage the lake's development; jointly funded by the seven municipalities and via

grants sought from national and international aid funds. The plan introduced the concept of five 'Võrtsjärv Gates' in different lake areas. These visitor centres and recreational areas, operating as a network of regional tourism destinations with different attractions, are connected by a cycle track and include landing stages to facilitate movement around the lake. Construction of the 'Võrtsjärv Gates' began in 2005–2006 with a € 187,000 grant from the European Regional Development Fund (ERDF).

The Lake Võrtsjärv Visitors Centre, built in 2009, was funded by the EU Structural funds, the EU LEADER programme and the seven municipalities and is administered by Lake Võrtsjärv Foundation. The visitor centre provides information about the lake's biodiversity, recreation and tourism. It is possible to book different tourism services and to lease the building for training courses and seminars.

The Lake Võrtsjärv Foundation has been successful in attracting a range of funding including a € 874,000 grant from EU structural funds for the Development of the Gates of Lake Võrtsjärv, Stage II (2008–2010). This project included further development of the recreational areas, bicycle path signage and production of related maps.

In 2010 Lake Võrtsjärv won the best EDEN (European Destination of Excellence) award in Estonia for aquatic tourism. The judges highlighted the strong and diverse tourism products, well functioning cooperative networks and preservation of cultural traditions. The range of tourist packages, which are of interest to visitors seeking cultural, nature and active holidays, were developed with input from the local municipalities, non-profit associations and local private sector tourist firms. The redevelopment of Lake Võrtsjärv is a good example of collaboration between different local authorities in pursuit of a common goal.

Source: Based on following websites: www.vortsjarv.ee and www.edenineurope.eu.

Case Study: Transylvania – Romania



Transylvania is another example where the strategic approach can work particularly well for those areas where there has not been extensive tourism development in the past. Attractions and activities can be identified – or created – that can be linked to a significant location that is not a major tourism magnet alone but which in association with these other features and events could become a regional magnet to draw visitors into the area.

In a country like Romania where the traditional tourism development focus has been on the Black Sea or Bucharest tourism but which is rich in cultural heritage – e.g. Transylvania – such an approach can spread the economic benefits of tourism more widely across the population.

Source: Fieldwork and stakeholder consultations for Romania Tourism Master Plan, 2007: www.mturism.ro and www.bed-and-breakfast.ro/pdf/masterplan/3.MasterPlan_27.06.2007_Executive_Summary+Action_Plan.pdf.

2.2.6.2 Circuits, routes and trails

Circuit or trail development as a tourist attraction is not simply putting together a route based on the location of various features. There has to be a central linking theme or interest, and the route should provide distinct attractions and activities along it, with a range of facilities at key places along it. It is the integrated development based on a specific theme that makes the route attractive.

Trails can be long distance, developed at a multi-country level, where tourists experience a small section of it, through to relatively short routes within a country. An example of the former is The Silk Road, a 4000 mile long interconnected network of trade routes across the Asian continent connecting East, South and western Asia with the Mediterranean, as well as northern Africa and Europe. UNWTO is working with national governments to raise the product offering along the routes and marketing the concept.

Many destinations have national tourist routes based on natural features, cultural heritage or other aspects that defines the country in the visitor's mind and gives them the possibility of discovering those features that otherwise they would fail to experience. Scotland, for example, has 12 national tourist routes and in addition has themed routes such as Speyside Whisky Trail. Norway has pursued a policy in recent years of developing small but high quality tourism projects along tourist routes with the aim of increasing the attractiveness of these routes and the visitor's experience. Developments include scenic lookout points, picnic areas, service centres and rest areas. Located at intervals along the routes, the developments display to the traveller the range and diversity of architecture and design in the country. The project is organised and financed by a collaboration between the National Tourist Routes Project, the Norwegian Public Roads Administration, and Norsk Form, the country's centre for architecture and design.

At the simplest level are relatively short distance, self-directed trails, a big growth sector at present. They represent a realizable challenge for the visitor. Route technology, and information, prevents him from getting lost, while successful completion of the circuit engenders a sense of self-satisfaction. For the destination, such trails take the visitor off the beaten track and provide the opportunity for income generation for local communities, often in remote areas with little alternative to earn money.

As part of the Tourism Product Development strategy in the plans prepared for the eight regions in South Carolina by Tourism Development International (see case study page 51), theme-based trails have been recommended to link up towns, attractions and sites of historic and cultural significance. The principal trail themes in South Carolina relate to:

- African-American heritage;
- Native American heritage;
- Revolutionary and Civil Wars; and
- Rural/Agrarian (including cotton and tobacco).

In respect of the Revolutionary and Civil Wars, for example, the approach has been to develop circuits related to specific activities such as the battles and skirmishes during the southern campaign of the Revolutionary War, and Sherman's march in the Civil War. The African American heritage is accessible through both the Gullah Geechee cultural heritage corridor, stretching from Florida, through Georgia and South Carolina to North Carolina, linking sites of importance for the history, language, food and achievements of the Gullah people prior and after the enslaved period, and touring routes through locations associated with distinguished African American personages in the fields of political, social, economic, sporting and entertainment achievements.

In addition, a number of product cluster initiatives are proposed for regions with the objective of capitalising on a particular region's unique selling proposition and establishing a critical mass of tourism products. Such examples include the Equine Corridor and the Upstate Region with its focus on outdoor activity tourism.

Other trails have been developed related to activities such as cycling, horseback riding, hiking, waterway-based canoeing/kayaking. Trails such as these need to pass by a number of attractions for possible stop-offs, and provide a number of public access points. In addition, however, for a trail to fulfil its full potential, there is the need to provide facilities or stations along its length where bicycles, or canoes/kayaks can be hired, where information can be obtained on the trails, and where repairs can be made, if needed. In the case of a canoe/kayak trail, riverside stations need to be positioned every 15 to 20 km providing river access and facilities such as canoe/kayak hire (and basic training), while the availability of services such as canoe portage can generate greater public use of the river.

The South Carolina Tourism Product Development Plans can be accessed on:
www.scprrt.com/tourism-business/tourism-development-plan.aspx

Trail development also has an important role in facilitating cross-border tourism development. Recommendations on the establishment of a North Atlantic Trail on the Causeway Coast of northern Ireland have since been expanded to incorporate 'joint' initiatives with coastal communities in Scotland and northern Ireland. In the Balkans, the Via Egnatia, the 2nd century BC Roman Route stretching from Durres, Albania to Istanbul, Turkey, is being proposed as a tourist route (www.viaegnatia.com).

The Route of Santiago De Compostela, Spain is an ancient route has been successfully promoted as a tourist trail.

Case Study: Route of Santiago De Compostela – Spain

The Camino de Santiago are 1000-year old pilgrimage routes stretching across Europe and destined for the Cathedral of Santiago de Compostela in Galicia, North-west Spain. The pilgrimage reached the height of its popularity in the 11th and 12th centuries when over 500,000 people were said to have made the journey. However by the 1980s only a few thousand pilgrims arrived in Santiago each year.

While many people complete the route from eastern Europe, Switzerland and Portugal, the most popular is the Camino Francés (French Way) which runs 780 km from St Jean Pied de Port on the French side of the Pyrenees to Santiago and takes around a month to finish. Others complete the less busy, but very scenic, 825 km Camino del Norte from Irún on the French border via San Sebastian, Bilbao and Santander to join the Camino Francés at Arzuá. Many walkers or cyclists of today complete the walk not for religious reasons, but for the challenge, an opportunity for an active holiday and to visit some of the 1,800 historic buildings along the route.

Following the Xunta de Galicia's (Galicia's regional government) investment and successful promotion of the Holy Compostellan Year in 1993 numbers have been steadily climbing, rising to 145,877 in 2009. Over 200,000 pilgrims were expected to complete the route in 2010.

Source: Based on following websites: www.caminosantiagodecompostela.com and www.caminosantiago.com.

One of the most successful examples of the creation of a circuit delivered through what has become a flagship in its own right is the Palace on Wheels project in India.

Case Study: Palace on Wheels – India

India's first luxurious tourist train "Palace on Wheels" was started in mid-eighties decade of last century. The train consisted of state carriages of former Maharajahs of Rajasthan. It had considerable heritage value but suffered from a number of shortcomings as far as tourist amenities were concerned.

Enhancing the appeal of the destination

Tourism Development International addressed these shortcomings in a strategic review of the *Palace on Wheels*. TDI personnel travelled on the train with a view to having a first-hand experience of the product. TDI made a number of suggestions aimed at improving the quality of journey and enhancing brand value of the train.

Creating direct employment

The train has a high level of direct employment through its bar, multi cuisine dining facility and the provision of a valet for each passenger. It also creates indirect employment for handicraft makers and sellers, sightseeing road transport operators, and providers of back-up support for the train.

Economic development (e.g. Project resulted in creation of other business)

As the tourists travelling on *Palace of Wheels* are from higher socioeconomic backgrounds, they engage in shopping for handicraft, souvenirs and other articles. The operation of the train has therefore given a significant boost to local commerce and sale of handicraft along the train route of historic cities in the state of Rajasthan.

Source: Based on following website: www.palaceonwheels.net.

2.2.6.3 Events and festivals

The organisation of events and festivals can meet a number of destination tourism sector objectives:

1. *offset seasonal imbalances* by holding events in the shoulder and off seasons e.g. Halloween Festival at the end of October – in places as varied as Pattaya, Thailand; Derry, Ulster, United Kingdom; Stratford-upon-Avon, England, United Kingdom; Limoges, France; St. Matthews, Kentucky, United States of America; and at the various Disney theme parks;
2. *improving international perception and image of the country* – the example of St. Patrick's Festival, being particularly successful in this regard (see following case study); and
3. *attracting visitor segments to whom the destination's other attractions do not appeal* – open air popular music events are becoming a favoured means of drawing large audiences outside the main visitor seasons or to attract segments that might not otherwise consider visiting the destination. The Isle of Wight, a traditional British family seaside holiday destination, is a case in point. Building on the reputation created by being the venue for one of first such events in 1969, it now hosts two popular music festivals attracting over 100,000 visitors a year predominantly from the teens and twenties segments who would not be likely to visit the Island under normal circumstances. There is both an immediate economic benefit from the events – and also a longer term one from these same people returning in ten or twenty years time with their own young families on the basis of remembering the good time they had when attending the music festival.

Celebrating an anniversary in history through a designated 'Visit Year' or 'Theme Year' is a primary means by which destinations can develop new products and draw in custom under the umbrella of the overall marketing strategy. The United States' celebration of its bicentennial in 1976 was one of the first such exercises while the themes have become ever more diverse. The 400th anniversary of the Dutch painter Rembrandt in 2006 was used to organise a series of exhibitions, special events and activities related to the artist bringing significant benefit to all leisure and tourism operators in Amsterdam. The St Patrick's Festival in Ireland is another example of successful festival development.

Case Study: St. Patrick's Festival – Ireland



The world-famous St. Patrick's Festival is a multi-day celebration which takes place annually around 17 March, the national holiday of Ireland. The carnival style parade is the principle event on the festival programme. Three thousand participants are involved in the parade with 650,000 spectators lining the route and many millions around the world watching; acting as a showcase for Ireland and reinforcing the image and identity of the country worldwide.

Prior to the mid 1990s the celebrations of the national holiday in Ireland were much smaller by comparison – often only lasting for one day and involving a small parade in Dublin. Many places, particularly cities in the United States of America, had far larger and longer-running festivals that those held in Ireland.

The current form of the St. Patrick's Festival was established by the Irish Government in 1995. The principle aim was to develop a major international festival around the national holiday and identity that the country could be proud of; that would showcase the skills and talents of the country; and provide an opportunity and motivation for people of Irish descent to join in the celebrations and visit Ireland.

The first St. Patrick's Festival was held over one day and night on 17 March 1996. The number of spectators was estimated at 430,000. In 1997 the event lasted for three days and has since grown to become a four day festival that requires eighteen months to prepare.

The company that manages the festival has charity status and relies on funding from a number of agencies and commercial sponsors for the € 3 million cost of staging the festival; as well as a large number of volunteers. There are seven full-time employees working year round, supported by an experienced contract team from October to the end of the festival programme in March.

St. Patrick's Festival is a best practice example of using national identity to create a regular festival and for image building worldwide.

Source: Based on following website: www.stpatricksfestival.ie.

2.2.7 Product Portfolio, Investment Plan and Funding

2.2.7.1 Product investment plan

The government of a destination which places a strong emphasis on the economic contribution of the tourism sector should show proactive support for new product development through the preparation of a clear strategy, a product portfolio of opportunities, and an investment plan. Indeed without an

investment plan, the preparatory work falls into the category of 'wishful thinking'. The ability of a destination to attract investment in tourism products from foreign or local sources, in the latter instance either from large investors or SMEs, is a function both of the performance and prospects of the tourism sector (including the degree of government support for it) and the investment climate e.g. organisation, framework, regulations, sources of finance and conditions of accessing finance, fiscal system and the existence of special incentives.

Prospective investors would expect the destination to have a product development portfolio, prepared on the basis of the opportunities provided by existing policies, with a view to identifying gaps and weaknesses. This will cover infrastructure, regulatory and public support deficits which have restrained those types of developments shown to have driven tourism success in comparable and competing destinations but absent or inadequately supplied in the destination.

Based on this analysis an investment programme should define the total investment in tourism infrastructure, facilities and amenities that is influenced by the actions of the administration with regard to tax and fiscal incentives and support infrastructure provision. Direct investment by the State in the form of state or local government owned facilities or major grant support for other not-for-profit bodies has a role to play, but the large bulk of tourism investment needs to be undertaken by the private sector. The programme should identify the separate needs and requirements of the private investment community, the not-for-profit sector and the public sector, and tailor the mechanisms proposed accordingly, while consolidating any overlapping – and potentially wasteful – schemes.

The investment programme will call on best practice and economic analysis to deliver detailed and costed proposals for the prospective product developments. The costs and benefits of refining, and, where necessary, extending the portfolio of tax and other incentives available to tourism developers should be fully analysed, along with the targeted range and quantum of development consequent on such support for the private sector.

The level and mix of investment required by each region – or tourism development area – within the destination needs to be detailed. This involves setting out:

1. the rationale for intervention;
2. the strategy and sequencing to be pursued;
3. the mixture of measures to be employed; and
4. the setting of realistic and achievable funding and costing parameters.

Each tourism development area should have identified both its primary and potentially iconic attractions, and a range of supporting facilities that are necessary to meet visitor expectations but are not key "attractors" in themselves. These proposals should be subject to sensitivity analysis to clearly identify the minimum levels of investment essential, and to allow policy-makers sufficient information to rank and select.

2.2.7.2 The pre-feasibility stage

This is the starting point in the sequence of developing an investment plan. This stage must first review and screen the identified project opportunities, and prioritise them into a smaller number (say one per region) whose apparent potential justifies their further examination on a pre-feasibility basis e.g. their market and financial appraisal on indicative terms.

The review/screening process for project prioritisation will be conducted using the following criteria based upon the underlying assumption that the projects are already in line with the regional and central strategies for tourism development:

1. Is the site/land available for development and possessing the appropriate zonings and permissions?
2. Is the site accessible to main transportation links?

3. Is the site within reasonable drive time (say 1–2 hours) of significant population densities and transportation hubs?
4. Does the site/destination have an established market/appeal and visitation patterns?
5. Does the project/destination have proximity to existing tourist features, facilities and possibly competitor operations?
6. Have the views towards tourism development of the local community been canvassed and are they supportive of new developments in the area?
7. Does the project have the scale and potential for meaningful job creation?
8. Is the project located in an area with above average unemployment?
9. Can the project be developed in a fully sustainable way without any deleterious impacts on the environment or local society?
10. Can the project be developed on a phased basis?
11. How reliant is the project likely to be on supporting real estate development?

The tourism product investment portfolio will contain both major projects and those involving lower levels of capital cost. It is important that for each project on the portfolio that an estimate has been made of the economic impact of the proposed development – as the basis for government support – and the likely return on investment – to attract the private sector investor.

A destination will have a number of prospective tourism investment projects capable of responding to identified market demand and realistically capable of being delivered subject to funding emerging. There are likely to be projects that require decisions to provide new public funds or to reorient and reprioritise existing incentives. It is important that decision-makers be provided with calculations of the likely costs and benefits of such investment that are as complete as possible. This will include detailed data on expected direct and indirect visitor expenditure arising from the projects.

While the task involved in calculating the full impact of every single proposed product development could be enormous, it is possible by judiciously selecting projects for detailed cost-benefit analysis to provide a very good indication of the impact of supporting the total programme on a state-wide basis. Accordingly detailed exercises can be carried out on three or four of the most significant projects while more detailed and specific calculations of the impact of one or two of the supporting project programmes can also be undertaken. These exercises should be carried out in such a way that subsequent users can use and apply the methodology to a further range of comparable projects.

2.2.7.3 The prospective investor's needs

In terms of what a prospective investor looks for in a destination authority, the research for this handbook indicates that there are the following priority needs:

- Willingness to share statistics and market research study findings that provide understanding of the destination's potential and market needs;
- a clear, established entry point – department and named individual – into the destination authority, with that access point acting as a 'one-stop' shop for all matters connected with the organisation's operations in the destination;
- openness to the private sector's views and opinions – and, in their own words, 'market knowledge and experience' – in both tourism product and market development strategies and initiatives;
- practical assistance to smooth the path between planning and implementation – not to waive or circumvent the planning application system but to expedite the approvals process; and

- provision of the necessary infrastructure, amenities and services to permit their operation to proceed smoothly e.g. traffic management and policing for an event or festival.

Whether the party pursuing a Tourism Product Development is a foreign investor/operator or a local entrepreneur, the key need they look for is a welcoming destination that invites and listens to their views on what the market is looking for in respect of Tourism Product Development. While the needs of the private sector may not be fully in line with the aims and strategies of the destination, the fact that the destination authority welcomes input from the private sector leads to a broadly positive attitude towards the destination.

While most prospective developers will have investigated the market potential of their proposed development to some degree, few will have advanced to the feasibility study stage without contact with the destination authority. A positive way by which the destination can assist the project proponent, and gain a strong reputation for being positive towards new product development, is the preparedness to share information gathered through its statistical collection system, as well as any regular and ad hoc market studies carried out to inform its marketing activities.

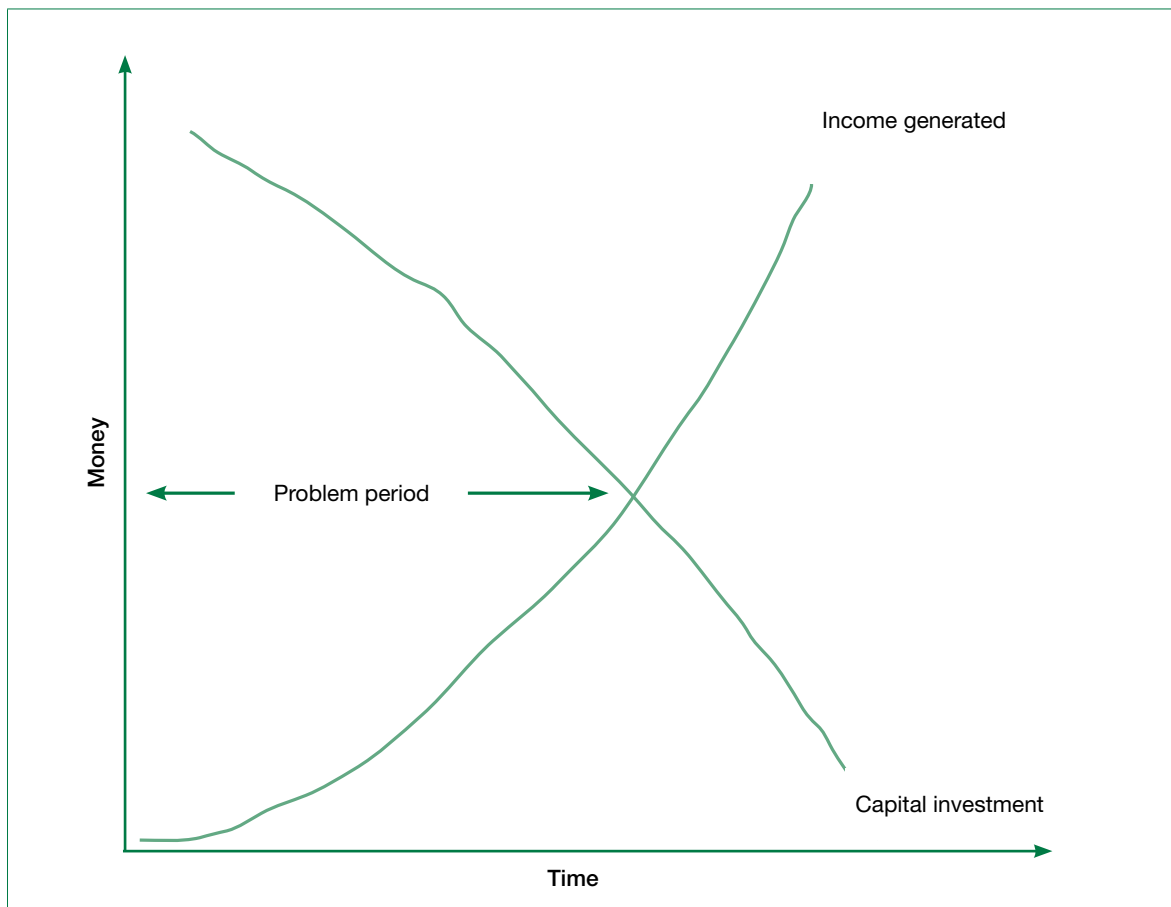
Few new tourism ventures happen without some form of dialogue between the destination authority and the interested party – typically a process requiring numerous meetings and discussions to test the concept, resolve planning and other issues, and explore possible marketing and other support. The key to this process is that the destination authority has in place a person, or small department, that is readily available and informed to deal with all queries, and has established, efficient links to other government agencies that have a role in the development of the proposed development e.g. statistics and marketing, planning, finance.

2.2.7.4 The role of incentives

Tourism facility investment is characterised by:

- high initial capital investment;
- low initial demand and returns, creating difficulties in cash flow and extended investment periods; and
- the influence of a variety of exogenous factors that, along with ever intensifying competition, creates uncertainty in tourism market demand for any individual project.

As illustrated in the accompanying figure **Tourism product cost/revenue curve** the early period of a typical tourism facility investment is characterised by insufficient revenues to cover the costs of servicing debt repayments at market rates. Certainly such investment is of no attraction to venture capitalists that require 30% a year on exit after 5 – maximum 10 – years.

Figure 2.7 Tourism product cost/revenue curve

Tourism demand is subject to many external factors and destinations can experience strong growth and slumps over relatively short term time periods, as witnessed most strikingly over recent years following the 9/11 terrorist attacks. This volatility deters many financing institutions from investing in tourism.

This market failure can be addressed through one or a combination of greater grant/concessional loan support from a region's partners in development (e.g. aid donors, DFIs) and (new/extended) tailored government incentives.

Apart from grants and fiscal incentives, and PPP financing for major projects like hotels, convention centres etc., common forms of public sector assistance looked for by the private sector include:

- underwriting a proportion of new route development costs of a transport operator;
- contributing towards the costs of a tour operator's brochure featuring the destination – NB though this may be considered as a form of marketing support, the fact is that the tour operator's programme is a product that the prospective visitor purchases and therefore constitutes a product development;
- financing the development and operation of tourist information centres (increasingly on a shared basis with the private sector);
- financing – in full or in part – the provision of facilities or amenities along trails (with the operation of any commercial component leased or franchised out).

Initial investment support from the public sector can be justified where there is both use of the development by both residents of the area and visitors, thereby reducing the costs for the facility for local people. Amsterdam has used such an approach in its public transport planning whereby developments

meet visitor needs while also being used to restructure housing and revitalise areas along key routes, thereby creating mutual benefit for both local residents and visitors.

2.2.7.5 Public-Private Partnership (PPP)

The application of PPP is most commonly associated with large scale developments that would not come to fruition solely from private finance and requires tangible support from government in the form of capital investment. A good example of the type of development for which it is appropriate is the Convention Centre Dublin, a missing piece of the city's visitor infrastructure (see following case study).

Case Study: The Convention Centre, Dublin – Ireland



The Convention Centre Dublin (CCD), situated in Spencer Dock on the banks of the River Liffey in Dublin city centre, is Ireland's first purpose-built international convention and event venue and is positioned to become the leading premium mid-sized convention centre in Europe.

The carbon-neutral centre is spread over five levels and accommodates conferences for up to 8000 participants in 22 purpose-built meeting rooms in various configurations, making it one of the most flexible congress centres in Europe. The CCD will also be one of the most sustainable in Europe with an application being made for the high level ISO 14001 accreditation.

The requirement for a large international-standard conference centre was identified in the early 1990s as Dublin was missing out on the lucrative business tourism market. The project delivery is being completed under a Public-Private Partnership (PPP) mechanism overseen by the Irish government's Office of Public Works (OPW).

Following a lengthy period of evaluation and further discussion a contract was awarded, in 2007, to Spencer Dock Convention Centre Dublin (SDCCD), with the CCD due for completion on 1 September 2010.

Under the terms of the contract SDCCD are required to design, build and finance the CCD, and operate and maintain it for a period of 25 years, after which time the facility will revert to the state. In return the State will pay SDCCD a total of just under € 380 million in present day values.

By mid 2010, and prior to the opening of the CCD, 86 events, which represents over 260,000 international delegate days were confirmed, helping to support Ireland's business tourism goal of € 1 billion by 2013. The CCD will also help spread tourism benefits throughout the year; reducing the impact of seasonality and act as a flagship, introducing visitors to Dublin.

Source: Based on following website: www.ccd.ie.

While public/private partnerships have been successfully applied to various areas of public facility development, it can be difficult to achieve for convention centres given limited opportunity for risk transfer as few developers are interested in the ongoing operation of a convention centre. However, in Dublin's case, it was possible to transfer operational responsibility to the developer who would benefit from a combination of guaranteed payments, and take the upside once a threshold level of business was achieved.

In any PPP situation the attendant conditions need absolute legal clarity and one must be prepared to invest major time in the design of such agreements.

It is probable that in future years the bulk of Congress/Convention Centre development in Europe and North America will be delivered under the PPP model. The transfer of banking risk, in part or in whole, to the private sector, is likely to lead to a more measured approach to such development. Critics of wasteful government spending in the United States have pointed to the imbalance between growth in demand and supply in the sector, as cities tended to ignore the evidence of municipal prestige projects multiplying in a market where growth in demand was not keeping pace. In Europe, fewer new projects have been commissioned in recent years, and most are now preceded by detailed options planning with regard to ownership and operation choices. In France, the Société d'Economie Mixte (SEM) option is still often favoured, giving a substantial private sector input into what is still, nonetheless, a primarily public sector approach. It is likely that the Anglo-Saxon and Continental European approaches will continue to have significant differences with regard to the provision of such key pieces of public infrastructure.

2.2.7.6 A way forward for private investment

The vast bulk of the visitor attraction infrastructure across Europe continues to be provided by public administrations or by trusts or charities which are heavily supported, especially in their capital investment expenditure, by public funding. While there are few cases of the countries which have had special EU funding mechanisms available restricting their availability for tourism projects to ones undertaken by the public sector, in practice the take-up by the private sector of such supports has been low. It is evident that the few successful private sector projects are generally those which contain themed rides or other entertainments with strong appeal to children (e.g. the Disney and other theme-park type facilities), and where the impact of clever marketing, aided by "pester power" allows the implementation of pricing strategies designed to deliver real returns on investment. Even for such projects, however, the heavy infrastructural demands for a project like Eurodisney necessitate major public investment.

Attractions which are designed for, or, in effect, target an adult market seem destined to forever require public funding intervention. The exceptions is where there exists a highly focused demand segment dedicated to the subject of the attraction (e.g. car museums) and/or where the brand has strong drawing power e.g. private art museums like Agnelli in Turin, and brand theme stores such as Swarovski, House of Bols and the Heineken Experience.

Among the strategies which can be considered in order to bring greater private sector participation to this sector is the bundling of the licensing to operate such facilities with the rights to operate other more inherently profitable municipal facilities, together with the involvement of the banking sector and others in public-private ownership structures. An interesting case in point is the mechanism behind the operation of Oceanopolis in Brest, a very large aquarium and marine life centre on France's West coast. Without the access to generous ERDF funds, which were available to its later competitor facility in Dunkerque, the development of Oceanopolis was undertaken by Sopab, an SEM, which had banking as well as local administration participation in its capital structure. More interestingly perhaps was that Sopab is not a single activity company but also has the contracts to operate several parking and port facilities in the city of Brest. The combination of cash cow with visitor attraction appears to provide a useful model which may, in the future, appeal to other local administrations which face challenges to develop and sustain visitor attractions.

The other frequently used device of incentivising the private sector to involve itself in visitor centre provision by offering valuable zoning and development facilitations in return can be more difficult to

sustain in the long run, as once the real estate development has taken place the maintenance, operation and renewal of the pure tourism facilities can be difficult to ensure.

In addition, urban planning legislation in several European countries is such that deals or arrangements of this sort can be open to legal challenge. An option which has not featured largely to date but is now gaining some momentum in the light of similar experience in the provision of sports arenas is large scale corporate financial involvement via sponsorship and, in particular, the sale of the naming rights to a particular facility. Privately owned major sport franchises are now increasingly using this option in stadium provision, while in Ireland the government joined with the Irish Rugby Football Union and the Football Association of Ireland to sell the naming rights for the new national rugby and soccer stadium to a multinational insurance company. While the sale of naming rights may be a step too far for attractions which are seen by national governments as part of core national heritage, a different view may well be taken in the future by other more cash-strapped local administrations and other not-for-profit bodies who have undertaken visitor centre development.

2.2.8 Human Resource Development

The ability of any destination to plan, implement and operate tourism attractions and activities is totally dependent on the supply of appropriately educated and trained personnel at all levels of government and among the private sector. Central government tourism officials need to understand the working of, and trends in, the international tourism system; while satisfying the needs and wishes of tourists in the market segments being targeted is the paramount requirement for those charged with the implementation and operation of tourism products.

A cadre of tourism specialists needs to be established with their knowledge base kept up-to-date. This will involve graduate and post graduate study focused on tourism developments and new trends. It will require management and supervisory courses in the country, as well as a full range of vocational training programmes for tourism skills.

2.2.9 Product Development and Marketing

How a destination, or commercial tourism organisation, develops and promotes its products and/or services is a key factor in the realisation of developmental or economic/financial objectives. In an activity like tourism where the customer is "remote" from the place he/she is considering to visit, or from the tourism products and service available, marketing and promotion is a central component of tourism. Two of the adages of tourism marketing arising from this situation are that: "you cannot test drive a holiday" and "in tourism, the perception is the reality". As noted earlier, it is a fundamental principle that the products developed should reflect the market's tastes and trends. It follows then that Tourism Product Development is only half of the task of developing a successful tourism destination. Once developed, the products have to be brought to the attention of the market and presented in a way that stimulates interest, desire and action to purchase. It would be wrong, therefore, not to stress the importance of marketing and promotion as a key component of successful Tourism Product Development.

Given the physical and mental distance between the destination and the prospective tourist, it is also clear that someone who has been to the destination becomes an active part of promotional activities for that destination through word-of-mouth based on actual experience. With the universal usage of the internet and social networking sites, the spread of communication by visitors to a destination is becoming ever wider and more immediate. In consequence, the importance of delivering visitor satisfaction is intensifying.

A prime example of an operator who recognises the twin priorities of stimulating customer recommendation and meeting the modern day consumer's quest for innovation is the elBulli restaurant outside Barcelona in Spain. It uses the strategy of developing new product offerings to maintain customer satisfaction. In other its product innovation is an integral part of its marketing strategy.

Figure 2.8 Product development



Case Study: Ireland Product Planning and Marketing System – Ireland



Ireland is an example of a country with a highly structured and focused approach to Tourism Product Development. Under the aegis of Fáilte Ireland – the national tourism development authority of the Republic of Ireland that has the role of guiding and promoting the development of tourism as a leading indigenous component of the Irish economy through engagement with the tourism private sector – Tourism Product Development is encouraged through the three pronged strategy of:

1. establishing specialist tourism hubs chosen to support tourism enterprises to devise, develop and promote integrated tourist experiences based on specific products e.g. culture and heritage in the South-east region, the Cork and Kerry region for adventure;
2. creating learning networks focused on enabling individual enterprises to develop and market their businesses optimally; and

7 Fáilte Ireland (2007), *Product Innovation: Piloting an Approach to Innovation and New Proposition Development within the Tourism Industry*.

3. consolidating resources on the strategic development of key geographic destinations. This destination strategy is aimed at focusing and prioritising supports to drive the delivery of high quality, distinctive holiday experiences that satisfy the needs of key consumer segments whilst at the same time optimising the resources available in the natural environment and tourism enterprises.

Fáilte Ireland outlines its approach to the process of developing new tourism propositions and encouraging innovation in tourism as:

The Opportunity Phase

- Knowledge search.
- Proposed platforms for development.
- Identifying centres of gravity and themed experiences.

Exploration Phase

- Project team and feasibility.
- Centre of gravity vision and ideas generation.
- Development plan.

Exploitation Phase

- Establishment of smaller action teams if necessary.
- Execution of development plan – short, medium and long term actions.
- Communication strategy and market launch.

Having identified a centre of gravity and/or themed experience, a cross-functional team is established to lead the initial stages of developing specific projects. This team is responsible for:

- developing a vision for the area/theme;
- generating specific ideas to deliver that vision;
- preparing a development plan to guide the initial stages;
- undertaking an investigation to establish if it is realistic and feasible to develop the
- proposed project in the area.

The team members have been drawn, as appropriate, from: accommodation, restaurants, food producers, activity organisers, heritage attractions, culture features, Fáilte Ireland, other government/semi-state agencies, and the EU Leader programme. Other team members are brought in at a later stage, depending on the specific requirements of the development plan e.g. local authorities, performing arts groups.

The final step in Fáilte Ireland's Tourism Product Development system is the preparation of a communication strategy and market launch. To this end, Fáilte Ireland works closely with Tourism Ireland, the agency charged with the marketing and promotion of the island of Ireland to international markets as a holiday destination.

Source: Based on following Fáilte Ireland publications and website:

Fáilte Ireland (2007), *Product Innovation – Piloting an Approach to Innovation and New Proposition Development within the Tourism Industry*; and

Fáilte Ireland, *Tourism Product Development Strategy, 2007-2013*.

See also: www.failteireland.ie/getdoc/cbfc692-3336-4d27-8dab-8cdb67bf40ea/Tourism-Product-Development-Strategy--2007---2013.aspx.

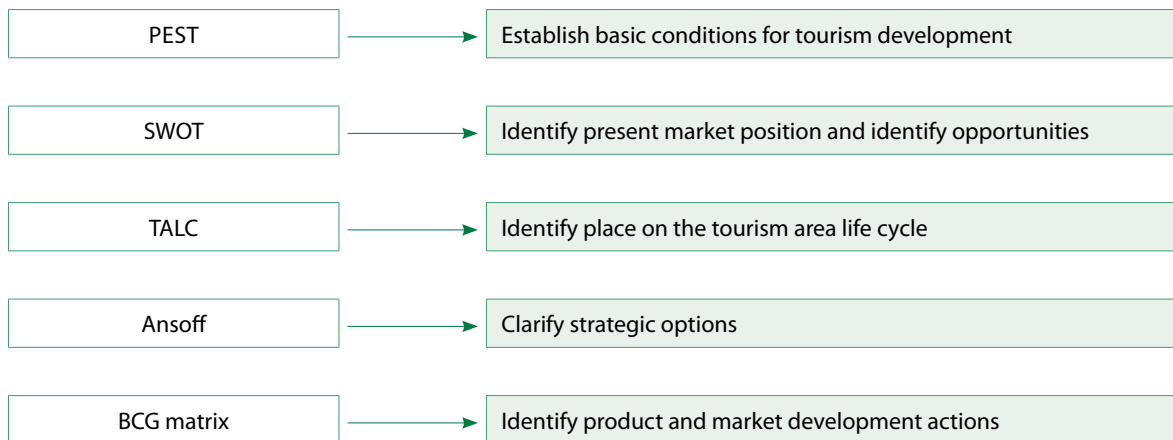
Steps in the Process

The overall priorities and policies for the tourism sector having been established, the approach to the task of investigating the potential for Tourism Product Development, and turning the opportunities identified into successful and sustainable developments that meet the market's requirements for **innovation**, **differentiation** and **authenticity**, involves a three-stage process as follows:

1. establishing the present situation;
2. identifying the opportunities; and
3. prioritising the destination's own tourism sector's objectives.

There is a series of five analytical tools that can help a destination understand where it is, what options it has in respect of the development of its tourism sector, and how best to focus its product development and marketing strategies. These are summarised in the chart below and elaborated in the succeeding sections of this chapter.

Figure 3.1 Investigating the potential for Tourism Product Development – tools



Source: Tourism Development International.

3.1 The Present Situation

It is important that destinations understand where they fit, and how they are perceived, in the international marketplace. There are a series of analytical tests destinations can conduct that will help establish what their Tourism Product Development opportunities might be and, based on these, what its priorities should be. It is important at the outset for destinations to understand:

1. where they are in terms of their political and socio-economic development – the backcloth for tourism development. This is undertaken through PEST analysis – political, economic, sociocultural, technological;
2. what their competitive position is, obtained through SWOT analysis – strengths, weaknesses, opportunities, threats;
3. where they are on the tourism area life cycle (TALC);

4. whether they are facing a challenge of market development, product development or both through use of the Ansoff Matrix; and
5. where their existing product range fits on the Boston Consulting Group Matrix (e.g. star, problem child, cash cow or dog).

The starting point for each destination can thus be gauged by simple reference to the set of determinants, how well positioned and equipped it is to face the challenges, and the position it has on the TALC chart and the two strategic planning matrices.

3.1.1 PEST Analysis

Understanding the macro-environment in which a business operates is a fundamental requirement. This is the origin of the PEST analysis. This form of analysis is also appropriate for a destination looking at how to grow its tourism sector. It represents the first step in the planning process by identifying the strength of the basis for the development of a sector like tourism.

Each country will need to look at different factors as are relevant to their own situations. However, the key factors that growing or emerging destinations might need to consider include:

Political:

- Stability of the political environment;
- the influence of government policy on laws that regulate or tax tourism businesses;
- government's economic development policy, and tourism's position in it;
- the laws and regulations relating to the environmental protection, taxation, employment, foreign investment and other aspects that directly or indirectly impact on tourism;
- government involvement in trading agreements such as EU, NAFTA, ASEAN, or others.

Economic:

The state of a trading economy in the short and long-terms needs to be considered, especially when targeting international tourism markets. This will involve looking at factors such as:

- business cycles and GNP trends;
- interest rates;
- inflation;
- exchange rates;
- employment level per capita;
- labour supply and costs;
- disposable income;
- energy availability and cost.

Sociocultural:

The social and cultural influences on tourism vary widely from country to country. Factors to be considered include:

- demographic structure and trends in the population, by age, education and income;
- roles of men and women in society, and social mobility;

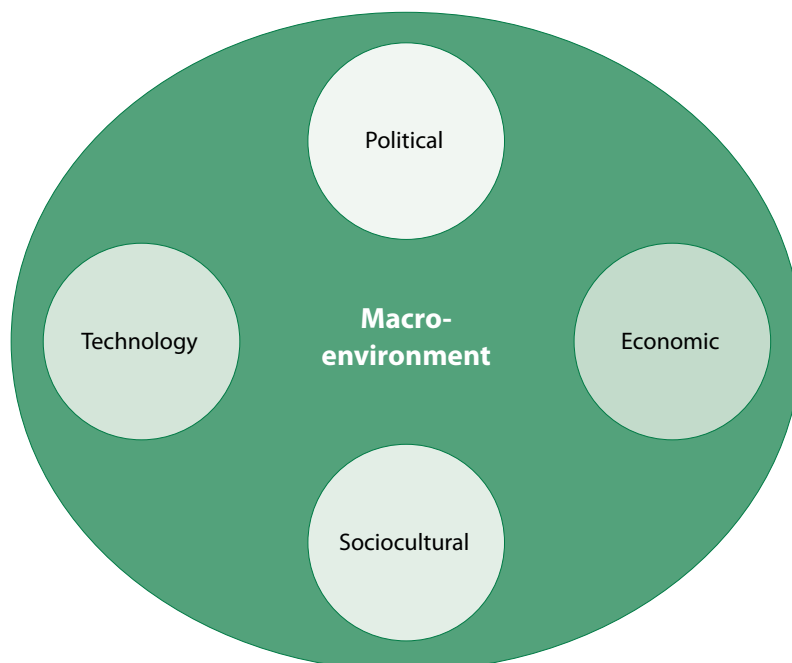
- religions and religious practices;
- lifecycle changes;
- attitudes to work and leisure;
- health and safety issues;
- language issues;
- consumerism and green issues.

Technological:

Technology is a critical factor in gaining competitive advantage – in tourism, as in other economic sectors. The following points need to be considered:

- government and industry focus on technological effort;
- speed of technology transfer to all players in the travel and tourism sector;
- use of technology to develop products and services more cheaply and to a better standard;
- use of technology in the development of more innovative products, and the distribution of services;
- use of technology to communicate directly with existing and prospective customers.

Figure 3.2 PEST analysis



The PEST analysis consists of five main steps:

1. Understand a category's relevant trends for tourism in the destination.
2. Understand trend interdependencies.
3. Distil likely issues from the identified trends.
4. Forecast the direction of issues.
5. Derive implications for the destination.

3.1.2 SWOT Analysis

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or business venture. It involves specifying the objective of the project – in this case the development of tourism in a destination – and identifying the internal and external factors that are favourable and unfavourable to the achievement of that objective.

Strengths

Characteristics of the destination that have – or can be developed to have – strong attraction for tourists, especially where these represent an advantage over other destinations.

Weaknesses

Characteristics that place the destination at a disadvantage relative to others.

Opportunities

External chances to achieve significant growth in the destination's tourism sector by attracting additional tourists and tourist spending,

Threats

External elements in the tourism market environment that could cause trouble for the destination.

The purpose of a SWOT analysis is to determine the destination's competitive position in order that product development and marketing strategies can be put in place to take maximum advantage of its strengths and to rectify its weaknesses e.g. product gaps.

In assessing a destination's competitive position, an "outsider-in" approach is needed in order to identify which of its characteristics represent:

- a major strength;
- a minor strength;
- a neutral factor;
- a minor weakness;
- a major weakness.

Competitive positions are determined **both** by *outside factors* beyond local/regional influence and *location characteristics* that specific local actions can influence. The destination's long-term strategic approach should be to seek to maximise the leverage of its major strengths and to improve its notable weaknesses. The "hard" and "soft" factors assessed in the strengths and weaknesses assessment can be presented in matrix form according to the five-scale degree of importance noted earlier in this paragraph.

It may be necessary to develop such an analysis and matrix separately for each major product area or market segment being evaluated since not all the attraction factors will have the same meaning for each group. It will then be necessary to choose the factors of central significance to each segment and allocate importance values to these individual factors. In this way a *performance-importance* matrix can be developed per the model adopted from Kotler et al. (2002) below.

For each factor, a rating should be assessed and entered in the matrix, based on, say, a numerical score from 1 (low) to 10 (high) for each of the performance and importance axes. When ratings are combined, four possibilities emerge. Where performance is lacking but the factors are important for the target market (cell A), critical improvements are indicated; where both performance and target market importance are strong (cell B) the need is to continue the value-adding process. Cell C indicates areas where the destination is performing poorly but which are not of high importance to target customers, so low priority is given for any action. In cell D, the destination is doing well but the factors of low importance so care should be taken not to over-invest.

Table 3.1 Performance-importance matrix

Performance \ Importance	Low					High				
	1	2	3	4	5	6	7	8	9	10
High	A. Concentrate here					B. Keep up the good work				
10										
9										
8										
7										
6										
Low	C. Low priority					D. Possible overkill				
5										
4										
3										
2										
1										

Source: After Kotler, Hamlin, Rein and Haider (2002).¹

Even if a destination has a major strength, its value in strategy is whether it represents a comparative advantage to the destination over a competitor in respect of the target market segment. What is important is for the destination to have greater relative strength for factors considered important by the selected target segment. A place does not need to correct all its weaknesses or promote all its strengths, because factors vary in importance to different target markets. The destination should fully understand which strengths and weaknesses most affect the perceptions and behaviour of its targets. The resulting analysis becomes a major basis for developing destination product development and marketing strategic plans.

The next step is to identify a destination's opportunities and threats. An opportunity is where the destination has "a fairly good chance to achieve a competitive advantage" (Kotler et al., 2002) while threats come from unfavourable trends or developments in the environment that would erode its competitiveness. Each opportunity and threat has to be evaluated according to the probability of occurrence and the degree of advantage/harm its occurrence would have for the destination. By assembling a picture of the major opportunities and threats facing a specific destination, its overall attractiveness can be assessed:

- *Ideal*: high in opportunities and low in threats.
- *Speculative*: high in both major opportunities and threats.
- *Mature*: low in major opportunities and threats.
- *Troubled*: low in opportunities and high in threats.

Again, a helpful way to conduct this type of analysis is to use a grid with opportunities and threats on the axes and numerical ratings given from 1 to 10 for minor to major.

Even in instances where a destination is found to have no obvious strengths, a strategy can be devised to create a competitive advantage. Kotler et al. (2002) cite the examples of Varanasi and Sepang. The former has built international interest around events associated with the city's ancient and religious heritage – its 2000-year-old history of knowledge and culture; while the latter has created a major event through the development of a world-class Formula One motor racing circuit, which attracts large international crowds for a small number of events BUT which is also serving to draw into Sepang other developments.

¹ Kotler, P., Hamlin, M. A., Rein, I. and Haider, D. H. (2002), *Marketing Asian Places: Attracting Investment, Industry and Tourism to Cities, States And Nations*, John Wiley & Sons (Asia) Pte. Ltd., Singapore.

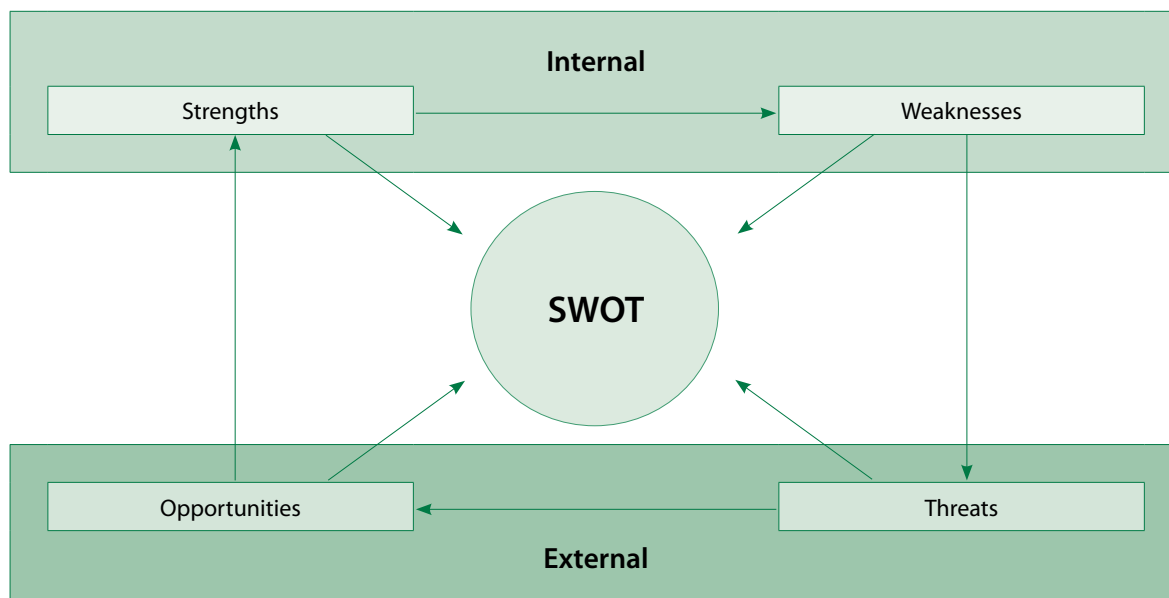
Carrying out the SWOT analysis and an examination of the key issues facing the destination enables strategic planners to develop a clear and full picture of the situation. However while many types of development and marketing action may be indicated from these analyses, they need to be consistent with a coherent overall vision so that these possible actions can be prioritised. Vision development calls for planners to solicit input from the destination's residents as to how they want their community to be in 10 or 20 years time – possibly through the circulation for comment of two or more possible scenarios (Kotler et al., 2002). A crude example might consider zero growth through a moratorium on new tourism development, managed quality growth based on a strict development approvals process permitting only specific types of development, to unrestricted growth encouraging all types of tourism development. Kotler et al. (2002) also point out that the development of a vision should go further than simply distinguishing between potential growth paths by factoring in issues such as:

- Which unique combinations of attraction factors should be targeted?
- Which are the destination's target markets?
- What are the short- and long-term goals?
- What are the vision's operative prerequisites?

Rather than conducting PEST and SWOT analyses as separate exercises, Kotler et al. advocate combining them in what they term a Place Audit. This broader examination establishes what a destination is like and why. What Kotler et al. call "hard" and "soft" attraction factors are assessed in a comparative context. Sorting these factors into a SWOT analysis creates the basis for visions and goals. Economic and demographic factors are the basics but innovative and sensitive interpretation is needed.

For most destinations successful product development, positioning and targeting takes account not only of tourist market trends but also the needs and desires of the resident population. Even finding a good fit with the local and tourist markets is not enough – the destination's competitors must be identified and assessed, with such assessment being made for each product area and market segment.

Figure 3.3 SWOT analysis



Source: Tourism Development International.

It is important to note that while a destination may have an outstanding resource or attribute this cannot be considered a major strength or opportunity unless it is developed in an original way, distinguishing it from competing destinations with similar resources. By focusing on a differentiated approach to product development, the destination can gain a comparative advantage over its competition which in turn will extend the popularity and lifespan of its products.

3.1.3 Tourism Area Life Cycle (TALC) Analysis

Destinations have a lifecycle. Butler's 1980 TALC model indicated that in the initial – exploration – phase, the destination is relatively unknown and few visitors come to as a consequence of the limited access and facility development.

The positive word-of-mouth of those who visit the destination combined with features in the travel media constantly looking for new destinations, lead to increased visitor flows, with attractions and facilities being increased and improved – the development phase.

As tourism takes off with more development and increased demand, the destination prospers. However, growth that is not guided or managed is unsustainable leading to overcrowding of key sites. This can create to declining levels both in visitor satisfaction and host community tolerance. As tourist arrivals grow in an unchecked fashion, so the destination exceeds its carrying capacity and moves towards the stagnation phase.

In the past – in Europe, for example – the period from Exploration to Stagnation took many decades, even centuries, but, in the modern age, this can happen very rapidly, reflecting the increased reach of the traveller, both from the viewpoint of increased knowledge about destinations, transport availability, and other means of access.

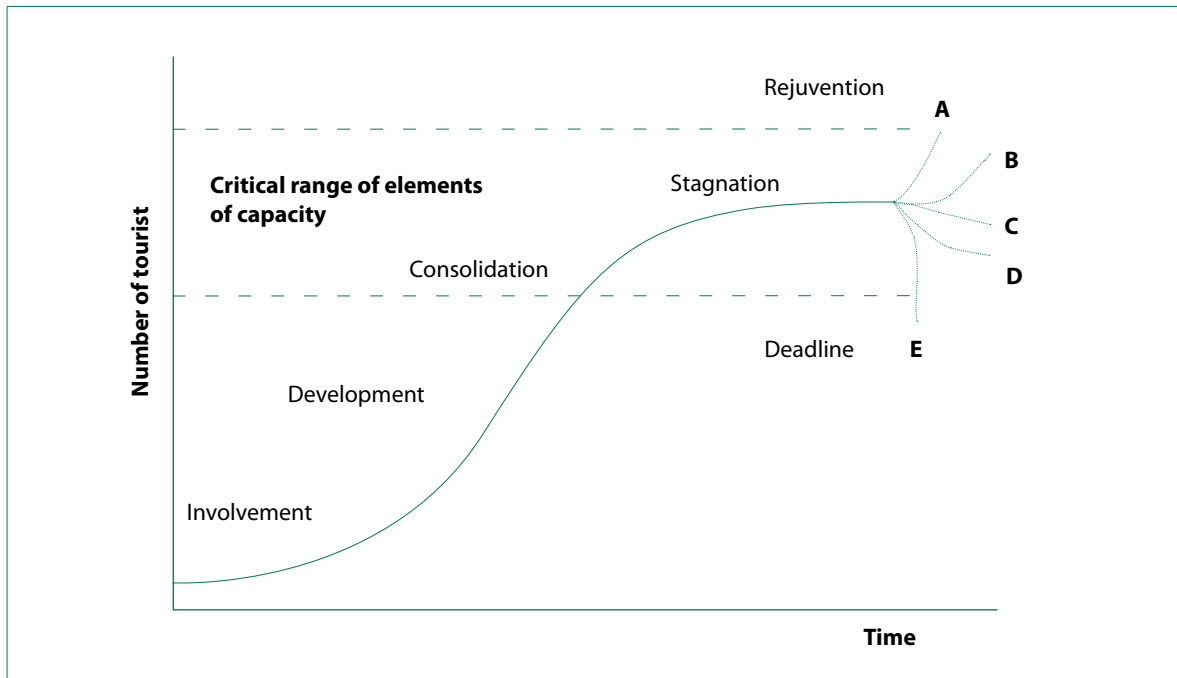
Various strategies can be used by destinations once the stagnation point has been reached. The possibilities are shown in the figure by dotted lines A–E.

Examples of actions that could enable a destination to move into a Rejuvenation phase are:

- new product developments targeted at different market segments;
- opening up of other areas of the destination to take pressure off the saturated parts;
- technological developments; or
- infrastructure improvements leading to increased carrying capacity.

In the case that a destination continues to grow but fails to take the necessary action to prevent increased congestion and unsustainable development, this will lead to a decline in the appeal of the resources that drew visitors to the destination in the first place. The decline will be gradual, as shown by the dotted lines C and D. The sharp fall off – line E – is likely to occur following a disaster or crisis.

Figure 3.4 Theoretical evolution of a tourist area



Source: Adapted from Miller and Gallucci (2004), based on Butler 1980.

3.1.4 Ansoff Matrix

Market conditions are constantly changing: market and product development opportunities wax and wane. Timing is, thus, of the essence – having the right products available at the right time targeted at the most fruitful markets and segments is what defines success for tourism destinations. Profitable product market portfolios can expect to be continually under competitive pressure, and it will be necessary to update and augment products continuously to match changing customer needs and market conditions. The options for strategic growth are incorporated in a four-box model devised by Ansoff (1987).

Figure 3.5 Ansoff matrix

		Market	
		New	Existing
Product	New	Diversification (launch new product to new market)	Product development (introduce new product to present market)
	Existing	Market development (reposition and target present product at new markets)	Penetration (modification and intensive promotion of existing product to present market)

Source: Adopted by Ansoff.

Examples for each of the four strategies of the Ansoff model can be identified for destinations:

1. Penetration:

A beach resort destination dissatisfied with its market share vis-à-vis its main competitors decides to undertake an aggressive marketing campaign targeted at existing target markets and segments to increase market share. Each of the Mediterranean countries and Caribbean islands has used this strategy at times.

2. Product development:

That same destination, recognising that the twenty first century resort holidaymaker has become more demanding, develops a beach plus programme which it markets to its existing market segments who might have considered that the destination had become tired and predictable. See for the example of the Waccamaw Grand Strand Region plan in South Carolina².

3. Market development:

A destination that has relied on a particular geographic market for its custom decides to target other source markets, particularly if they have a different seasonal pattern of demand. The Caribbean islands broadened their targeting from North American to Europe over the last 30 or more years, recognising that European demand is both less seasonal than the winter months focus of Americans and Canadians, and has a longer length of stay. The Alpine countries recognising the short season for winter sports targeted coach and other passive nature lovers for the summer months.

4. Diversification:

A destination that has based its early stages of tourism development on a particular type of product targeted at the geographically closest market may decide that its product development has been overly narrow and that there are other resources that can appeal to visitors, with demand drawn from a wider network of markets and segments. Examples can be seen in beach resort destinations that, recognising that this is an intensively competitive market with limited opportunity for differentiation, decided to focus on its inland natural resources or cultural heritage to attract different markets and segments.

Again, it is pertinent to point out the importance of innovation, differentiation and authenticity in Tourism Product Development as key strategies for extending the lifecycle both of a destination and its individual tourism products. The seaside resorts of Britain and the northern and western coasts of France faced a major problem with the advent and growth of cheap package tours to Mediterranean destinations offering greater certainty of hot weather, more modern facilities and a greater variety of things for all the family to see and do.

The traditional seaside resorts sought to broaden their market base by focusing on the quality of their environments, the development of events and festivals, and the creation of targeted activities – both ‘soft’ like walking or leisure cycling, and ‘hard’ in the form of pursuits such as extreme sports. The easy access to the coast from major capitals like London and Paris allowed the resorts to target the weekend, short break segment for reasons as diverse as a romantic break, fine dining, health and wellness, or various forms of outdoor activity.

3.1.5 Boston Consulting Group Matrix

Any company that has a range of businesses (or, in the case of a destination, product types) treats them as separate units, monitoring, assessing and developing strategies for each as well as for the whole portfolio. Continuous analysis is conducted according to, inter alia:

- share of market;
- market size, growth and stage of product life cycle;

² <http://www.scprt.com/tourism-business/tourism-development-plan.aspx>.

- cash flow generation;
- return on investment;
- strength of competition.

The Boston Consulting Group (BCG) matrix plots the first two of these factors. The vertical axis shows the rate of growth of the market in which the product is sold, while the horizontal one represents the market share of the product compared with its major competitor. The matrix is divided into four cells. These cells relate to:

- relatively new product-market groupings with good shares of growth markets (*stars*);
- profitable products with well-established shares of mature markets (*cash cows*);
- products with weak presence in emerging high growth markets (*problem children*);
- products with low shares of declining markets and poor profitability (*dogs*).

The marketing strategic response is to increase/maintain marketing support for *stars* (since the market is in strong growth and lucrative, leading main competitors to intensify their efforts to increase their market share and other competitors to enter the market) and *problem children* (in order to gain a higher share of an attractive market), diverting funds from *cash cows* (where the low market growth makes it unattractive for competitors to target), and ignoring or terminating involvement with *dogs*.

Figure 3.6 Boston Consulting Group matrix

		Market share – actual or relative	
		High	Low
Product-market growth (%)	High	Star (maintain marketing investment)	Question mark or Problem child (increase marketing support in most promising, divest others)
	Low	Cash cow (divert profits to marketing for stars and question marks/ problem children)	Dog (no marketing support; consider withdrawing product)

Source: Adopted by Boston Consulting Group.

While the Boston Consulting Group matrix is a marketing planning tool, it also indicates where product development attention should be focused. Product development in the star and problem child categories will strengthen the destination’s offering and enable it to maintain and grow market share respectively. Even in the cash cow category, there is a case for freshening up the product offer through product upgrading and modernisation in order to stabilise the market growth of the product area.

3.2 Identification of Tourism Product Development

By applying these strategic planning tools, a destination can determine:

1. what its current position and performance as a competitive destination are; and
2. the strategic directions in terms of product and market development in which it *could* be heading to achieve sustainable growth for its tourism sector.

In essence, the process will tell the destination what its opportunities are in the broad sense – the raw materials that could be developed into end products and services with market appeal.

It can be useful for a destination to draw the findings together in the form of a check list as set out in the table below:

Table 3.2 Tourism Product Development checklist

Accessibility	<ul style="list-style-type: none"> • transport infrastructure – all modes • degree of dependence on foreign operators
Resources/existing products	<ul style="list-style-type: none"> • range and quality of natural and cultural resources • degree of diversification in present product offer • degree of geographic concentration of present product offer • supply and calibre of, and training facilities for, personnel for the tourism sector
Demand	<ul style="list-style-type: none"> • scale and trends of existing market demand – and forecast growth • market and product development opportunities – and impact on growth of the tourism sector • present and possible future market mix • position on the Tourism Area Life Cycle
Policy and government	<ul style="list-style-type: none"> • form of government and degree of centralisation • existing priority attached to, and policy for, tourism • openness for tourism e.g. visa arrangements, FDI conditions
Tourism in the destination's economic development	<ul style="list-style-type: none"> • destination's stage of economic development • relative importance of tourism in present economic development • structure of markets • level and quality of entrepreneurship, innovation and education

Of course, the potentials identified are largely theoretical at this stage. Not only do these have to be related to the government's overall economic development policies and priorities, and the position of tourism within these, in order to determine the destination's priorities and identify the aspects for government-supported action; but also the environmental and socio-cultural impacts.

A 'situation analysis' will not provide the level of detail required to make a decision to move ahead with a specific Tourism Product Development. A wide ranging examination of the market potential, profile and characteristics will be needed to establish the exact nature of the product that should be developed, and how it should be presented and marketed. A corresponding consultative exercise with private sector stakeholders and local communities should also be undertaken to ensure that the type and scale of possible product development 'fits' with their needs e.g.:

- returns on investment for the developers and operators;
- within the 'levels of acceptable change', and extent and nature of benefits for the local community.

3.3 Tourism Product Development Priorities

With the broad range of product development opportunities ascertained, the next stage is to assess how approaches to realising these opportunities might differ according to the destination's policy and strategic objectives established for tourism.

Though almost all destinations support their tourism sectors because of the economic benefit it can generate, there are many ways in which this goal can be put into practice. At one extreme are destination governments that take the line that tourism is a private sector activity in which government

should have minimal involvement. In this scenario, government involvement is typically limited to the management of tourist movements into, out of and around the destination through immigration controls and transport infrastructure, the regulation of travel and tourism enterprises, and some degree of destination marketing. In sharp contrast are those destinations whose authorities play a hands on role in encouraging, facilitating and supporting tourism development through the circulation of market research studies to the private sector, the organisation of training programmes for industry personnel, the availability of fiscal and other incentives for product development, and extensive promotion of the destination.

Most countries fall somewhere between these two extremes.

While economic considerations are the principal reason for governments to support their tourism sectors, there can be a sharp division between those who see inward foreign investment as the key priority and those whose support for the sector is based on its ability to create economic activity – on a small to medium scale – in areas and among communities that have few alternative forms of development and economic advancement.

Most destinations, recognising that tourism also has environmental and socio-cultural impacts, by virtue of taking place in the host country, seek to shape Tourism Product Development so that it creates economic benefits and adds to the attractions and facilities that the local population can enjoy while avoiding the creation of damaging impacts on the area's natural resources or society.

Within this interlinked network of objectives there is a multiplicity of aims-goals-objectives that governments can set for their tourism sectors, many of which require different approaches to Tourism Product Development. In identifying the case studies included in this handbook, examples were sought that met one or a combination of the following wide range of criteria that governments can set in deciding if, and how, to support Tourism Product Development. Though the criteria are presented in three broad groups – economic, socio-economic, and management and coordination – it is clear that there is a considerable degree of overlap and interdependence:

Economic:

1. To attract foreign investment.
2. To achieve more rapid and extensive development of the tourism sector.
3. To assist Market: Product diversification.
4. To assist product innovation.
5. To reduce the risk of over-concentration on a narrow product range (and limited market base) by facilitating the development of a new range of products identified through market research as being in line with market trends and preferences.
6. To adjust the seasonal pattern of visitation through product developments that will spread tourism more evenly across the year.
7. To increase employment, tourism being a labour-intensive sector.
8. To boost local SME development in order to retain a higher proportion of economic benefits through the reduction of leakage and increased backward linkages.

Socio-economic:

9. To facilitate regional development by improving access to a part of a country not benefiting from the sector as much as other parts e.g. rural areas, urban regeneration projects.
10. To assist the development of responsible tourism products (e.g. fairness to local community/pro-poor).
11. To support community-based tourism projects.

12. To seek to alleviate/eradicate poverty through programmes such as Sustainable Tourism for Eliminating Poverty.
13. To create a flagship attraction that represents a geographic hub in a part of the country allowing other complementary products to be developed to create a cluster – can also be a thematic flagship hub.

Management and Coordination:

14. To ensure the development of sustainable tourism, balancing economic benefits with the retention of environmental resources and the host community's values and culture.
15. To enhance the quality of the product offering.
16. To build a strongly positive image of the destination, by endorsing products of prestige and quality, thereby creating benefits both for tourism and through inward investment in other industries.
17. To coordinate tourism product developments that involve multiple assets and entities.
18. To facilitate Tourism Product Development that is dependent on State intervention and would not occur otherwise.
19. To ensure that Tourism Product Development is in line with protection/preservation of ecologically sensitive environments and the conservation of a community's cultural heritage and historic sites.
20. To coordinate the development and marketing of product clusters and trails/circuits.

The 20 criteria that determine a destination's priorities in respect of the tourism sector – and specifically Tourism Product Development – cannot be applied unless the organisational structures, processes, plans and coordination mechanisms are in place; and there is a strong understanding in the NTA/ NTO/DMO of the strategic Tourism Product Development models and techniques – as outlined in the preceding chapter 2.

Each destination will assess its Tourism Product Development priorities related to:

1. the fixed variables, political system and policy towards the tourism sector, and flexible variables identified in chapter 1;
2. the strategic opportunities open to it (from the process outlined earlier in this chapter); and
3. the relative weighting placed on the various criteria detailed above, plus any other criteria specific to the destination.

No two destinations are identical: a standard model and approach will have limited application for many destinations because of the wide variation of destination positions, needs and priorities. The approach of this handbook is to use a standard template for the Tourism Product Development planning process (chapter 4) and to consider a range of groupings of destinations, categorised according to a number of factors, and to assess how these groupings may vary from the central approach to Tourism Product Development (chapter 5). To facilitate this approach a destination tourism planning development planning matrix of many destination types will be drawn up reflecting the variables and objectives elaborated above, and others that emerge as significant.

There are many possibilities. Simply taking destinations in different stages of economic development, or focusing on different types of Tourism Product Development is too simplistic and will produce stereotypes with a great deal of repetition. Though a single handbook cannot cover all possibilities, an attempt is made to cover as wide a range of destination situations, options and priorities as possible in order that the handbook is relevant; a practical guide to as large a number of destinations as possible.

To illustrate the complexity of this categorisation process, a set of 14 factors or variables have been selected, with each of these being given three possible positions or levels of performance. The factors/ variables have been chosen on the basis that the variations – or levels – in these can lead to the need

for different approaches being appropriate for destination authority intervention in Tourism Product Development.

There are literally hundreds of possible combinations from these 14 factors/variables and three levels; and many additional factors/variables could have been included, while destinations could find themselves falling between levels A and B, or B and C.

Table 3.3 Categorising tourism destinations

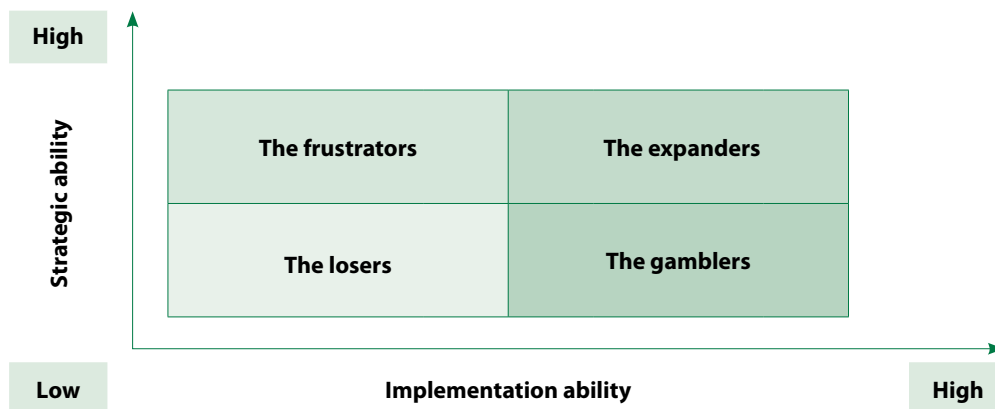
Factor/variable	A	B	C
Fixed:			
Location vis-à-vis source markets and market perception	Good	Average	Weak
Quality of base resources for tourism	Extensive and outstanding	Average	Limited
Policies and systems:			
Political system in the destination	Planned	Market economy with strategic intervention	Full market economy
Stage of economic development of the destination	Well developed	Emerging	Developing
Degree of decentralisation and autonomy to the regions	Extensive through to local level	To provincial/state/county level	Mainly centralised
Priority attached to tourism	High	Mid	Low
Development priority	Foreign investment	Mixed FI and domestic	Local SME
Flexible variable:			
Prioritised product types	Fixed site developments	Touring circuits/ clusters	Recreational activities
Internal resources to realise opportunities (e.g. Manpower, local business)	Strong	Mid	Deficient
Destination perception	Positive	Mixed	Negative
Baseline tests:			
Position on TALC	New	Growing	Mature
Strategic development need (Ansoff)	Product mainly	Market with some product	Both product and market
Product range	Multiple	Main plus a few others	Single
Market position	Leader	With group of competitors	Market follower

In identifying the standard destination, an analysis has been conducted of worldwide destinations seeking to ascertain which combination of the factors/variables included in the matrix is most common. The characteristics that emerge as the most common are those of the mid level – the B column.

3.4 Putting the Plan into Action

Strategy and implementation are the most important dimensions for a destination seeking to create a changed, relevant and strong tourism sector. The ability of a destination to succeed in these two dimensions varies and leads to what Kotler et al. (2002) identify as four basic environments, as summarised in the following matrix.

Figure 3.7 Four abilities matrix



Source: After Kotler, Hamlin, Rein and Haider (2002).

Losers are those destinations with inadequate capacity to take action in either the strategic or implementation dimension. Communities demand subsidy and compensation arguing on the basis of “justice” or “need”. *Frustrators* possess strategic thinking capability but not the necessary implementation skills. The planners end up being frustrated. *Gamblers* have weak strategic ability but strong implementation capability. Success comes – unpredictably and only occasionally – from luck and hard work. Targeted marketing is rare because the strategic targeting of the appropriate segments has not been made. *Expanders* are destinations where both the strategic and implementation capabilities are well-developed. In destinations that fall into this category, it is normal for the government and industry leaders to support long-term strategies, and to encourage and implement appropriate sub-strategies and action plans.

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Guidelines on the Model Approach to Tourism Product Development

In making an assessment of the optimal approach for any given destination to adopt in planning and facilitating Tourism Product Development, the first course of action is to examine the structures and processes used in countries with successful tourism sectors. Since each destination is unique in its geographic location and bundle of resources, there are few if any instances where another destination's system can be replicated in whole but an amalgam of the most relevant features and procedures taken from a number of countries, each with a feature or issue shared by the subject destination, can be valuable. This is why examination is valid of the structures and processes used in destinations that have achieved strong growth and considerable success in establishing major and sustainable tourism sectors over a relatively short period of time and are still in the expansion phase. These are the models that all destinations might find it valuable to review and draw on, whatever their present tourism situation might be or their future strategies are. In this respect, Australia, Ireland and New Zealand are considered to be models of good practice against which destinations could benchmark themselves. Case study material from each of these three countries is drawn on in chapters 4 and 5.

This handbook cannot be relevant in full to every destination. The approach adopted, therefore, has been:

1. to outline an approach to tourism product planning for a destination that has the characteristics shared by a large number of countries. This model approach to Tourism Product Development does not, therefore, represent any individual country but an amalgam of destinations with similar features. In essence, these are principally the features from the mid column of the matrix illustrating factors/variables presented at the end of chapter 3. The model destination will be the subject of chapter 4;
2. to identify the significant variances in the tourism product planning approach from the model dictated by the specific features, characteristics or needs of destinations. These variations are considered in chapter 5.

UNWTO provides tourism development planning assistance through its technical co-operation programme. Details of its range of services and recent projects can be found on the website link: www.unwto.org/develop/activities/en/missions_projects.php.

4.1 The Model Destination

Every destination is different, thus one single approach to Tourism Product Development would not be appropriate. Furthermore the different types of tourism product vary in terms of their needs so there cannot be a valid standard approach to all product development. However, in order for this handbook to provide the necessary guidelines for each destination around the world there are certain key principles in the process of Tourism Product Development planning that can be illustrated through what might be called 'a model destination.' This may not relate to any specific destination but is drawn in such a way that many destinations will share some – even several – of the characteristics and features outlined below. In that way, even if a destination does not have one or more of the aspects detailed it can still follow the main steps of the planning process.

In summary, the model destination is characterised by:

1. being in the growth phase of the Tourism Area Lifecycle (see section 3.1.3);
2. facing issues of broadening both its product and market mix;
3. helped through a good level of government support but;
4. hampered by limitations both on manpower and financial resources; and
5. concerns about environmental and socio-cultural impacts in parts of the destination.

A fuller specification of the model destination is outlined as follows:

Location/access

- A short haul destination for one major regional source market area, but mid-long haul from others;
- good access provided by an active national carrier, the main scheduled carriers from principal source markets, and package tour charters during the main tourist seasons.

Resources/existing products

- Has a distinctive and high quality coastal resource for tourism development, complemented by other natural and cultural heritage resources;
- has a concentration of tourism development in a small number of locations;
- all resources have considerable remaining potential for development, though there are areas of fragile environment and traditional communities that need to be protected from overdevelopment.

Tourism performance

- Has a market perception of being a progressive country with much of tourist interest, and generally safe, though with standards below those of major tourist destinations;
- in the strong growth stage on the tourism area life cycle;
- looking to broaden its market appeal, while developing new products to extend its market attractiveness to both existing and new markets;
- allies itself to a number of regional competitors, following the lead set by these destinations in some respects, and developing its own initiatives in others.

Government policy and structures

- A market economy where the government makes strategic intervention in support of its economic development policies and strategies;
- a rapid growth economy but not yet at the stage of being a fully industrialised country;
- has decentralised planning authority to the regional/provincial level but not to the local level.

Tourism policy

- Pursuing a development strategy of a mixed economy with tourism being one of a number of important sectors, but not the predominant one;
- is seeking a balance between foreign and local investment in all sectors, including tourism;
- is seeking to spread the benefits of tourism around the country through the development of clusters of attractions/activities and touring circuits rather than through major, fixed site developments which are attracting new investment with little need for state intervention;
- is seeking to achieve a more even seasonal spread of tourism.

Local economy

- Has growing and dynamic local investment and entrepreneurial sectors though not sufficiently large to finance major development projects without state assistance or foreign partners.

Manpower

- Has a number of planning personnel with qualifications and experience of the tourism sector at central level, but limited capability at regional/provincial level;
- has a vocational hospitality industry training college but output is insufficient to meet industry’s needs – particularly at supervisory, back office and managerial levels.

In reality no destination is starting Tourism Product Development from scratch: all destinations have certain facilities, attractions and amenities that are patronised by visitors from outside the area though many of these features were established to cater for the needs and desires of the local population. Every destination has an existing institutional set up, planning systems and procedures, and economic development policies and strategies into which development in the tourism sector fits. In interpreting the ideas expounded in this handbook for the specific circumstances of the reader’s own destination, a degree of adjustment – sometimes considerable – will need to be made to render the proposals applicable to their own present situation. It is for this reason, and in order to make the handbook relevant to as broad an audience of destinations as possible, that the special Tourism Product Development planning needs of a range of destinations whose characteristics or circumstances necessitate modification to the approach proposed for the model destination. These variants are examined in chapter 5, highlighting the requirements and issues that are peculiar to their category of tourism destination.

4.2 Tourism Product Development Template

The Tourism Product Development template for the model destination is based on the analysis of the fundamental issues and principles and procedures in chapter 2 and the strategic analytical tools covered in chapter 3. Inevitably, it focuses on the broad rather than the narrow because individual tourism product developments need to be positioned within the context of the destination’s overall tourism development strategy and ‘fit’ within the product development mix. Understanding how a new product idea may complement and extend the destination’s existing product range, and increase the destination’s attractiveness, is a vital step towards successful Tourism Product Development. Planning at the macro level feeds into and guides product development at the micro, or local, level.

Table 4.1 Tourism Product Development template

1. Institutional/organisational structures
2. Planning systems, structures, procedures and controls
3. Situation analysis
4. Market: product matching process
5. Tourism product planning consultations
6. Tourism Product Development Plan

The first two components of the template for Tourism Product Development in the model destination are:

1. **Institutional/organisational structures**, covering each level of government, the private sector and local communities.

2. **Planning systems, structures, procedures and controls** necessary to guide sustainable TPD – formal and informal, standard and ad hoc; with full account taken of potential environmental and social impacts of any TPDs, and measures built into planning controls to ensure these are not damaging.

The approach to, and process of, Tourism Product Development planning is then presented in a sequential format reflecting the fact that it is a phased and evolving process. At each step details are given as to the tasks to be undertaken and who should be involved – such as leaders, as partners, and as consultees. The template for the guidelines and recommendations for the process of Tourism Product Development planning covers:

3. **Situation analysis** comprising:
- PEST analysis (political, economic, social, technological) to determine whether the destination has the political structures, policies, social openness and technological possibilities to develop a substantive tourism sector;
 - SWOT analysis (strengths, weaknesses, opportunities, threats) to produce an inventory and audit of Tourism Product Development opportunities taking full account of competitors' existing product range (and planned developments), as well as the environmental and socio cultural impacts of existing and possible new developments.
4. **Market: Product Matching process** comprising:
- Market research both in the form of an ongoing system of statistical gathering and market research plus tailor made market investigations, to identify market characteristics, profile, tastes and trends;
 - competitor analysis examining both current development and marketing strategies and performance, and plans for the future development of the sector;
 - market: Product matching analysis in order to relate those markets and segments that are substantive and/or on strong upward trends to the product development opportunities identified through the SWOT analysis. Opportunities should be ranked according to scale of opportunity and competitive position e.g. an opportunity may be large but equally open to competitors (and thus difficult to defend) or small but unique to the destination;
 - best practice and benchmarking as a final refinement of the market: product matching process in order to identify how best to realise the opportunities identified.
5. **Tourism Product Development Planning Consultation**, comprising:
- identification of stakeholder groups in the areas for proposed tourism product developments;
 - dissemination of information about the planning process and consultation;
 - conduct of wide ranging consultation with private sector and community groups in proposed locations for Tourism Product Development;
 - discussion on feedback obtained from the consultation process to develop full stakeholder consensus prior to proceeding with the preparation of the tourism development plan in point 6 below.
6. **Tourism Product Development Plan** comprising:
- **development strategy**, as the guiding framework for the plan;
 - **development zones**, by type and/or degree of development;
 - **scale and form of developments**, involving assessment of the appropriateness of the application of flagship, cluster and/or touring circuit tourism product developments;

- **policy and intervention initiatives** to encourage and facilitate the desired type and scale of Tourism Product Development, including the establishment of a one-stop shop for prospective investors;
- preparation and dissemination of results of **economic analyses** of proposed new tourism product developments;
- **product: Market coordination**, so that Tourism Product Development initiatives are fully reflected in destination marketing strategies and activities;
- **action plan/implementation programme** that translates the development plan components into a detailed year-by-year plan of action with responsibilities assigned to lead and support agencies, with a schedule of product development opportunities to be circulated and promoted to prospective investors, developers and operators.

4.2.1 Institutional/Organisational Structures

Leaving the development of a sector like tourism with its complexity and many wide ranging impacts, as elaborated in chapter 1, solely to the private sector represents a risk that is only mitigated in countries with a large and well-balanced economy where tourism plays a minor albeit significant role. In countries with emerging economies and/or where tourism is a major component of the economy, a firm and steady hand on the wheel is necessary for successful and sustainable tourism development. Yet, research conducted by Tourism Development International for this handbook among 52 NTAs/NTOs around the world reveals that only two out of every three have a product development strategy, and less than half – 47% – have a dedicated product development function. These ratios apply both in countries with established tourism sectors and in those in the strong growth phase; while even in new/emerging destinations, the proportion of countries with a dedicated product development function is just three-in-five.

Tourism depends on other government agencies not directly connected with tourism to facilitate the development of the sector e.g. transport, infrastructure, education and training. The management of the tourism sector is not, however, solely for the state since tourism is delivered most effectively through the private sector – so a partnership between the public and private sectors is vital. The third leg of the foundation for a flourishing tourism sector is support from the local community – so an effective consultative process with residents of tourism areas is equally important.

The challenge for government is to put in place an institutional structure for tourism that fulfils all these needs, that:

- has status and is listened to by other parts of government;
- has a strong and effective form of communication with regional and local governments;
- provides a clear focal point, an open door and a listening ear for the private sector, and actively seeks to work in partnership with it;
- engages in widespread and meaningful consultation with communities, such consultation being full, open and ongoing; and, above all,
- has a system of coordination and communication in place that ensures that all players – both directly and indirectly involved in, or impacted by, tourism – are kept fully in the picture about new and proposed developments.

It is essential that the personnel of the tourism agency:

- demonstrates an understanding of the tourism systems, process and trends;
- has the technical qualifications, knowledge and skills to lead the sector's development;

- develops a planning system for new projects that provides adequate environmental and socio-cultural safeguards but is not overly bureaucratic;
- offers clarity of vision, flexibility and the ability to adjust and act quickly if necessary.

The example cited in chapter 2 from New Zealand can serve as the model for the handbook. New Zealand has opted for a Tourism Strategy Group within the Ministry of Economic Development and Tourism, replacing the former Ministry of Tourism believing this to be a more effective means of achieving the necessary coordination for the development of the sector. The New Zealand Tourism Strategy 2015 is a comprehensive approach to all aspects of tourism development. Of the 92 activities outlined in the Implementation Plan, 14 are directly related to product development, with a wide range of public and private sector entities having a role to play. Lead responsibility for the product developments is variously vested with central government (e.g. the ministry responsible for tourism development, the department for conservation, and the destination marketing agency), regional tourism organisations, the Maori Tourism Council, local authorities, and the private sector (both industry associations and individual investors).

When new tourism product developments are being considered or encouraged it is important for central, regional and local government along with tourism industry representatives to work as a close knit team. Not only is this likely to be efficient and produce consensus, but it will also illustrate to the local communities where developments are proposed that the ideas have been well thought through with all relevant parties closely involved. The process of consultation can make Tourism Product Development more acceptable to local communities – they feel that their views are valued by a wide ranging set of interests.

A system of a central product development planning division and a series of tourism development coordinating committees at the regional level, working together through both a regular forum and ongoing dialogue related to specific projects is a method that can ensure the necessary consultation, coordination and collaboration to enable tourism products to be developed in a way that brings out the distinctive character of all parts of the country and spreads the socio-economic benefits across the regions.

Case Study: New Zealand Tourism Strategy 2015 – New Zealand



The Vision for the strategy is that tourism should be valued as a leading contributor to a sustainable New Zealand economy, based on the twin values of

- *Guardianship* and
- *Hospitality*

To guide the tourism industry towards its vision, the strategy contains four outcomes:

1. **New Zealand delivers a world-class visitor experience.** In a competitive international environment, it is vital that we capitalise fully on the many wonders New Zealand has to offer. We must deliver products that are high quality, authentic, unique and delivered with superb service.
2. **New Zealand's tourism sector is prosperous and attracts ongoing investment.** Our goals for the industry can only be realised if we can ensure continued profitability for those involved, and secure the investment required to continue upgrading our products.
3. **The tourism sector takes a leading role in protecting and enhancing the environment.** These actions are essential to protect tourism's greatest asset, and ensure the ongoing prosperity of our tourism industry.
4. **The tourism sector and communities work together for mutual benefit.** Tourism is a major economic contributor to many regions of the country. It is important that communities and operators build strong relationships and recognise each others' important contribution.

The strategy sets out a number of targets, focused on enhancing the value of tourism, and on quality tourism development.

A number of actions and priorities accompany each outcome. For these to be achieved, co-operation will be essential between the private sector, central and local government, and other interest groups. The development of New Zealand Tourism Strategy 2015 has been a combined effort between the private sector and government; and has been informed by extensive consultation with industry groups, local government, central government and interest groups.

The implementation plan is led by the Tourism Industry Association, Ministry of Tourism, and Tourism New Zealand. It involves 92 actions led by 14 different entities and requiring contributions from a further 33 other government, private sector and combined public: private organisations. Apart from the Tourism Strategy Group, other central government agencies marked for roles in the implementation of the New Zealand Tourism Strategy 2015 are:

- Ministry of Economic Development – Government Urban and Economic Development Office;
- NZ Trade and Enterprise – national economic development agency;
- Ministry for Culture and Heritage;
- Statistics NZ;
- Department of Conservation;
- Ministry of Health;
- Ministry of Transport – Land Transport NZ;
- Department of Labour – Immigration NZ;
- Ministry of Foreign Affairs and Trade;
- Ministry for Environment;
- MAF Biosecurity NZ – a division of the Ministry of Agriculture and Forestry;
- Te Puni Kokiri – Ministry of Maori Development;

- Inter-Agency Events Group (IAEG) – a group of nine government agencies with a common interest in supporting events that have the potential to bring significant benefits to New Zealand;
- Crown entities – e.g. Energy Efficiency and Conservation Authority, Sport and Recreation NZ, Creative New Zealand (Arts Council), Foundation for Research and Science Technology, New Zealand Historic Places Trust, Museum of New Zealand (National Services Te Paerangi), Tourism New Zealand – destination marketing including the I-SITE visitor information centre network.

Other entities involved in the implementation of the Tourism Strategy draw their membership from across the spectrum e.g.:

- Tourism on Conservation Lands Forum – government agencies, industry representatives and non-government agencies;
- Tourism and Hospitality Workforce Leadership Group – government agencies including the Ministry of Tourism, Department of Labour and representatives from key industry associations and industry training organisations;
- Tourism Waste National Working Group.

There are various regional and local government bodies involved:

- Local governments;
- territorial local authorities;
- regional tourism organisations, including Maori organisations.

The New Zealand Maori Tourism Council is a nation-wide Maori tourism organisation which develops relationships, networks and strategies to facilitate business growth and prosperity for Maori in tourism, primarily through its 12 Maori Regional Tourism Organisations (MRTOs). It provides a collective voice for Maori tourism operators, many of whom are small businesses; while for industry and government, it represents an accessible point of communication with the Maori tourism sector.

There are also many private sector, or private sector-led, bodies involved in the implementation of the strategy, including:

- Tourism Industry Association;
- Inbound Tour Operators Council of New Zealand;
- Hospitality Standards Institute;
- Services Industry Training Alliance (aviation, tourism, travel and museums; sports fitness and recreation; hairdressing; hospitality; retail and wholesale; Tranzqual).

Non-profit and charitable organisations with a role include:

- Conventions and Incentives New Zealand;
- Poutama Trust – a nationwide business development organisation that fosters the growth of Māori-owned micro and small businesses.

Source: Based on following website: www.tourism.govt.nz/Our-Work/New-Zealand-Tourism-Strategy-2015/.

4.2.2 Planning Systems, Structures, Procedures and Controls

Successful tourism depends on holistic, integrated and long term planning: first, to ensure the infrastructure and trained manpower resources are available when and where they are needed; and, second, to keep to a minimum any damaging environmental and socio-cultural impacts consequent upon tourism development or activity.

Given the need for such a detailed planning system, involving many different entities, the task of coordination to ensure that the positions and views of all stakeholders are given appropriate consideration, and that they are kept fully in the picture, is a challenging one. The main requisites for the tourism planning system are:

- **Representation and commitment from all national level government departments and agencies with an area of responsibility in facilitating the development of the tourism sector.** This can be by means of an inter-ministerial committee, or a high level council of central and provincial heads of tourism supported by a series of multi-party working groups, with representation from national, provincial and local levels. In this latter instance the representation of non-tourism national government departments is at the working group level rather than at the policy setting inter-ministerial level. The Australian example in the case study below represents a good model.
- **A clear long-term policy and strategy translated into mid-term development plans and short-term action plans.** The interdependence of its components means that tourism cannot be developed effectively on a partial basis. It needs to be planned on a comprehensive and integrated basis.
- **Communication and coordination structures** with the different levels of government and with the industry, community and interest groups in tourism destinations must be efficient, easily accessible and transparent.
- **Planning procedures** should provide protection against over-development, inappropriate development and damage to the natural and societal fabric of destinations BUT should also be relatively straightforward, with the application process conducted efficiently within reasonable time periods.
- **Tourism product development should be encouraged, facilitated and supported in line with the policy and strategic guidelines established for the tourism sector.** This will entail ensuring that appropriate interventions are made by government to assist local entrepreneurs/investors and/or foreign investors, in line with official policy, and that tourism is treated equitably with other economic sectors. The full range of incentives – grants, fiscal, training, marketing – should be considered. However, the frequent problems of offering inducements that are not necessary to attract the desired investment, or failing to withdraw them when sufficient investment has been made or market conditions make them unnecessary, need to be avoided by regular review and adjustment of the packages offered. It will be necessary to shape the inducements and supporting regulation according to the policies and needs of the destination e.g. in a destination keen to support the growth of its SMEs, it may be appropriate to protect certain commercial and other activities for local entrepreneurs and communities. The Cook Islands Investment Code provides an example of this practice.¹
- **Quality control is of the essence in twenty first century tourism.** Australia is an example of a country that focuses on what it terms 'Experience Delivery Strategies'. The visitor's 'set of experiences' constitutes what is remembered and talked about with family, friends and work colleagues – the vital 'word-of-mouth' that influences many future visitor destination choice decisions. The visitor increasingly expects these experiences to be fully in line with his/her tastes and of high quality – both in respect of the attraction/activity and the way in which it is delivered. A system of accreditation for the different types of tourism business and operation is necessary on top of any mandatory licensing requirement.

¹ Cook Island Tourism Investment Code 2003 (online), available at: <http://www.cook-islands.gov.ck/docs/investment-code.pdf>

The importance attached by the Australian Government and tourism industry to the quality of its tourism offering can be gauged by the fact that one of the nine tourism working groups dedicated to implementation of Australia's National Long-Term Tourism Strategy is the Tourism Quality Council of Australia, a body that has been established to administer the National Tourism Accreditation Framework, a A\$ 5.5 million, four-year programme. The new Accreditation Framework will act as an umbrella under which existing quality and accreditation programmes can apply to co-brand with a common national brand and standard oriented to building consumer purchasing preference and corresponding market benefit for accredited participants, thus providing a powerful incentive to meet the accreditation standards.

The Australian example cited in chapter 2, and outlined below in the form of a case study, represents a good model of effective systems and procedures for the planning of tourism development. It is noteworthy that Australia has pushed tourism development down the line to the state and local levels, subject to the policy and strategic guidelines of the National Long-Term Tourism Strategy, and through the assistance of the multi-stakeholder working groups dealing with the key issues in tourism development in the country.

Case Study: Australia Tourism Planning System and Procedures – Australia



Photo: Tourism Austr

The Tourism Ministers' Council is the national leadership forum on tourism and establishes policy. It is supported by the Australian Standing Committee on Tourism that ensures cohesion and harmonisation by developing, coordinating and considering tourism policies in Australia, and providing advice and recommendations to the Tourism Ministers' Council. The Standing Committee has collective responsibility for implementation of the National Long-Term Tourism Strategy, reporting to the Tourism Ministers' Council. The Standing Committee passes on the key policy and other decisions for a series of joint public: private sector working groups to develop through action plans. Australia has nine such working groups:

- Destination Management Planning – chair Tasmania
- Digital Distribution – chair New South Wales
- Indigenous Tourism – chair Northern Territory
- Industry Resilience – chair Queensland
- Investment and Regulatory Reform – chair Victoria
- Labour and Skills – chair Northern Territory
- Research and Development Advisory Board – chaired the Commonwealth
- Tourism Access – chair the Commonwealth
- Tourism Quality Council of Australia – independent chair

While only one of these working groups – Destination Management Planning – directly addresses the question of product development, all the other groups are responsible for issues that relate to product development. For example, the Investment and Regulatory Reform working group is:

1. reviewing the regulatory barriers with the view to identifying priority areas for further investigation;
2. examining whether tourism investment faces particular disincentives arising from the Australian regulatory framework;
3. reviewing eligibility criteria for all business support programmes accessible to the tourism industry with the view to identifying any gaps;
4. analysing best practice investment facilitation and assisting in the development of a tourism investment framework guide;
5. working with the Tourism and Transport Forum Australia (the peak industry group of 200 chief executive officers of tourism and transport businesses) to develop a guide for a National Tourism Planning Code and uniform definitions for planning schemes to assist tourism development proposals.

Membership of the working groups is made up of officials from:

- federal and state government tourism departments;
- other government departments (e.g. the working group on Destination

Management has representation from the Department of the Environment, Water, Heritage and the Arts, while the Investment and Regulatory Reform working group has representatives from Austrade and several Australian Government Departments – Treasury, Environment, Water, Heritage and the Arts, and Finance and Deregulation);

- industry associations (e.g. the National Tourism Alliance – the trade association representing 95% of tourism businesses in Australia);
- the Australian Regional Tourism Network (the peak national body representing regional tourism practitioners providing leadership to the industry); and
- the Australian Local Government Association.

Source: Based on following website: www.ret.gov.au/tourism/nlts/ascot/Pages/default.aspx.

Setting up certification and quality standards schemes for tourist attraction and facility operation can enable a destination to assist local entrepreneurs and to ensure that developments and operations meet sustainability criteria. Education and training programmes are essential to ensure that the standards of service are provided to achieve visitor satisfaction. By linking training with certification, and by monitoring performance, destinations can maintain good standards among local SMMEs.

Case Study: Botswana Tourism Organisation (Quality Assurance Department) – Botswana

The Botswana Tourism Board markets Botswana and manages the country's quality assurance system. The Botswana Ecotourism Certification System is designed to encourage and support responsible environmental, social and cultural behaviour by tourism businesses and ensure they provide a quality eco-friendly product to consumers. It comprises a set of 240 performance standards, which are designed to meet or exceed basic environmentally responsible standards or legislation.

The standards cover environmental management, cultural resources, protection and community development, socio-economic responsibilities and fundamental ecotourism criteria. There are two different types of standards – fixed tourism sites, such as accommodation, are assessed using the Accommodation standards; mobile activities such as tours are assessed using the Ecotour standards.

There are three tiers to encourage business development to the next level; Green, Green+ and Ecotourism; this being the highest level which reflects the facilities' commitment to and involvement with local communities in tourism development, nature conservation, environmental management and interpretation of the surrounding environment to guests. Certificate holders are rewarded with marketing support by the Botswana Tourism Organisation.

Source: Based on following websites:

www.botswanaturism.co.bw and <http://www.sustainabletourismnetwork.co.za/country-info/botswana/>.

Case Study: Bulgarian Association for Alternative Tourism – Bulgaria

The Bulgarian Association for Alternative Tourism (BAAT) is a non profit organisation, established in 1998, that specialises in the development of nature and culture based tourism. The focus is on small and medium sized businesses that help conserve the environment and culture of the country as well as providing sustainable livelihoods for local people. BAAT's members include national and regional tourist councils, nature parks, tour operators, family hotels, guesthouses and individuals.

One of the objectives of BAAT is to improve the standards of tourism businesses in Bulgaria. This includes training on certification and quality standards. BAAT developed the Green Lodge certificate, issued to guesthouses and small hotels that correspond to the ECEAT (European Centre for Ecological and Agricultural Tourism) label and the Eurogites criteria for sustainable tourism. The BAAT Green Lodge project is supported by the Bulgarian Tourism Administration. By March 2010 there were more than thirty businesses with a Green Lodge certificate or nomination for certificate in Bulgaria.

BAAT, along with rural tourism networks in Latvia, Greece, Andalucia, Slovenia and the Eurogites organisation, took part in a project to develop an interactive web-based training tool to ensure quality development in the rural tourism sector. This project "Transfer of Quality Ensurance Tools for European Rural Tourism Sector" – QUALITOOL – is part of Leonardo da Vinci Transfer of Innovation Project under the Lifelong Learning Programme, Education and Culture DG and it received European Union funding.

The system developed in Botswana is essentially a stand-alone system which is tailored to the country. The Bulgarian model offers a certificate to the business and is tailored to align with existing European standards. Each has its own merits and both have the goal of achieving positive change, an improved product and ultimately a better visitor experience.

Source: Based on following websites: www.baatbg.org/welcome.php?page=38 and www.eceat.org.

4.2.3 Situation Analysis

As stressed in chapter 3, a strategic plan for the development of the tourism sector starts with an assessment of the present situation. This is undertaken at two levels, the broader examination of the destination's political, economic, social and technological situation (PEST analysis) serving to shape the more detailed, tourism-specific analysis of performance and prospects in the form of a SWOT (strengths,

weaknesses, opportunities, threats). Alternatively, these two activities can be combined in a single Place Audit exercise. The conclusions from these analyses can then be fed into the TALC, Ansoff and BCG matrices – discussed in chapter 3 – to assist in developing strategies for the tourism sector.

For the Place Audit to provide maximum guidance for the development of product and marketing strategies, it is essential that the inventory of what exists and what could be developed for tourism is thorough and insightful. This involves a full survey and specification of:

- all resources with current or possible application as visitor attractions or activities;
- existing attractions and activities that are available to the public – either operated commercially or on a free access basis.

There is no substitute for detailed field surveys – getting out and about, inspecting features, talking to both local people and the tourism industry. Indeed, such an exercise – and periodic updating – represents a good means for NTA personnel responsible for Tourism Product Development to forge and consolidate working relationships with their counterparts in regional and local administrations, as well as with the private sector.

The inventories should be catalogued according to:

- type of resource and potential attraction/activity that can be developed; and
- extent of ‘market readiness’ e.g. what further needs to be done in respect of infrastructure provision, facility and amenity building, investment, etc. before the opportunity can be realised.

4.2.4 Market: Product Matching

An assessment and evaluation should then be made of the Tourism Product Development opportunities offered by these resources, with these opportunities ranked according to:

1. the scale of opportunity; and
2. the likelihood of such potential being realised.

This ranking cannot be undertaken without clear and detailed knowledge of the market potential for the product development opportunities identified through the SWOT analysis. This is the market: product matching process.

Reaching sound assessment in these matters requires an understanding of:

1. the degree to which the development opportunity is unique to the destination or can be matched in other destinations;
2. trends and tastes in the international tourism marketplace; and
3. destination competitors’ existing and planned product developments.

The issue is complicated by the fact that tourist tastes and trends, and destinations’ responses, are constantly changing, so what applied in the past could well be out-of-date now or in a year or so. Not only is research into markets and segments important for planning purposes, but it needs to be reviewed and updated regularly.

A further complication is that discretionary travel competes with other products and services under the broad leisure and recreation umbrella. A holiday destination may lose out to the purchase of the latest electronic gadget or piece of sports equipment so it is important for destinations to monitor such trends and, where possible, take advantage of them by, for example, developing a specialism in facilities for the current high growth leisure or sports activities.

This finger-on-the-pulse approach to tourism is equally important for the public and private sectors:

- For **destination authorities** looking to encourage the most appropriate product developments and to adopt marketing strategies, positioning and targeting that will produce the optimal set of benefits for the country, and
- for **tourism investors, developers and operators** needing to secure the best return on their investments and achieve good levels of profitability by providing the types of products that the market is looking for.

The information through which the requisite understanding of tourist markets can be developed and maintained is obtained through the collection and analysis of statistics and research e.g.:

1. establishing a comprehensive system of recording statistics on existing tourism – supply, demand, performance, profile and characteristics;
2. creating a data bank and analytical system based on the information collected;
3. undertaking desk research of secondary materials from international, regional and local sources focusing on market trends and competitor activities;
4. undertaking a series of market and segment surveys and studies involving primary research with the international travel trade and media, and directly with the travelling public;
5. disseminating the data, survey results and analyses to the country's stakeholders.

Australia is an example of a country that has recognised the benefits of circulating tourism research information through the announcement via one of its working groups – the Research and Development Advisory Board – of the public launch of a 'one stop' database of tourism research to include title search functionality and links to providers for detailed research information. The Research and Development Advisory Board has released a database of recent tourism research (from 2005 onwards), which includes search tools including keywords and authors.

The complexities of tourism explained in earlier chapters dictate that destinations should establish and maintain a strong statistical and research function. This entails effective use of technology and the employment of qualified and trained statistical and analytical personnel. Cutting back in these areas is likely to prove a false economy with neither product development nor marketing strategy being based on the sound foundation of market knowledge.

4.2.5 Tourism Product Development Planning Consultation

Tourism products need to meet visitor expectations in terms of taste and standards. They must provide satisfactory returns for investors and profits for operators. They must also be acceptable to the local communities of the areas on which they are located or take place.

Getting acceptance and support from the residents of tourism development areas requires:

1. explanation both of the merits and impacts of possible developments through a series of consultative events, and willing engagement in dialogue with local communities; and
2. openness to the views expressed through these consultations and demonstration of willingness to make adjustments to proposed developments, or take other appropriate actions, where the case for change or alternative approaches is well made.

As noted in section 2.1.3, public consultation can take many forms – surveys, public meetings, group discussions with local interests, media features and feedback from these activities. The choice of methods of consultation will depend on numerous factors such as the scale and location of the proposed development. Where the new attraction or activity is in an area with a high population and/or where the natural environment is likely to be impacted, extensive consultation will be necessary. Similarly

if a string of developments is under consideration in execution of a regional plan, then consultation will need to be thorough and embracing of all elements of local society. For one off developments of relatively modest scale, an announcement in local media followed by an open forum meeting at which all interested parties are invited to participate may be sufficient.

The pitfalls to avoid in stakeholder consultation for new product developments include:

- **relying extensively on impersonal methods** – nothing beats senior planning officials and project proponents consulting with local communities in person;
- **failure by central government officials to brief themselves fully about local circumstances** – local stakeholders are more likely to be won over to the proposed development if its proponents, especially those from central government, indicate a full appreciation and knowledge about the economy, society and issues of the community where the development is being proposed;
- **failing to work through local tourism officials** – consultation should indicate a seamless interconnection from the centre to the local level of government;
- **failing to involve the existing local tourism stakeholders** – ultimately all tourism operators are interlinked and constitute local product clusters so new products can both complement and supplement existing ones;
- **failing to consult with the grassroots in communities** – this is how the community's values can best be identified and product development shaped in line with what the community will welcome as a valuable asset;
- **undertaking inadequate consultation** – a range of means of consultation is necessary as not everybody who would like to attend will also be available if only one consultative event is undertaken, while others may adopt a 'wait and see' attitude only expressing their views after seeing a media feature about the proposal.

The structure indicated earlier in this chapter can represent the most effective way of ensuring that product development is fully integrated with other existing and planned developments in the broad region. Such a structure involves the establishment of a product development implementation committee with close links with central government and neighbouring areas, both within and adjoining the destination, to follow through product development proposals, including the consultation with local interests. The inclusion of representatives from New Zealand on Australia's Standing Committee on Tourism is an illustration of the recognition that tourists do not structure their trips according to administrative boundaries, and that neighbouring countries are interdependent.

4.2.6 The Tourism Product Development Plan

4.2.6.1 Tourism Product Development as part of overall tourism development planning

As indicated in earlier sections of the handbook, the interdependence of the different elements of tourism necessitates the comprehensive and integrated planning for tourism. A new product developed in isolation cannot have any certainty that it will succeed since it will depend inter alia on:

- access to the site;
- the availability and recruitment of appropriate personnel;
- the extent to which it complements and supplements the existing (and other planned) tourist attractions and activities in the area; and
- how competing destinations might respond to the development.

Furthermore, a destination's products and the way these are marketed are not fixed and unalterable. They can and should be tailored to optimise the results of research that reveals new opportunities or threats, and in response to changing market tastes and what the competition is developing by way of new products. Maintaining the country's brand name and promoting its products are ongoing tasks – not one off assignments. They require a constant infusion of financial and human resources to conduct research and development to evaluate the shifting sentiments of the country's clients, and to respond speedily.

The case has already been made in this handbook for a rolling and iterative planning system as the optimal way by which a destination's tourist product offer can match what the market wants, ensure that the necessary supporting services are in place, and provide the necessary competitive advantage over other destinations. In that way, tourism product developments are identified as part of a structured and systematic strategy for the development of the most productive form of tourism in a destination. They can be presented as a menu for prospective investors/developers/operators. That does not in any way preclude the private sector from generating its own original and innovative ideas for Tourism Product Development but it provides a framework within which the market potential and viability of such ideas can be tested.

Tourism product development is part of tourism development planning which itself is a component of a destination's overall socio-economic planning. The product development process for the standard destination consists of a series of steps in the planning process:

1. **Place Audit** comprising a series of basic destination analyses (e.g. PEST, SWOT, TALC) to produce a clear and detailed picture of the present situation and the likely future options for growth and the threats to these opportunities being realised. The analyses should be undertaken in full initially and reviewed and revised on a continuing basis.
2. **Vision and Goals** based on a clear understanding of what the destination society wants the community to become, and where tourism fits within the vision. Long term horizon.
3. **Strategic Directions** identified to achieve the overall vision and the specific goals for tourism (and other sectors). Mid-to-long term, taking account of the long lead times for much tourism infrastructure, necessitating a clear understanding of likely future trends and developments that will impact the destination.
4. **Development Plan** outlining the range of developments necessary to achieve the strategies, including those related to tourism attractions and activities as well as the range of support developments necessary to bring these to fruition. Mid-term planning (3–5 years) is required because the continuously changing environment for tourism is likely to render detailed specification for a longer term out-of-date. The Development Plan needs to be reviewed annually and adjusted as necessary e.g. a rolling, iterative process.
5. **Investment and Funding Plan** identifying the portfolio of investments needed to bring the plan to fruition, the likely sources of finance, and the incentives that might be available to encourage and facilitate private sector investment.
6. **Implementation and Control** specifying the actions necessary to bring the proposed developments in fulfilment of the strategies to fruition. The action plan will identify each step and the entity that will lead the action and those that will play a supporting role. Though the action plan may be spread over a three year period, it should be divided into annual programs so that progress can be monitored expeditiously and any remedial steps taken to address actions that have not been fully realised.

4.2.6.2 The selection of the optimal Tourism Product Development strategy

In identifying the strategy → development plan → implementation process related to Tourism Product Development, a country may select a number of strategies geared to expanding the provision of things

to see and do for existing visitors, and develop attractions and activities for new market segments. At the same time, it may seek to establish one or more flagships, recognising that these can boost a destination's image; while, creating series of clusters and circuits.

Two of the most important principles in selecting the products to be encouraged are:

1. **Creating a 'mix' of tourism products** because having a range of things for tourists to see and do can help to lessen dependence on a small number of markets and market segments, as well as reducing seasonality and meeting the desires of those tourists who want a range of experiences when choosing a destination. While their predominant reason for taking a holiday may be the beach or the skiing, many of them are demanding 'more' by way of supplementary attractions and activities in the destination. Ireland identifies the following categories of tourist experience: urban culture, gastronomy, 'wellness', 'soft adventure', arts and events, self improvement, heritage, rural culture, and 'hidden' Ireland. Its product mix seeks to exploit each of these aspects in order to give tourists a more fulfilling experience when visiting the country.²
2. **Getting the right 'mix' of tourism products** is of the utmost importance because one or more flagships can act as attractors bringing tourists into the destination while clusters and circuits based on themes and/or geographic areas can provide the extra dimension to the destination's offering and help spread the benefits of tourism across the destination rather than have it concentrated in the resort area. Any product developed in isolation from a destination's existing offering is unlikely to realise its full potential. By broadening the appeal of the destination and complementing existing products new developments can attract more tourists to the area than if they were not linked to the other products available.

The example in the following table is from Ireland's product development strategy illustrates how these different facets of tourism development strategy are met through a wide ranging programme of product developments. The strategy does not include Dublin which has a strategic plan of its own, though integrated with that for the rest of Ireland.

The case study shows how Ireland is seeking to broaden its attraction to visitors while concentrating on flagships through seeking to develop and maintain key sites like a national park, a monastic site, or a built heritage site to World Heritage Site designation status. It also recognises the importance of hub destinations that will draw visitors in and provide the opportunity for attractions and activities to be created in and around these magnets e.g. Cork, Galway, Limerick, Killarney.

² Fáilte Ireland, *Tourism Product Development Strategy 2007-2013*.

Case Study: Ireland Tourism Product Development Strategy 2007–2013 – Ireland



Strategic aim	Product development actions
1. Aim for World Heritage Site quality	Develop a number of iconic attractions to WHS designation standard – representing flagships
2. Upgrade visitor attractions	Select 20 strategically important visitor attractions, with a good geographic spread, for upgrading
3. Focus on key heritage buildings	Restoration and preservation work
4. Develop historic buildings for banquets	Identify and re-equip for major event banqueting
5. Focus on 'looped' walks	Develop 300 'looped' walks as part of essential tourism infrastructure
6. Focus on themed cycling trails	Develop 2500 km of themed cycling trails on tertiary and minor routes
7. Local authority walking and cycling routes	Maintain local routes
8. Events to attract overseas visitors	Create magnet events and festivals e.g. a major garden festival
9. Marinas on the western seaboard	Select and develop strategically located marinas
10. Improve inland waterways	Provide additional moorings, improve inland cruising stock
11. Focus on specialised activity centres	Develop specialised activity centres e.g. watersports, equestrian pursuits
12. Focus on equestrian tourism	Develop more equestrian activities to support the image of 'Ireland the land of the horse'
13. Game-angling restocking	Re-stock trout and salmon fisheries
14. All-Ireland coastal walk	Develop plan as a world-class attraction
15. Create a science museum	Link Science Museum to Media Lab and Digital Hub
16. Develop Irish Diaspora Centre	Build a lead centre with regional satellites tracing the history of Irish emigration
17. Focus on expansion of golf tourism	Identify and develop new golf links courses

Source: Fáilte Ireland, *Tourism Product Development Strategy, 2007–2013* (online), available: www.failteireland.ie/getdoc/cbfd692-3336-4d27-8dab-8cdb67bf40ea/Tourism-Product-Development-Strategy--2007---2013.aspx.

4.2.6.3 Review, adjust and add products

Much stress has been laid on the fact that tourism is both evolving and changing in response to the many influences and determinants outlined in chapter 2 – and that, furthermore, these developments are both occurring rapidly and involving major shifts in trends. One of the key factors that causes these changes in the marketplace is product developments in competing destinations.

This scenario makes it imperative for destinations to closely monitor its tourism sector and how well its tourist product offering meets the requirements of its visitors vis-à-vis its main competitors, and how new product developments in other destinations affect the competitiveness of the destination. While long term planning is a prerequisite for successful destination tourism development, it is equally important for destinations to have the flexibility to adjust and add to its tourist product inventory in line with market tastes and trends.

The example of Hong Kong, China, illustrates how the authorities keep evolving the tourism offer by enhancing existing tourism facilities and supporting the development of new attractions to ensure it remains one of Asia's top destinations.

Case Study: Hong Kong Wetland Park – Hong Kong, China

The Tourism Commission, established in 1999 by the Government of the Hong Kong Special Administrative Region (SAR), is responsible for preparing and implementing tourism development strategies and plans; leading and coordinating the work of other government departments on policies that impact upon tourism. The Tourism Commission also works closely with the Hong Kong Tourism Board and other organisations to promote tourism development in Hong Kong, China. Examples of some of the projects completed by the Tourism Commission include the Hong Kong Wetland Park, the enhancement of the Sai Kung Waterfront, and enhancement of green tourism attractions in North-east New Territories.

The 61 ha Hong Kong Wetland Park (HKWP) at Tin Shui Wai was originally purely as a conservation initiative. During the initial development stage the concept expanded into a world class tourist attraction providing opportunities for recreation and education on sustainable development. HKWP, which opened in 2006, now attracts over one million visitors annually, generating US\$ 3 million annually from admission charges and other activities such as conferences. The US\$ 67 million award winning facility is owned, managed and operated by the Agriculture, Fisheries and Conservation Department of Hong Kong, China. It was designed by the governments Architectural Services Department and Urbis Limited, a private sector landscape architecture company.

HKWP partners with the private sector to provide guided ecotourism services to the public through the Corporate Community Service Programme. HKWP provides training to employees of the participating corporations, who in turn provide voluntary interpretation services at the park. The companies also sponsor special target groups (e.g. under privileged groups) to visit the park. Examples of participating organisations include Hongkong and Shanghai Banking Corporation, Jusco and Timberland. In addition, HKWP also organises the Community Volunteer Network programme in which community and organisations can provide volunteer service through leading guided tours, organising workshops or conducting other education activities at the park according to their professional skills and interests, e.g. bird watching, origami, etc..

This is a good example of state agency working with the private sector to provide ecotourism related visitor services.

Completed in 2003, the Sai Kung Waterfront Enhancement Project aimed to enhance the facilities and environment of the Sai Kung waterfront as a step towards the revitalisation of Sai Kung District as the "Leisure Garden of Hong Kong". The project involved renovating the former Wai Man Road Rest Garden into today's Sai Kung Waterfront Park; streetscaping work along the promenade; and

repaving and refurbishing Fuk Man Road and provision of visitor signage. This was a Government-led project, and no private sector participation was involved.

In 2006, the Tourism Commission, in collaboration with relevant departments, implemented a phased programme to enhance a number of green tourism attractions in the North-east New Territories to enable visitors to better appreciate natural scenery. These attractions are located at Lai Chi Wo, Ap Chau, Kat O, Tap Mun, Wu Kai Sha, Tai Mei Tuk, Ma Liu Shui and Tung Ping Chau. The improvement items included erection of signage and map-boards, provision of seating facilities, enhancement of lighting, planting of trees, upgrading of existing pier facilities, and reconstruction of piazzas at

Lai Chi Wo and Kat O. All the works were completed in early 2009. The project was implemented by respective government departments with their existing resources.

Source: Based on following website: www.tourism.gov.hk

4.2.6.4 Implementing the plan

Strategy needs to be converted into an action plan with clear implementation responsibilities allocated – easier to do in small destinations than in larger ones! The action plan should list each action along with details of: who is responsible; how the action is to be implemented; what budget will be needed; and over what time frame will the actions be undertaken. A short-term horizon is needed for Tourism Product Development and marketing action plans because of the need to be able to respond to the many influences on, and determinants of, a destination's tourism sector which cannot be anticipated when the initial plan is drawn up.

It can often be valuable for a formal implementation team to be established when a range of new developments are being considered in a particular region. If the country's Tourism Product Development planning is organised through a series of zones or areas, with multi-stakeholder coordinating committees established in each region for the planning phase, it makes sense that these committees should be kept in place to be the implementation agencies.

Accessing the best expertise in the country may be best achieved through the establishment of some form of product development 'forum', chaired by the head of the central product development division with a member from each of the tourism development areas, or if the number of development areas makes the forum unwieldy, then membership could be by rotation between the different planning areas. Membership could be extended to incorporate the heads of relevant government agencies representing parks, arts and culture, and history, for example, along with representatives from tourism trade associations. This multi-party forum might meet on a quarterly schedule but with regular liaison on product development issues and opportunities between the central product development division and the implementation coordinating committees in the different product development areas.

The establishment of the destination tourism coordinating forum represents an essential step in overcoming fragmentation in the planning and delivery of an improved product provision. Involving representation from the regional product development areas can help ensure that product developments are viable, market-led and establish each area as a distinctive destination within the country.

Members of the regional tourism development implementation committees should be drawn from across the region, chosen to represent the key agencies involved in the development and promotion of tourism to the area e.g. Chambers of Commerce, local municipalities, community leaders, parks, arts and culture, nature-based and historical entities, tourism and hospitality operators.

The regional tourism development implementation committees should liaise:

- with the central product development division;
- with all local authorities in the region;

- with corresponding organisations in adjacent product development areas and in neighbouring countries, where relevant;
- with existing bodies directly or indirectly involved with some aspect of tourism; and
- with prospective investors/developers wanting detailed briefings on the region's tourism prospects.

As the region grows and becomes a substantial destination in its own right, responsibility for the development of tourism in the region may be best achieved through the consolidation of existing agencies into a single regional tourism organisation, though its relationship with the central product development division and the product development forum should not change.

4.2.6.5 Creating the skills to deliver tourism products

No plan can be implemented without personnel who are knowledgeable about the marketplace, the needs of tourists and the technical skills required to bring a project idea to fruition. Human resource development in the area of tourism through education and training programmes is a prerequisite for the development and operation of sustainable Tourism Product Development. The following education and training activities are based on Fáilte Ireland's six principles for human resource development in its Tourism Product Development strategy:

- **Support workplace-focused learning:** Support product development through workplace-focused learning interventions e.g. 'action learning', learning networks and on-site learning.
- **Identify new skills needed:** Identify the skills needed as customer demands change and products evolve e.g. a destination may identify new opportunities requiring specific skills e.g. adventure activities, health and wellness products. The destination authorities should play a role in interacting between education providers, relevant professional bodies, and regulatory or standards boards.
- **Provide training for SMEs:** Provide targeted training for SMEs to strengthen electronic technology skills as a key enabler of product research, product development and product promotion.
- **Support craft skills training:** Support crafts skills training as a key input to the tourism product. Effective craft skills are essential to maintain consistent standards across the sector. It is particularly important that further education deals with the emerging trends in tourism.
- **Review management training:** Conduct a fundamental review of systems and practices in management training and education in the tourism sector.
- **Establish 'start-up' incubation fund:** Establish a program to provide 'start-up' and incubation business assistance to suppliers of products in new opportunity areas.

4.2.6.6 Financing the plan

A critically important component of the plan will be the investment and funding aspect. The possible sources of finance need to be investigated and the applicable terms and conditions established before the plan is published. In this way, conversion of the plan components into an action programme can be realistic and achievable.

There are strong motivations for the public sector to invest in tourism infrastructure and facilities. On one hand, the provision of basic infrastructure – particularly transport services – serves to bring in more tourists, income and jobs for the local economy; while the public exchequer benefits from tax revenues from workers (and the businesses that the infrastructure has helped to sustain) and reductions in unemployment benefits. **While it is not essential for a single agency to be responsible for all types of public sector investment in, or related to, tourism, such investment for tourism projects should be co-ordinated through a single body.**

In the case of the standard destination, tourism developments will largely take advantage of the existing provision of infrastructure and utilities. Investment in the Tourism Product Development itself will be from the private sector, though some specific incentives may be requested to bring forward investment, the exact arrangements being subject to discussion between the project proponent and the relevant authority. To overcome the gap between initial investment and the generation of demand for, and income from, the investment, the most frequently offered incentives are:

- tax holidays or other forms of fiscal assistance; and
- industrial rate for power etc..

For large scale projects, such as convention centres discussed in section 2.2.7, the public: private funding approach is being increasingly used. The Terra Botanica interactive botanical theme park in the Anjou region of France, details of which are outlined in section 2.2.2, is an excellent example not only of creating a flagship in the primary horticultural area of the country and of multi-stakeholder co-operation but also of public: private partnership. The company selected to manage the park, Société Anonyme d'Exploitation Mixte Locale Terra Botanica (SAEML Terra Botanica), is made up of a public: private partnership of 15 shareholders including the Maine-et-Loire Departmental Council; the cities of Angers and Avrillé; Angers Loire Metropolitan area; tourism agencies such as Destination Anjou; agricultural sectors such as the Regional Agricultural Board; and economic sectors such as the Chamber of Commerce, and Industry and financial organisations.

There are a number of categories of tourism product that are not attractions or activities with a strong commercial basis but which nonetheless are growing in popularity. These are areas where selective public investment remains necessary. Examples include walking/hiking trails, and many manifestations of a destination's heritage and culture in the form of museums.

4.2.7 Moving From the Macro to the Micro Level

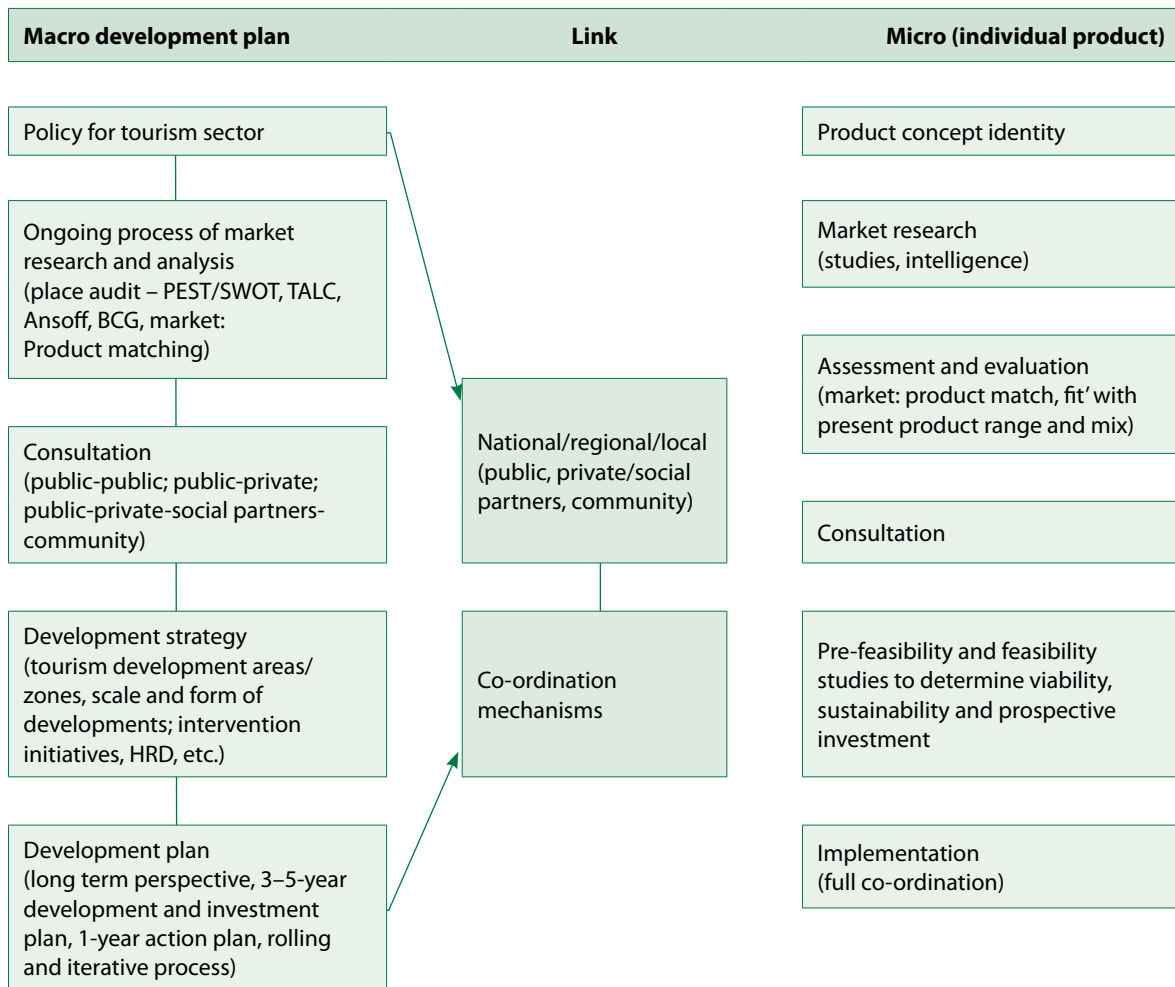
Much of the process outlined for the model destination focuses on the broad – macro – level, rather than the specifics for individual product developments. There are three interlinked reasons for this approach:

1. the development and investment conditions need to be in place and appropriate for new developments;
2. new product proposals need to be in line with the destination's policy and strategy for the sector; and
3. they should have a good 'fit' with the existing product range, serving to complement and extend the appeal of the destination.

Unless these conditions are met it is unlikely that the product developments will be truly and fully sustainable.

There is, of course, no break between the overall planning for the destination and the assessment and implementation of individual products. The process is interwoven but for the purposes of clarity, the chart below illustrates the different steps necessary at both the macro and micro levels and the optimal linking mechanism.

Figure 4.1 Macro and micro tourism product planning process



Source: Tourism Development International.

Table 4.2 Key steps in developing individual tourism products

1. Product concept development	By entrepreneur, community, local council, regional tourism coordination committee through 'brainstorming' looking for gaps in the supply of tourism products, local attributes that can provide a competitive advantage etc.
2. Informal assessment	Consultation with national/regional/local government, private sector operators e.g. chambers of commerce, trade associations, individual suppliers to and operators in leisure, lodging, restaurants, attractions and retail, and local residents
3. Market research	Observation (e.g. of users of similar attractions/activities, and of the present 'mix' of visitors to the area), desk research (e.g. market intelligence comprising tourism statistical and studies for similar attractions/activities accessed through the NTA/NTO or other source), primary research (as partner in omnibus or sole commissioner), field visits (e.g. to comparable attractions/activities in other locations)
4. Formal assessment	Market (e.g. is there a sufficient market? does the product have a distinctiveness that will give it a USP? will it constitute a good 'fit' with, and add to, other tourist products in the area?) strategy and support (is it in line with the destination's overall tourism development strategy? are there any incentives or other support available?) sustainability (e.g. will it be approved by the local population? will it provide good economic and recreational opportunities for local residents? will it be ecologically sound with a low carbon footprint? are the necessary resources for its development and operation– particularly workers – available locally?) economic and financial (e.g. will it be financially viable? will it make a significant economic contribution to the local area and broader region? will it be financially viable? are there ready sources of finance available?)

5. Feasibility study	Detailed design drawings, preparation of detailed market analyses and assessments, and financial projections for presentation to prospective funders
6. Planning application	Submission and approval of design concepts and development plans
7. Development	Letting of contracts for the construction and management of the product development
8. Marketing and promotion	Preparation of marketing and promotion plan in consultation and full coordination with national and regional tourism promotional agencies, initial public relations and promotions
9. Product launch	Initial soft opening for local residents followed by full launch with media and travel trade invited (e.g. national and international, as appropriate)

Destination Variations

The point has been made throughout the handbook that every destination is unique and no single approach to Tourism Product Development can have full relevance. The standard destination for which Tourism Product Development planning approaches are outlined in chapter 4 will be of some degree of relevance for many destinations in, or approaching, the rapid growth phase. There are, however, many instances where circumstances require adaptation to these general guidelines. A specific focus and course of action will be necessary to determine how best to develop a tourism product range that will meet the requirements of the triple bottom line (e.g. economic, social and environment) while at the same time delivering a satisfying experience for the tourist.

The following examples have been selected where there will be significant variations from the model destination in the approach to Tourism Product Development:

1. Mature destinations with little state involvement in the tourism sector
2. Newly emerging destinations
3. Centrally planned economies
4. Destinations with fragile environments and/or endangered species
5. Countries with perception problems in international markets
6. Destinations with a dominant product
7. Destinations without a major tourism development opportunity
8. Destinations specialising in sports/adventure/activity tourism with an increased personal safety risk factor
9. Historic cities

5.1 Mature Destinations

There are two broad categories of mature destination: those which have a policy of encouraging new product development to refresh and broaden the appeal of the destination – see material under 5.6 Destinations with a Dominant Product; and those industrialised countries with a long history of tourism – particularly western and northern European countries – that do not have a policy of direct intervention in the tourism sector, other than in supporting (and partnering with the private sector in some instances) major developments like convention centres, sports arenas for events like the Olympics, or prestige developments like the Eden Project in Cornwall – ‘the world’s largest greenhouse’.

The challenge for all mature destinations is to maintain tourist interest. Related to the tourism area life cycle in figure 3.4 such destinations need to maintain the development phase over an extended time frame. They can achieve this by adding new products, upgrading existing products and effective promotion. Many mature destinations focus on the last of these activities while leaving the product aspects to the private sector. While VisitBritain (formerly the British Tourist Authority), for example has a budget of £ 28.8 million in 2010 – it is predominantly used for marketing and promotional activities. The country has no dedicated Tourism Product Development function at national level. VisitEngland spends a further £ 9.2 million on marketing activities, with the individual regional tourist boards along with

VisitWales, VisitScotland and northern Ireland Tourist Board also focusing their attention on attracting visitors. The regional development agencies support the regional tourist boards and while their brief includes supporting new economic activities, their involvement and expertise in tourism is limited.

Tourism product development is left almost entirely to private sector initiative with some broad assistance from the relevant regional development agency, and local authority, and moral support from the local chamber of commerce. It is certainly not a system that proactively encourages new Tourism Product Development. While the case for no state involvement in Tourism Product Development in a mature sector is valid, the problem arises when, through lack of understanding about the tourism sector and its impacts – beneficial as well as negative – opportunities may be lost, or only realised because of the determination of the investor/entrepreneur behind it.

There is no magic formula as to why some initiatives succeed and others stall. Having a ‘champion’ for the project – frequently an individual entrepreneur or an official within the tourism administration who can enthuse other stakeholders and generate support for the project – is a common factor in successful developments. It is not solely a question of whether the financial assessment is positive; it is a matter of balancing the economics of the project with the creation of a momentum based on enthusiasm for the development.

Case Study: Isle of Wight festivals – United Kingdom

There are two annual popular music festivals held on the Isle of Wight e.g. the Isle of Wight Music Festival (held annually since 2002) and the Bestival (starting in 2004). Together these two events have established the destination as a major one for music festivals and attract large volumes of young people who would not otherwise choose the Island for a leisure trip in view of its old-fashioned perception. They produce a significant local economic impact but also represent an important segment to influence from a longer term strategic viewpoint in that when in time these same people have their own families they may recall fondly their time on the Island and choose to visit it for a family holiday thereby creating additional positive economic impact. Yet, the local authorities and community were lukewarm when the concepts were initially mooted and only the persistence of the two promoters ensured the festivals obtained the necessary permissions.

Source: *Isle of Wight County Press*, Newport, synthesis of articles and readers correspondence.

There is increasing recognition among mature tourism destinations that product and market are natural partners – that a destination cannot undertake marketing without strong and market-appropriate products. France and Portugal are examples where the process of disaggregation by mature destinations of the different components of tourism development has been reversed and product development has been linked back with marketing.

France has combined its product development and marketing functions in a single body – A Tout France. With six directorates (covering marketing, strategy, development, training, regulation and finance), A Tout France is adopting a coordinated approach to the development of its tourism sector recognising that by not doing so it was not facing up to the threats to its position as one of the world’s leading destination.

Key guidelines for mature destinations

- Coordinate tourism product planning at the regional/local level with destination marketing at all levels, ensuring consistency of branding and positioning, with regional/local product development and marketing initiatives representing the ‘models’ in the country’s ‘house of brands’.
- Establish tourism knowledge expertise – through own personnel or consultants – at regional and local levels in order to encourage and guide appropriate tourism product developments.

5.2 Newly Emerging Destinations

The challenge in newly emerging countries is that:

1. the infrastructure necessary for tourism is limited;
2. the stock of tourism products is small; and
3. the marketplace has little or no knowledge of the destination.

They may fall either in columns B or C in table 3.3 – or, most likely, exhibit some of the characteristics from each of these two categories. It is clear that under such circumstances there is a much greater need for state intervention in terms of providing the basic infrastructure needed for tourism to operate, creating the conditions conducive for attracting investment in Tourism Product Development, and establishing market awareness and a positive perception of the country as a tourism destination.

The priority for such destinations is to ensure that the primary services that enable tourists to come to the country are in place and encourage rather than deter visitation. Visa controls are a particular bugbear for tourists. While fewer countries are now demanding that tourists obtain visas from the embassies, high commissions or consulates of the country in the prospective visitor's home country, replacing this requirement with visa issuance on arrival, those countries that retain the advance visa regulation should recognise that this damages their prospects of attracting those visitors who have alternative easy entry destinations available.

The focus in terms of Tourism Product Development in emerging tourism destinations are the provision of good air and ground transportation (sea access too in respect of islands) infrastructure, and accommodation of a standard that international tourists will accept.

For those countries that have a major existing attraction whether that is a natural feature (e.g. Madagascar's Anjozorobe-Angavo Forest Corridor – see case study below) or a historical monument (e.g. Mali's three World Heritage Sites), this will be the flagship around which they base their tourism development in the initial phase of the build up of their tourism sector. For destinations without an existing flagship, tourism will develop organically with word-of-mouth from foreign personnel based in the country for diplomatic, commercial, or development aid reasons to their circle of family, colleagues and friends that it is an interesting place to visit serving to start the process. Then the overseas diaspora of the country can play a role in familiarising the population of the countries in which they live about the culture and other aspects of the destination, further stimulating interest. These diaspora represent potential investors in their home country utilising the capital and skills they have learnt while living overseas.

Many emerging tourism countries – particularly islands – have limited resources e.g. land, capital, labour and industry. In consequence, much of the building materials, equipment, consumable supplies and personnel for tourism have to be imported. Planning for tourism needs, therefore, to make a balanced assessment of the economic leakage related to these imported items with the economic benefits to the country and its population. Schemes to encourage local producers – e.g. farmers, fishermen, handicraft makers, building supplies, furniture – to increase their output thereby establishing linkages between the local community and tourism operators is vital. Such encouragement would focus on aspects such as start up capital assistance, training, and standards of production, reliability of supply. The Irish example of a 'start up' incubation scheme where training and business assistance is provided to suppliers of locally-relevant tourist services (e.g. traditional activities and crafts) could be a model worth examining. Such a programme could also support those who provide experiential tours like walking holidays.

Another challenge for emerging tourism destinations is their limited domestic demand in terms of scale and the proportion of society that can afford, or for cultural reasons would want, the tourism services offered. This heightens the importance of initial market research and feasibility studies to ensure that the potential foreign demand is sufficient both in scale and reliability to warrant the development. Emerging tourism destinations are particularly vulnerable to fluctuations in tourism demand from economic downturns and scares about personal safety that may well not be related to the country in question but

impacts on it because it is not a well-known or – established destination.

The societies of emerging tourism destinations have had limited interaction with overseas people and there is likely to be a considerable cultural divide. Paying close attention to the impact on local society is, therefore, a primary requirement in planning tourism development in such countries. Involving local communities in planning and delivering Tourism Product Development is an important way of developing tourism in emerging tourism destinations for the following reasons:

1. It builds bridges between the 'host' and 'guest';¹
2. it ensures that much of the tourist spending goes directly into the local economy;
3. it gives visitors direct access to the culture and nature of the destination, a key trend identified in the UNWTO's *Tourism 2020 Vision*² studies;
4. these types of development involve relatively low capital costs and are likely to attract the support of the international aid donor community.

Another important benefit for focusing Tourism Product Development on the local community in emerging tourism destinations is it can serve to raise awareness among the population of the value of the country's natural resources. There are many instances where natural resources are being depleted either for reasons of subsistence or ignorance about the role they play in the biodiversity of the area. The interest that the nature-based tourism market segment can provide both economic benefit to the people of the area and also help them understand the interlinkage of ecosystems. The development of community-based ecotourism in the Anjozobe-Angavo Protected Area of Madagascar is a good example where the government has worked with a non-governmental organisation and the local communities to create a Tourism Product Development that meets these twin goals.

Case Study: Development of community based ecotourism in the Anjozobe-Angavo Protected Area – Madagascar

The Anjozobe-Angavo Forest Corridor is one of the last remaining areas of natural forest in the Central Highlands of Madagascar. Although spectacularly rich in biodiversity large areas of the forest were being lost through expanding slash and burn practices. With increasing demand for resources, as people encroached further on the forest, over 20,000 ha of the forest were cleared between 2000 and 2004. There were concerns the forest could lose its integrity by 2010 and the area was urgently in need of protection.

In the late 1990s Fanamby, a Malagasy non-profit NGO founded by local conservation and development experts, carried out a research and awareness raising project focusing on alternative livelihoods in the forest with a € 85,000 grant from IUCN-NL. Madagascar announced a huge expansion of its protected areas in 2003 and this, in conjunction with increased donor confidence in Fanamby as a result of the earlier project, led to an agreement between UNDP-GEF, the Malagasy government and Fanamby on a US\$ 1.5 million project to establish an officially protected area in the Anjozobe-Angavo forest corridor. In 2005 five new protected areas were announced including a 52,500 ha area of the Anjozobe-Angavo Forest Corridor, with over half this area primary forest.

The objective of the UNDP-GEF project was to conserve biodiversity and habitat in the globally significant forest corridor; achieved through the promotion of a model of sustainable community-based management. UNDP-GEF provided US\$ 975,000 and the co-financed balance of US\$ 570,000 was provided by the UNDP, WWF, Fanamby, the Malagasy Government, the private sector and local communities. Fanamby is supported by a wide range of organisations including the UNWTO ST-EP Foundation, UNDP, WWF, Malagasy Government, French Global Environment Fund, academic organisations and the private sector.

1 Murphy, P. (1985), *Tourism: A Community Approach*, Methuen, New York.

2 World Tourism Organization (1997), *Tourism 2020 Vision*, UNWTO, Madrid.

As part of the project and with a contribution of US\$ 112,500 from the UNWTO ST-EP Foundation, Fanamby worked with the local community to open the Saha Forest Camp on 12 September 2008. The project provided training to local people on tour guiding, hospitality, hotel and restaurant management, and as a result thirty direct jobs (guides, hotel and restaurant staff) have been created. A study of the local supply chain was carried out (potatoes, bananas, beans, and poultry) and business linkages were established with ninety local households to provide agricultural products to the camp.

The local community, grouped in a Village Community Association – ‘Antsahabe Miray’, owns the lodge and has entrusted its management to a private ecotourism firm, Kudeta. Saha Forest Camp agreed to keep 95% of local employment, 90% local supply and will contribute 7% of the turnover to the community fund to finance community micro-projects (e.g. infrastructure maintenance, school construction and upkeep). In 2009, 1199 tourists visited the Protected Area of Anjozorobe-Angavo, with 987 staying in the camp. The key achievement of this project has been to stabilise the forest edge, with local forest committees actively involved in enforcement. Reinforcing the link between sustainable livelihoods and biodiversity conservation has enabled local communities to benefit from tourism and reduced pressure on the natural environment.

Source: Based on following websites: www.fanamby.org.mg and www.sahaforestcamp.mg.

Faced with a domestic business sector with limited capital for investment and a foreign investment sector that is sceptical about exposing themselves to risk in a new tourism destination, the governments of such countries have to take a ‘hands on’ approach if it sees tourism as a key plank of its economic development strategy. This will entail undertaking the necessary product developments to establish tourism in the country, usually in the form of accommodation, in one of three ways:

1. its own direct investment on a ‘seed’ basis e.g. many island nations in the Pacific adopted this approach, Tonga with the Dateline Hotel being one such example;
2. the creation of a specialist tourism development corporation to make its own investments, to work with prospective investors, or to join with local communities – see case study on the Jamaica Product Development Company;
3. the provision of a significant range of incentives to encourage international investment.

Case Study: Tourism Product Development Company – Jamaica

The Tourism Product Development Company (TPDCo) is the central agency mandated by the Government of Jamaica to facilitate maintenance, development and enhancement of the tourism product. Operating as a private company since 1996, the TPDCo has a strong community based development focus and aims to maintain, develop and enhance the tourism product in Jamaica, improve visitor experience and encourage socio-economic growth.

Members of TPDCo’s board are drawn from both the public and private sectors, and include representatives of the Jamaica Hotel and Tourist Association (JHTA), Jamaican Association of Villas and Apartments (JAVA) and one from each six resort areas. The chairman of TPDCo is appointed by the Government. Key focus areas are improved product quality; product enhancement; and product diversification.

Improved product quality is achieved through licensing of tourism operations and ensuring compliance to international standards. Product enhancement includes tourism training, environmental improvements (beautification) and a focus on health and wellness related tourism and heritage tourism. To encourage product diversification the company coordinates sports tourism development; facilitates community-based development with a focus culture, heritage and ecotourism; and manages a tourism entrepreneurship project.

TPDCo works with six resort areas, producing development plans for the resort upgrade program; and provide financial and technical support for several festivals on the island; viewing them as means of fostering community spirit and economic development. TPDCo encourage the local community to create income generating projects from their culture, heritage, cuisine and lifestyle.

The historic Accompong Maroon Settlement in St. Elizabeth, established by slaves in 1739, is a model community-based tourism attraction that received development assistance from TPDCo and is regarded as a prototype for community-based tourism development. TPDCo funded a museum, trails, interpretation and tour-guide training and coordinated capacity building with a local development consultant.

The local community, who established the Accompong Development Foundation in 2005, have since attracted support from other sources, including funding from the Canadian International Development Agency (CIDA) for income-generating projects; Jamaica National Building Society (JNBS) Foundation for additional environmental improvements; and US Peace Corps for tour guide training.

The goal of this pro-poor organisation is to create local employment, thus reducing the need for local people to travel for long distances from the mountainous community and to retain local cultural heritage. The challenge is to do so without loss of cultural authenticity and to ensure the economic benefits of tourism are shared.

Source: Based on following website: www.tpdco.org

Key guidelines for emerging tourism destinations

- Governments should consider establishing a dedicated tourism ministry that is capable of directing and facilitating tourism development, including where necessary making direct investment in infrastructure and product development.
- The maximum use should be made of the assistance and expertise that can be obtained through the international aid donor system and through the encouragement of specialist non-governmental organisations.
- Community-based tourism should be encouraged as an appropriate means of providing both economic benefit for, and understanding about the value of the country's resources among the local population, while providing direct access to the country's nature and culture for overseas tourists.
- Maximum use should be made of the foreign personnel in the country as well as its own overseas diaspora in creating market awareness about the destination for tourism.
- Provide training and assistance to local SMEs and community tourism product developments through a 'start up' and incubation programme.

5.3 Centrally Planned Economies

Tourism is an activity that requires understanding of the marketplace and demands flexibility in terms of operation. At the same time it benefits from comprehensive and integrated planning. While tourism administrations in centrally planned economies may experience difficulty in addressing the characteristics, patterns and trends in discretionary purposes tourism of the population of market economies, the system of coordinated, countrywide planning by the central authorities can produce well-structured tourism development.

The role of the central body is, thus, heightened, creating the priority need for its personnel to have:

1. full knowledge of Tourism Product Development possibilities throughout the country;
2. detailed understanding of market trends so that market: product 'matching' can be undertaken with authority; and
3. a strong system of communication and coordination with regional and local administrations.

While these requirements may apply to any destination, they are particularly important in countries with centrally planned economies because the regional and local administrations may not be so well-versed in the operation of the tourist market and the attitudinal, motivational and behavioural characteristics of tourists.

There are now very few centrally planned economies. China, the epitome of a centrally planned regime, has long since abandoned most of those functions and now acts principally as an enabler. In Guizhou Province, the Guizhou Provincial Tourism Administration has played a pro-active role in supporting the development of rural tourism in that province. In the older centrally planned regimes, such as those of eastern Europe, government authorities planned, developed and operated tourism facilities. The legacy of this era is perhaps at its most striking on the Black Sea coast where extensive low quality development from the 1950s to 1980s now struggles to find a market niche now that local residents have a choice of holiday destinations. As a result established destinations, such as Mamaia in Romania, are now undergoing fundamental restructuring to meet market expectations.

In practice, most governments of centrally planned economies are actively embracing tourism development in their countries, and are taking steps to ensure that there is an adequate supply of the requisite tourism planning and marketing skills at all levels throughout the country, utilising outside expertise where necessary to fast track this learning process for their own personnel.

In centrally planned economies where the economy is growing rapidly, real estate interests can push tourism development beyond the limits of market demand or sustainable development. This problem arises from inadequate development controls and a lack of understanding of the nature of tourism and the needs of tourists. Here 'tourism development' often takes the form of speculative residential development, with the overall aim and objective of a tourism development strategy being lost to short term speculation. This scenario has led in many cases to the need to restructure the tourism product offering of a destination to provide a more sustainable form of tourism development, and to bring it in line with twenty first century tourists' tastes.

Provincial and local administrations lead the planning for tourism in their areas, with clear guidelines and representation on their planning committees from the centre. As more countries with centrally planned economies are embracing tourism development and doing so across their different regions, there are a large number of tourism studies being undertaken. In the main these are financed by local governments, with the primary focus being to attract investors and operators to a development area or site. Local governments tend to have limited capital for investment themselves but in countries with expanding economies there is a large supply of investment capital, particularly as noted for real estate and where large tracts of land – government-owned – can be obtained.

Guizhou Province, China, is a good example of a provincial tourism administration operating within a centrally planned economy.

Case Study: Tourism Development Master Plan for the Guizhou Province (2002–2022) – China

In March 2002 Tourism Development International was appointed to draw up a 25-year tourism master plan for Guizhou province in south-western China. The overall objective of the tourism master plan was to establish a framework for the sustainable development of tourism in Guizhou. The master plan (which also included a 5-year action plan), incorporated recommendations in

relation to Tourism Product Development, rural tourism, regional tourism administration, SME development, visitor servicing and marketing.

The product development programme comprised nine demonstration projects and included sustainable development proposals for environmentally sensitive areas (Mount Fanjing and South Libo), visitor attractions upgrading (Huangguoshu Falls and Zunyi conference local area), village cluster development (Bala River), cultural development of ethnic minority communities, visitor reception and interpretative facilities, rural tourism accommodation development, animal husbandry visitor centre, and community training centres.

Many of the product development recommendations outlined in the Guizhou Tourism Master Plan have now been implemented by the Guizhou Provincial Tourism Administration. The plan has delivered on many of its original objectives, including the issue of poverty alleviation in some of the most remote areas of China. This has been achieved through a step-change in tourism in a province which has recorded annual growth of 20% in tourist members and 30% in revenue.

The achievements of Guizhou Province in achieving significant economic growth as a result of the implementation of sustainable Tourism Product Development practices has been recognised throughout China and by international organisations. The UNWTO's first ST-EP Foundation project in China has been established in Guizhou. In 2006, the UNWTO held an international rural tourism forum in Guiyang, capital of Guizhou. The Guiyang Declaration which followed was based on Guizhou's recent success in establishing itself as a rural tourism destination.

Source: Fieldwork and stakeholder consultations for Guizhou Tourism Master Plan 2002.

Key guidelines for countries with centrally planned economies

- Central government should consider establishing a dedicated tourism ministry that is capable of directing, facilitating and coordinating tourism development throughout the country, with good communications through the different levels.
- An extensive programme of education and training about tourism markets is needed for tourism officials at national, regional and local levels.
- Government authorities should fully appreciate that the global tourism economy is demand led and as a consequence proposed actions and developments must be rooted in demand studies. This may conflict with a political imperative to develop a particular area or type of development.
- There needs to be a clear understanding that tourism markets, like all other markets evolve, and may change dramatically in nature over the course of a plan period, of five or more years. Plans, therefore, should have a degree of flexibility to respond to new market conditions and not be 'cast in stone'.
- Government's role is best confined to that of an enabler and in centrally planned economies can be very efficient in setting attractive financial frameworks and providing infrastructure.
- Experience has shown that government should not assume the role of operator as it generally fails to live up to the service standards of the industry or the expectations of visitors.
- Where the authorities are seeking external, that is non-government, investment, sufficient latitude should be allowed to investors to review and fine tune development outlines in the light of their commercial requirements and market expertise.

5.4 Destinations with Fragile Environments/Endangered Species

Interest in natural features and environments that differ from their own is a major and growing motivation for tourists from industrialised countries. Yet the things that the tourists want to see and experience can be damaged by allowing people to have access to them.

In cases such as fragile natural environments (such as wetlands, tropical rain forests, coral reefs) or sites with archaeological or historic buildings, a very careful planning approach is necessary whereby assessment of the carrying capacity of the sites is studied and measured so that the numbers permitted access, the routes/paths they use, and the activities they can engage in are managed to prevent negative environmental impacts. Specialist expertise both from within the country and from international agencies should be incorporated in the planning teams to ensure Tourism Product Development decisions are made in full knowledge of the consequences. Controlling the numbers of visitors to a site can be achieved through a variety of means e.g.:

- strict application at point of entry;
- a ticketing system introducing staggered entrance times for visitors (such as is being introduced in Petra, Jordan, where daily visitor numbers are limited to 2000);
- allowing access only through guided tours with limits on the numbers; or simply by
- pricing.

Local subsistence populations cannot be expected to abandon activities that pose a threat to their living environments and the fauna that share these environments with them and with which they compete for land. Activities like dynamite fishing, tropical rain forest clearance for agriculture purposes, poaching of rare animals for their body parts, and culls (authorised or not) will continue as long as the communities have few alternatives.

For local communities to better understand the need to preserve their local flora and fauna, and the biosystems in which they thrive, there needs to be an economic benefit to them. Tourists from metropolitan countries have a strong fascination with the birds, butterflies, marine life and wild animals found in other parts of the world – indeed much of Africa's tourism is based on the 'big five' (e.g. lion, elephant, buffalo, leopard, rhinoceros), originally named from hunting safaris but increasingly nowadays for photo safaris.

By enabling local communities to be involved in organising tourist access to such features and guiding them utilising their local, specialised knowledge, tourism can contribute to the preservation of the natural environments and threatened species, while giving local communities income and a sense of pride in their localities and generating high levels of visitor satisfaction.

Case Study: Community-based elephant tourism and nature conservation in the Hongsa District of the Lao PDR – Laos



There are only around 1200 wild and domesticated Asian elephants in Lao PDR – once known as the land of one million elephants. Approximately 460 of these are domesticated; mainly used by logging companies to help clear forests and so contributing to the loss of habitat for the remaining wild elephants. With few opportunities for income generation the traditional handlers of domesticated elephants, the Mahouts, rely on income from their elephants used in unsustainable and often illegal logging.

Around 10,000 people directly or indirectly rely on income generated from elephants engaged in this type of work.

Despite wild elephant capture being banned by the Lao Government there is still a high demand for domesticated elephants to work in the logging industry. So as well as contributing to a loss of habitat and biodiversity, Asian elephant numbers are declining because elephants used for logging are unable to reproduce due to exhaustion, injuries and isolation. The IUCN has placed the Asian elephant on their Red List as an internationally recognised endangered species. If the current rate of habitat loss and low birth rates continue, elephants could disappear from Lao within a few decades.

ElefantAsia a non-profit INGO based in France, was established in 2001 to help protect the Asian elephant. Much of their work takes place in the Sayaboury province – one of the poorest in Lao – where around 75% of domesticated elephants reside and many logging companies operate. The INGO provides veterinary care, public awareness and environmental education programmes, and aims to provide alternative livelihoods for Mahouts through ecotourism activities.

In 2007 the founders of ElefantAsia developed an elephant-based tour operation, marketed as Elephant Adventures by the Green Discovery Laos travel agency. Elephant Adventures provides alternative sustainable employment for elephants that were once involved in logging; provides an alternative and better paid livelihood for Mahouts; donates 5% of turnover to ElefantAsia's veterinary programme; and contributes to community based projects in villages visited by the tours.

Between July 2009 and June 2010 the UNWTO ST-EP Foundation, IUCN the Netherlands and UNWTO supported Elephant Adventures to implement a ST-EP Biodiversity project. The purpose of the project was to upgrade local facilities to promote community based elephant tourism and nature conservation in the Hongsa District of Sayaboury province. They were supported in this by the Viengkeo Village Community, Hongsa Mahout Community and ElefantAsia.

The goal of the project is to provide alternative income for Mahouts and Hongsa communities through reconversion of logging elephants into community-based tourism; thus developing

the tourism industry in Hongsa, reducing deforestation and improving endangered species conservation.

The project aims to remove a third of elephants logging the forests, helping to minimise the rate of the environmental impacts caused by deforestation. In addition by widening the scope and number of visitors participating in elephant tours a value is attributed to forest resources, as visitors wish to experience elephant trekking through natural areas rather than cleared land. The project also aims to increase the reproduction rate of domesticated elephants by enabling potential breeding partners to reside in the same area.

The project supported the construction of an elephant education and tourist information centre in the town of Viengkeo and provided it with basic elephant trekking equipment (howdahs). Elephant trekking brochures and environmental interpretation materials have been produced for the visitors. Meetings, participatory workshops and intensive training regarding visitor requirements were undertaken for the mahouts. The project also helped form an association for local mahouts to understand, organise and develop successful community-based elephant trekking ventures. The Mahout Association is now a legal Lao entity.

Development of the community-based Mahout Association and associated infrastructure came to an approximate US\$ 26,000. The majority of this was funded through the ST-EP Biodiversity small grants fund, a joint initiative of the UNWTO ST-EP Foundation, IUCN the Netherlands, and UNWTO, with local Hongsa villagers and ElefantAsia also financially contributing to the success of the programme.

Since inception, local Viengkeo villagers have constructed the Elephant Information Centre, a building where visitors to Hongsa can learn about the historical significance of elephants in the region and buy locally produced handicrafts. Approximately 30 Mahouts are involved in the elephant trekking program, working on a rotational system and sharing profits fairly between themselves. With the tourist season in Lao beginning in October, Mahouts can expect a busy time taking visitors to Hongsa on elephant treks through the scenic forests. In turn they will earn a good income while giving their precious elephants a better quality of life and a chance to reproduce to ensure the perpetuation of this species in Laos.

Source: Based on following websites: www.elefantasia.org and www.elephantadventures.com; press ROM on the latter site has several articles which were drawn upon.

Both the Lao elephant case study and that relating to the Kaikoura Whale Watch in New Zealand (see following case study), illustrate how tourism can both assist in the preservation of a species of animal which is under threat while providing an economic opportunity to the local community which might otherwise further contribute to the endangerment of the species through other economic generation activities. Indeed, the Whale Watch project is centred on the Maori concept of kaitiakitanga, or custodianship, which demands that each generation protects the environment – and its natural resources – for the one to come.

Case Study: Whale Watch, Kaikoura – New Zealand



Copyright @ Whale Watch Kaikoura

Whale Watch is located in the small town of Kaikoura on the North-east coast of New Zealand's South Island. Public spending cuts in the 1980s hit the town hard and unemployment was high, particularly among the local indigenous Maori population.

The leaders of the Ngati Kuri people of Kaikoura believed the local Sperm Whales held the answer to unemployment problems. In 1987 four families mortgaged their houses to fund the Whale Watch project – now one of the most successful Maori-run businesses in New Zealand.

Whale Watch is currently one of the area's biggest employers, with a full-time staff of 55, a custom-built marina, a fleet of five purpose-built catamarans and an annual turnover of NZ\$ 8–12 million. The company now carries 90,000–100,000 passengers per year on their low-impact energy-efficient craft.

The success of Whale Watch has been a key driver in the social and economic revival of Kaikoura over the last twenty years. Many spin-off tourism businesses have been developed, capitalising on visitors attracted by whale watching opportunities and creating further local employment and revenue for the town.

Profits from the business are used to buy back ancestral land for the benefit of the local people and their cultural identity; as well as protection of the resource upon which they rely by contributing funds for research on the effects of marine mammal watching in Kaikoura.

The Whale Watch team's responsible approach to marine-based nature tourism and positive socio-economic benefits for the local community have been recognised with many awards over the years; the most recent of which include the Responsible Tourism 2009 Supreme Winner and Best in Marine Environment Awards; and the Tourism for Tomorrow 2010 Community Benefit Award.

Source: Based on following website: www.whalewatch.co.nz.

Key guidelines for destinations with fragile environments/endangered species

- Incorporate biodiversity and other specialists in planning teams so that carrying capacity thresholds are assessed and tourism developments and operations only permitted within such limits
- Develop tourism products in consultation with local communities with maximum participation for the members of such communities in the delivery of nature-based tourism experiences.

- Use tourism for the dual purposes of raising local community awareness of the importance and value of their biosystems and as a tool to raise their living standards through the sector's economic contribution.

5.5 Countries with Perception Problems in International Markets

Tourism has long been a means by which countries that have a weak or negative perception in major industrialised areas have sought to rectify the problem. Poor international image can arise from a number of factors e.g. the isolation of a country, its political regime, a history of civil conflicts, crime or terrorism. Developing the tourism sector is seen by the administrations of countries so afflicted as the optimal means of rectifying what they consider to be false perceptions that arise from the lack of first hand knowledge of their natural and cultural features.

Destination image problems can be overcome by:

1. encouraging foreign personnel based in the country to spread the word about the experiences available and the safety of the country;
2. using the country's overseas diaspora to organise events (e.g. food, music and dance) to demonstrate the culture of the country; and
3. bringing in tourists from industrialised countries to 'see for themselves' that the country has rich resources and is a welcoming and safe place to visit.

While this is predominantly a marketing challenge addressed through public relations activities like hosted visits for media, travel trade and high profile personalities from major tourist generating markets, there are two important aspects related to Tourism Product Development:

1. The products available – both the natural and/or cultural attractions, and the built infrastructure and facilities – need both to have an original character and be of a high quality. If the tourism products do not meet these criteria, it will be difficult to sustain growth in the tourism sector.
2. The tourist's experience from arrival to departure must be free of bureaucratic difficulties, hassle or any form of safety concerns. This necessitates a heavy emphasis by the authorities on educating and training all frontline tourism personnel and others who come into contact with tourists e.g. immigration and customs, police, public and private transport operators.

Destinations with prevailing perception problems have to offer a particular advantage over competing destinations not so afflicted. This 'advantage' can be a unique natural and/or cultural heritage rarely witnessed by outside visitors, it can be a new 'manufactured' flagship, or something as basic as lower prices. It is likely that the growth of tourism will be gradual rather than rapid as the 'pioneers' test out the destination. Short weekend break visits to the capital city and/or key sites of tourist interest or attraction close enough to be incorporated in a short visit represent the optimal approach to encouraging visitor flows. The practicality of this approach is, of course, dependent on access possibilities through road connections or air services.

Key guidelines for countries with major international perception problems

- Identify the key resources, features and other attributes of the country, its nature and culture, which are likely to resonate with international market populations.
- Where the country's natural and/or cultural assets have an outstanding feature, create a flagship product development based on it.
- Coordinate the development of a range of tourism products based on these positive aspects in the form of clusters, circuits and events, and market them in major tourist generating markets initially in the form of short break visits.

5.6 Destinations with a Dominant Product

The many destinations with a primary resource with appeal for the development of tourism – typically those with outstanding coastal features – can be subject to:

1. seasonality from climatic conditions;
2. risk through overdependence on a single product and market segment; and
3. poor distribution of the socio-economic benefits of tourism throughout the country.

In addition, many resort developments between the 1960s and 1980s are outdated in appearance and style of operation.

These issues can be addressed through:

1. developing other hubs and clusters of attractions in various parts of the country related to its natural and cultural attractions targeting these at other markets and segments, and/or addressing the demand for more attractions and activities away from the resort area from 'beach plus' tourists;
2. developing season-busting manmade attractions related to the primary appeal of the resort area (e.g. ski domes for summer use in ski resort destinations, indoor watersports parks in coastal resort areas);
3. restructuring the resort economies so that the product offering is more in line with market trends for a broader range of tourist experiences, with greater focus on landscapes and open areas.

Case Study: Diversification in European coastal resorts

Mass beach resort tourism developed in Europe in the coastal areas of the Mediterranean, Adriatic and Black Seas starting in the late 1950s. Spain led the way developing its mainland Mediterranean coastal areas, the Balearic and Canary islands, to the extent that it became one of the world's leading destinations as Europeans from colder climes were attracted by the facilities developed and the relatively short travel times and affordable costs.

Over the past thirty years there have been growing concerns throughout the region that mass tourism's economic strength is waning, such thoughts arising from:

- ageing infrastructure;
- environmental degradation;
- changes in tourists' expectations in respect of the blend between urban and natural environment in resort areas;
- growing competition both from other destinations around the Mediterranean, Adriatic and Black Sea as well as from intra-regional destinations in Asia, the Caribbean etc. .

These concerns have led policy makers to consider diversification of the tourism product offered.

One approach is to develop new large scale products such as casinos, marinas, golf courses and exhibition and conference centres aimed at high spending segments.

A second policy response to diversification is developing 'alternative' tourism products that can be developed on a relatively small scale. Such products include hiking trails in natural areas, agro-tourism facilities, and improved interpretation at historic sites and museums. These types of development address the needs of tourists who want more specialised and customised holiday experiences, as well as catering for the demands of the beach plus tourist.

The case for alternative tourism development is well made by Cooper in respect of Bulgaria. He cites the benefits as comprising:

- It represents a natural complement to mass tourism and the two forms can develop in a symbiotic, rather than conflicting, relationship. Mass tourism delivers a large market to Bulgaria which alternative tourism enterprises can access, while for mass tourism the development of alternative tourism broadens Bulgaria's product base allowing further development of touring circuits and enhancing the competitiveness of Bulgaria in international markets.
- It can attract high yield tourists who will appreciate the country's environmental and cultural heritage resources.
- It can provide an opportunity to diversify away from the limited number of Bulgaria's key tourism markets.
- It can reduce the chronic seasonality experienced in the mass tourism resorts, and so increase accommodation occupancy outside the peak months.
- It can reduce the intense geographical concentration of mass tourism at large Black Sea and mountain resorts, thereby benefiting the economy of rural regions by generating and capturing tourist spend, creating employment and helping stem the population outflow.
- It can diversify the country's tourism product offering through the development of products based on culture, heritage, ecotourism, wine and food.
- It can encourage the increased quality of tourist products and support services to meet a discerning market demand.
- It can reduce dependence on foreign tour operators, thereby increasing the proportion of the tourist spend that remains in Bulgaria and empowering local price setting.
- It can reduce the need for Bulgaria to compete on price, diversification into high quality products serving to insulate the country against price competition.³

Source: Based on Cooper, C. (2007), 'Key Policy Challenges and Needs in Support of Alternative Tourism Development in Bulgaria' in: *Fostering SME and Entrepreneurship Development in the Tourism Sector in Bulgaria – An Active Review*, OECD, Paris.

A third set of policies arising from the tiredness of mass coastal tourism infrastructure and facilities is the updating and improvement of the environmental performance. At the same time as offering a wider range of products elsewhere in the country, destinations with a major resort area are also looking at ways to maintain and enhance the hub's attractiveness for tourists. Many holidaymakers no longer accept poor environmental standards in their destinations. The sort of upgrading required can be achieved through:

- enhancement schemes in major resorts;
- tougher land use planning controls;
- improvements in water quality;
- better beach cleaning;
- reduction of energy wastage; and
- recycling of waste in the accommodation sector.⁴

3 Cooper, C. (2007), 'Key Policy Challenges and Needs in Support of Alternative Tourism Development in Bulgaria', *Fostering SME and Entrepreneurship Development in the Tourism Sector in Bulgaria: An Active Review*, OECD, Paris.

4 Bramwell, B. (2004), 'Mass Tourism, Diversification and Sustainability in Southern Europe's Coastal Regions in Coastal Mass Tourism', *Diversification and Sustainable Tourism in Southern Europe – Aspects of Tourism Series*, Channel View Publications.

Case Study: Benidorm environmental quality improvement – Spain

Benidorm is a good example of how coastal resorts in Spain have sought to mitigate concerns over their environmental quality. Between the end of the 1980s when it was a “sprawling, untidy resort with notable deficits in urban planning, service provision and environmental conservation”⁵ and 1995 it undertook a radical series of actions to improve the environment experienced by visitors. These actions included:

- beach improvements (EU Blue Flag);
- a well-appointed seafront promenade prohibited to vehicular traffic;
- urban landscaping;
- provision of street furniture;
- recovery of Spanish ambience in the old town;
- refurbishing and upgrading on many hotels built before 1980;
- diversification within the sun/sand/sea product, including beach activities and attractions, an ecologically sensitive wildlife attraction, a centrally located park affording pleasant walks and cultural events in its two open auditoria, a large range of entertainment events, including 20 local ‘fiestas’;
- investment in infrastructures to provide good environmental practices, which includes a desalination plant, benchmark waste disposal and treatment plants, and improvement of water supply.

Higher quality environmental practices and good management in pursuit of resort renewal has enabled the destination to recover economic sustainability.

Source: Based on Priestley, G. and Llurdes, J. C. (2004), ‘Planning for Sustainable Development in Spanish Coastal Resorts’ in: *Coastal Mass Tourism – Diversification and Sustainable Tourism in Southern Europe, Aspects of Tourism Series*, Channel View Publications, Bristol.

Key guidelines for destinations dominated by a single product offering

- Identify the key resources, features and other attributes of the country, its nature and culture, apart from the primary resource, which are likely to resonate with international market populations.
- Coordinate the development of a range of tourism products based on these positive aspects in the form of flagships, clusters, circuits and events, and market them in major tourist generating markets both as an add on to the primary type of tourist trip, and in the form of short break visits.
- Ensure that the increased environmental standards required by tourists are met and that the wider range of ‘add on’ attractions and activities demanded by increasing proportions of resort tourists are provided.

5 Priestley, G. and Llurdes, J. C. (2004), ‘Planning for Sustainable Development in Spanish Coastal Resorts in Coastal Mass Tourism’, *Diversification and Sustainable Tourism in Southern Europe – Aspects of Tourism Series*, Channel View Publications.

- Improve the environmental quality of resorts so that visitors can experience the fact that they are:
 - at the seaside (e.g. through landscaping to provide clear ocean views from various parts inland from the beach);
 - in the country where the resort is situated (e.g. through creating and reinforcing cultural ambience of the destination).

5.7 Destinations without a Major Tourism Development Opportunity

Destinations that have a range of resources but none that are unique or of outstanding merit face the choice of either:

1. creating a manmade flagship attraction; or
2. developing clusters of attractions and activities with sufficient appeal to warrant the choice of the destination for a visit.

While creativity is needed, the fact that a destination has no outstanding natural feature or unique aspect of culture does not mean that it cannot be a successful tourism destination. Destinations have become successful around another sector of economic activity such as industrial heritage tourism or farm tourism, addressing different segments' interest nostalgia or rural living. While these types of attraction may not be major visitor draws, they can be clustered to form a network of things to see and do in a region, and thus make a visit worthwhile.

The key for successful tourism to be developed in such areas is:

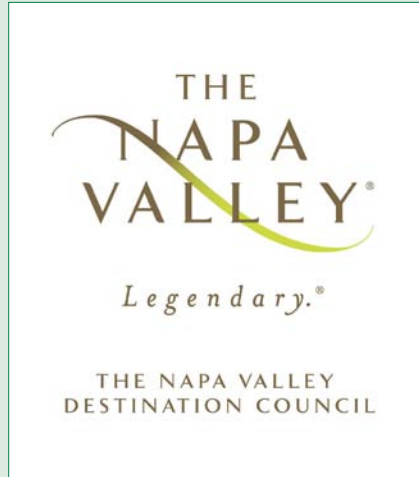
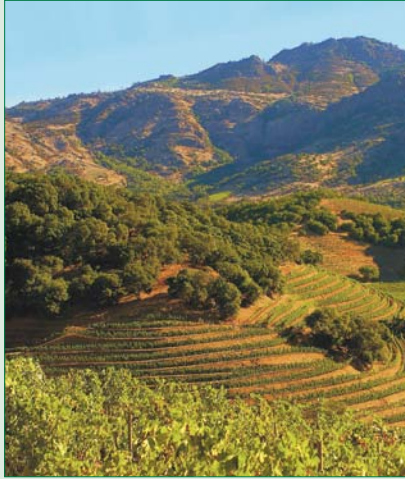
1. working together; and
2. developing a full inventory of everything that might have a possible application for tourism as the basis for creating the clusters and circuits to which the tourists might be attracted.

In truth while this may not be so different from the approach outlined in chapter 4 for the standard destination, it is the absolute importance of cataloguing all possible items with relevance for tourism and collaborating across all local governments, business interests and communities in the region that is so vital.

It may be possible to create a flagship for the region that does not arise directly from the natural or cultural resources. For example a fishing community that is not significantly different from others along a coastline may be able to attract investment for a major visitor attraction like an aquarium e.g. the Monterey Bay Aquarium, California, was founded in 1984 (founded 1984) is located on the former site of a sardine cannery and now attracts 1.8 million visitors a year to the area to see its 35,000 plants and animals representing 623 species.

More normally, however, tourism development in destinations without major natural or cultural attractions takes the form of a bundling together of either common themed attractions or activities or a circuit of a variety of features. The Napa Valley development is a good example of using a commercial activity like wine making as the centrepiece for an integrated visitor network of attractions and activities involving many different stakeholders.

Case Study: Napa Valley, California – United States of America



The Napa Valley is located around 80 km North of San Francisco, and stretches 70 km along Route 29. The flat valley floor, only a few kilometres wide, is bordered by low volcanic hills. The valley floor and hillsides are covered with many orchards and vineyards. Wine has been produced here since the mid-nineteenth century and Napa Valley is now one of the top American Viticultural Areas in California with over 450 wineries. Many different grape varieties are grown including Cabernet Sauvignon, Chardonnay, Merlot and Zinfandel producing some of the world's best wines.

Napa Valley is a popular tourist destination with around 4.5 million people visiting each year and was awarded "The World's Best Wine and Food Destination" by TripAdvisor's 2010 Travellers' Choice Awards. In 2006 Napa Valley became home to the Festival del Sole, an annual food, wine, art, and music festival held at various venues throughout the valley.

The reason Napa Valley is such a success is that they have combined effective marketing of a wide range of clustered products with a world-class core activity e.g. the production of wine and the opportunity for wine-tasting. As well as wineries visitors can visit spas and art galleries; play golf; go cycling, boating, walking and ballooning; and ride the Napa Valley Wine Train. The network of small towns spread along the valley offer cultural activities, a wide range of accommodation, shopping and restaurants.

The Napa Valley is marketed by a wide range of organisations. The non-profit Napa Valley Destination Council (NVDC), established in 1990, has an excellent and informative website which offers a wide range of information. The NVDC, representing over 1400 businesses, aims to promote, protect and enhance the Napa Valley's reputation as a wine, food and wellness destination and operates as collaborative destination marketing and tourism management organisation.

Visitor spending in 2008 was estimated at US\$ 1 billion of direct spending and US\$ 1.3 billion in total economic impact. Over 17,500 jobs were supported with a value of US\$ 500 million. Services which improve the quality of life for valley residents and visitors are supported through US\$ 125 million in business taxes. The tourism industry is now the second most important economic sector next to viticulture in Napa County.

Many businesses in Napa Valley strive to make this an environmentally responsible destination; pursuing organic and sustainable agricultural practices, renewable energy, waste reduction and low-impact recreational experiences. The Gaia Hotel and Hall Wines have both achieved the US Green Building Council's LEED Gold status and over 40 wineries have been certified as Napa Green under the Napa Green Winery Program.

Source: Based on following website: www.LegendaryNapaValley.com.

Key guidelines for countries without a major tourism development opportunity

- Establish a grouping of government, business and community interests to study the range of resources, features and other attributes of the country (or local area), its nature and culture, with possible appeal to leisure markets, and identify one aspect which can serve as the primary draw.
- Develop a range of add on attractions and activities related to, and in support of, this primary draw in order to add substance to it.
- Coordinate the development of a range of tourism products based on other features in the destination in the form of clusters, circuits and events, to further broaden the attraction of the area, and extend the visitor's length of stay.

5.8 Destinations Specialising in Sports/Adventure/Activity Tourism

The two principal requirements for destinations where tourism product developments are based around physical activities are:

1. priority attention should be given to the safety of the participants; and
2. since certain of the activities in which tourists are increasingly interested do not involve commercial operations, the destination authorities – typically at local level – should be prepared to provide certain basic infrastructure and facilities (e.g. clearance and signposting of trails, creation of waterway access) to facilitate the activity since it will bring visitors to the region who will spend on tourist services not directly related to the activity.

The protection of tourists from accidents and other incidents of physical endangerment, destinations need to establish and ensure strict adherence to, standards of operation and codes of practice for water-based, equestrian, self-drive motorised activities, mountain biking and even the more gentle pursuits of cycling and hiking/walking. The second component of ensuring tourists' safety is the provision of trained personnel to supervise and otherwise assist participants, and the availability of appropriate and properly-maintained equipment.

New Zealand is an example of a destination with a significant element of outdoor, adventure type tourism. As shown in the case study, it has a long established specialist agency dealing with adventure tourism and has established a series of quality tourism standards for a range of adventure tourism activities.

Case Study: Adventure Tourism Quality Standards – New Zealand

Background

The Adventure Tourism Council of New Zealand began developing Quality Tourism Standards (QTS) in the early 1990s in order to raise standards in adventure tourism activities. It proved difficult to develop a cost-effective, practical solution that resolved administration, branding and marketing issues. Sector codes of practice were initially driven by the better industry operators and those standards were then adopted by the regulators as industry standards for accreditation. From late 2002 codes of practice have been established for most adventure tourism activities, the agency responsible being Qualmark (www.qualmark.co.nz).

Global Situation

Internationally, quality-based standards are developing across all industry sectors, typically centered around the international standards organisation series – including ISO 9000 (production) and ISO 14000 (environmental). Issues of liability and the potential effect of the European Travel

Directive (which allows European clients to sue New Zealand suppliers in their country of origin) are also driving the development of standards.

Quality Tourism Standards

The aim of QTS is to provide a client-focused, cost effective, quality standard for providers of tourism products. The eight components are:

- | | | |
|----------------|-------------|---------------|
| 1. compliance | 4. cultural | 7. business |
| 2. safety | 5. service | 8. facilities |
| 3. environment | 6. training | |

These are divided into sector-specific and generic components. The former are then developed by the sectors themselves, while the generic components are facilitated by sector groups, the Travel Industry Association of New Zealand (TIANZ) and other stakeholders.

Participants

Among the sectors covered are:

- | | | |
|------------|---------------|-------------------|
| 1. Rafting | 2. Jetboating | 3. Horse-trekking |
|------------|---------------|-------------------|

Source: Based on following website: www.tianz.org.nz.

The successful delivery of outdoor tourism activities involves closer interface between the providers/facilitators and participants than most forms of tourism. Five streams of activity can be distinguished:

1. hospitality;
2. amenities and facilities;
3. activities;
4. infrastructure; and
5. communications.

Case Study: Requirements for successful outdoor tourism activity – Ireland

Hospitality

Apart from the provision of comfortable accommodation, friendly yet professional service, good food and drink, and a variety of entertainment, hospitality providers need to be fully knowledgeable about the outdoor product and all that this entails in terms of its interaction with local culture and landscape. This will set the region apart for the quality of its welcome.

Amenities and facilities

Essential facilities and services that support the outdoor customer experience need to be identified. They may include:

- drying rooms;
- packed lunches;
- flexible mealtimes;
- maps for walking and cycling routes;
- hire of wet gear for water-based activities;
- pick-up and drop-off transport arrangements.

Activities

The range of activities, and the manner in which they are offered, is of vital importance. Diversity is the key.

Infrastructure

The infrastructure of the area needs to bring together the total outdoor experience for visitors e.g. retail outlets for outdoor supplies, appropriate signage, transport.

Communications

The manner in which the region communicates with potential customers, the messages given and the media used are all essential parts of the overall experience of an outdoors vacation. Information needs to go beyond a directory of services but should cluster different experience types so that it is both functional and motivational.

Source: Discussions with Ireland public sector tourism agencies and outdoor activity operators.

There are numerous national and international examples of government action to encourage cycling either as a transport modal change or as a healthy and eco friendly tourism activity. The initiatives most publicised have tended to be urban programs aimed at getting people out of automobiles to reduce traffic congestion and environmental impacts e.g. in Chicago and Paris, France. In Paris, France, there is perhaps the most radical action to encourage the use of the bicycle. Here the city mayor introduced a city-wide free bike network, Velo Libre or 'Free Bike'; where cyclists pick up a free city bike from one Cycle Park and when finished return it to another park at their destination. This scheme has now been replicated in London.

Cycling vacations, where cycling is the main activity pursuit, now accounts for between 2 and 4% of total vacation trips in some European countries, and this is predicted to double within the next decade. An even larger market segment is cycling as a pursuit while on vacation, estimated to be twice the size of the dedicated cycling market. Where public authorities and private sector suppliers establish an attractive cycle tourism offering, this can generate substantial demand within a very short space of time.

The key to successful cycling tourism development is the creation of safe cycle-only lanes and off-highway trails. These will require investment by local authorities but there are a growing number of examples where the economic return for businesses in the area has proven the value of this form of investment.

Case Study: European Cycle Trail Development

The island of Île de Ré, off the East coast of France, has provided a full range of facilities for cyclists. The island is only 30 km long and 5 km wide but has over 100 km of dedicated cycle paths, winding through fields, white-washed houses and beaches with local bike shops offering rental and repair services.

On a larger scale the Loire à Vélo cycle route is a long distance cycle touring route running through the Centre and Pays de Loire Regions of France. First conceived of in 1995, the route has taken 10 years to construct with over 600 km of the total 800 km completed, two thirds of which runs alongside the Loire River.

Designed to appeal to cyclists of all abilities, with recommended stages of no longer than around 40 km or four hours, the route runs through the entire Loire Valley UNESCO World Heritage site, enabling people to visit châteaux, vineyards, towns and villages.

The route was jointly funded by the two regional authorities who contributed € 52 million; six local authorities (départementes); and the six urban areas the route passes through: – Orléans, Blois,

Tours, Saumur, Angers and Nantes. The regions patented the 'La Loire à Vélo' trademark allowing them to retain control over the sustainable development of the network as well as associated products and services.

For example hotels, gîtes, campsites, youth hostels and guest houses along the route have the "Accueil Vélo" accreditation and are entitled to the Loire à Vélo trademark, each ensuring suitable accommodation for cycle tourists, a locked bike garage, suitable food, repair equipment and baggage transfer services.

Other businesses are benefiting from the routes development: bike hire companies have formed an interconnected network along the route enabling cyclists to hire a bike at one point and drop it at another; and tour companies have developed packages over a number of days which include accommodation, bike hire, baggage transfer and maps.

The Loire à Vélo route is one of thirteen stages that make up the Eurovélo 6 cycle route, which will eventually run 3800 km through ten countries and alongside the Loire, Rhine and Danube rivers from the Atlantic Ocean to the Black Sea.

Cyclists can now take the opportunity to travel all over Europe on dedicated routes. The Eurovélo 6 route is part of the much larger Eurovélo cycle route network; made up of 12 routes totalling over 66,000 km, of which about 45,000 km is already in place. The network can be used for shorter locally-based day-trips as well as touring across the continent. Eurovélo is a project of the European Cyclists' Federation (ECF) who developed a common signposting system and standards for Eurovélo, ensuring best-practice and harmonisation across borders. Eurovélo is a registered trademark of ECF, as with Loire à Vélo, and only routes approved by ECF can call themselves Eurovélo.

The objective of ECF is to encourage people to use bikes more and cars less; promoting healthy living, sustainable travel and cycle tourism. The aim is to create a sustainable trans-European transport network through inter-regional and international coordination and implementation. Development is carried out by national, regional and local governments and NGO's in all European countries, with routes made of both existing bike paths and roads, together with proposed and planned cycle routes to connect them. Route development is funded by the governments of each country, by private sector sponsorship; and European Union (EU) funding. Route development received € 300,000 from the European Committee for Transport and Tourism in 2008, earmarked for the 6800 km Iron Curtain Trail.

Source: Based on following websites: www.eurovelo6.org/folder_listing?set_language=en; www.ecf.com and http://ec.europa.eu/enterprise/sectors/tourism/iron-curtain-trail/files/ep_studyeurovelo_en.pdf.

Key guidelines for destinations specialising in sports/adventure/activity

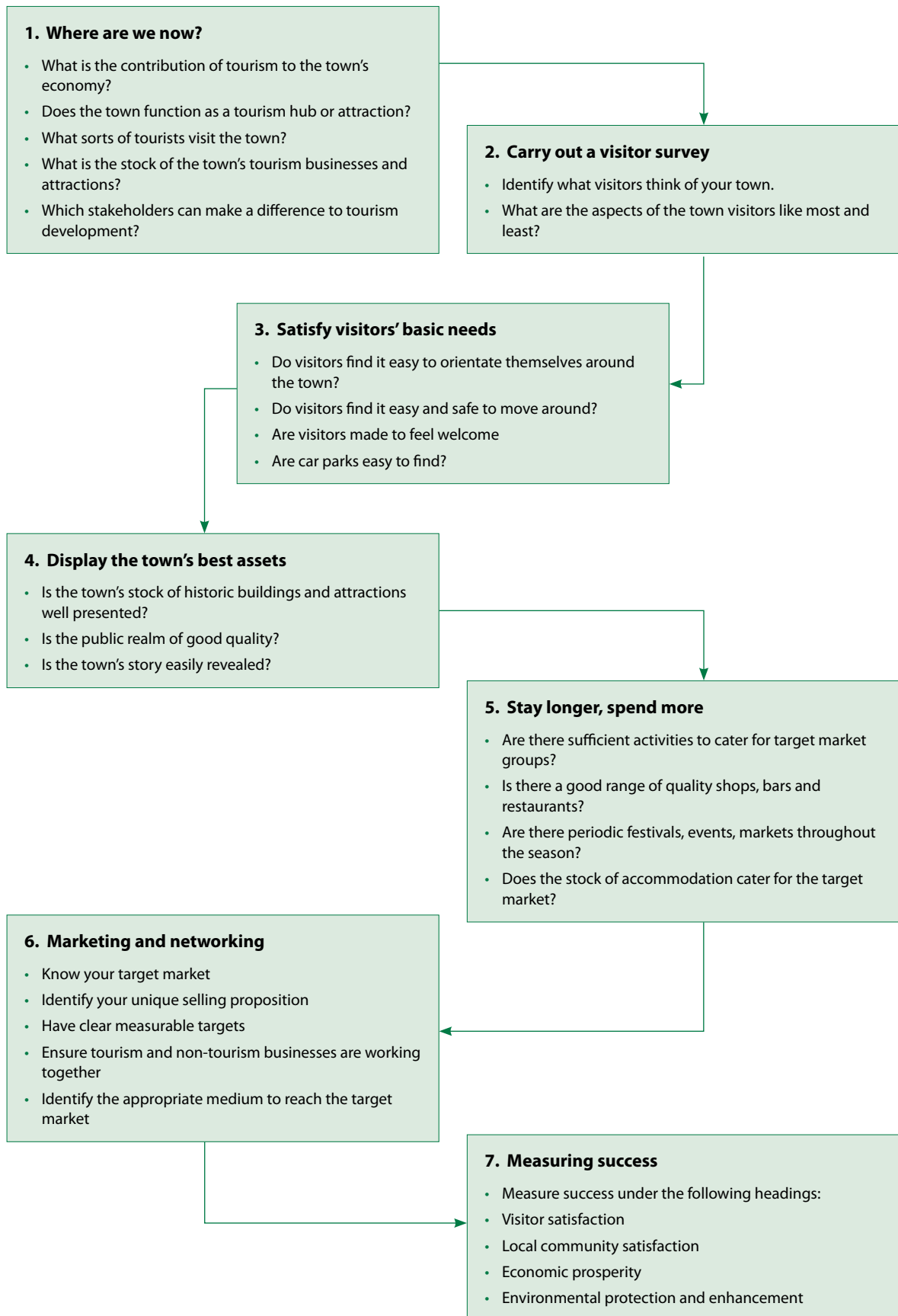
- Ensure the safety standards of the sports/adventure/activity tourist pursuits are of the highest order through the establishment of:
 1. operator codes of practice;
 2. qualification and certification schemes for practitioners/guides;
 3. specifications and inspection regimes for equipment used for outdoor activities.
- Local authorities should provide certain basic infrastructure and facilities (e.g. clearance and signposting of trails, creation of waterway access) to facilitate outdoor activities, particularly those that have no direct commercial application but which generate economic benefit for the area.

5.9 Historic Cities

Every destination has a historical story to tell, normally associated with its centres of population – the villages, towns and cities. Tourism based on the history and cultural heritage of the people of tourism destinations is one of the bedrocks of tourism development and provides opportunities for many types of tourism product – from museums to performance, from buildings associated with historic events to traditional clothing. Many communities living with their own history and heritage fail to recognise the attraction that many aspects and facets of these can have for outside visitors.

In order not to overlook any of the possible attractions and activities that could be developed, Ireland has outlined a step-by-step approach to obtain the maximum benefit from the historical resources of its towns and cities in the form of Tourism Product Development. This is summarised below. It represents a guide worth following not only for historical locations but, with minimal adaptation, can serve as a general planning tool for destinations in seeking to identify and realise their potential for various forms of tourism.

Figure 5.1 Step-by-step journey to maximising the tourism potential of your historic town



NTA/NTO Survey Findings and Conclusions

Table A.1 Analysis of sample

Stage in life cycle	Regions					Total
	North/West Europe	South/central Europe	Africa	Americas	Asia and the Pacific/Middle East	
New/emerging	–	1	3	–	2	6
Growing	2	6	2	10	6	26
Established	12	7	–	–	1	20
Total	14	14	5	10	9	52

Table A.2 NTAs/NTOs participating in survey

Established	Growing	New/emerging
<ul style="list-style-type: none"> • Australia • Austria • Belgium (Wallonia) • Belgium (Flanders) • Finland • Germany • Greece • Hungary • Ireland • Italy 	<ul style="list-style-type: none"> • Luxembourg • Malta • Monaco • Netherlands • Norway • Portugal • San Marino • Spain • Sweden • Switzerland 	<ul style="list-style-type: none"> • Argentina • Aruba • Bahamas • Bolivia • Botswana • Brazil • Bulgaria • Cambodia • Estonia • Hong Kong, China • Indonesia • Iran • Jamaica • Japan • Malaysia • Montenegro • Nicaragua • Panama • Peru • Poland • Serbia • Slovakia • Slovenia • Tunisia • Turkey • Venezuela
		<ul style="list-style-type: none"> • Azerbaijan • Equatorial Guinea • Iraq • Sudan • Togo • Yemen

Figure A.1 Organisations responsible for Tourism Product Development (%)

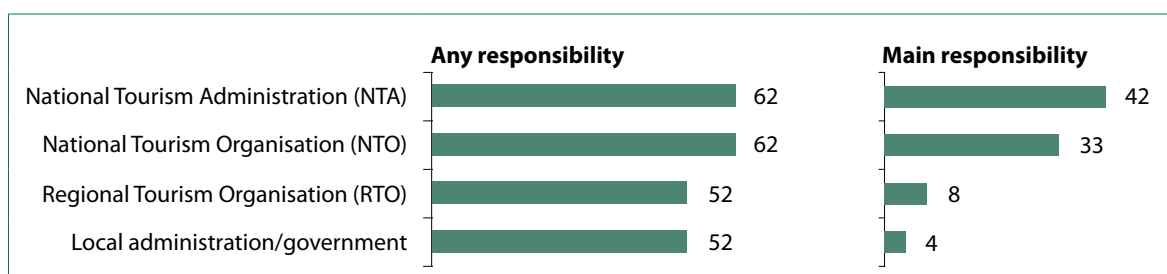
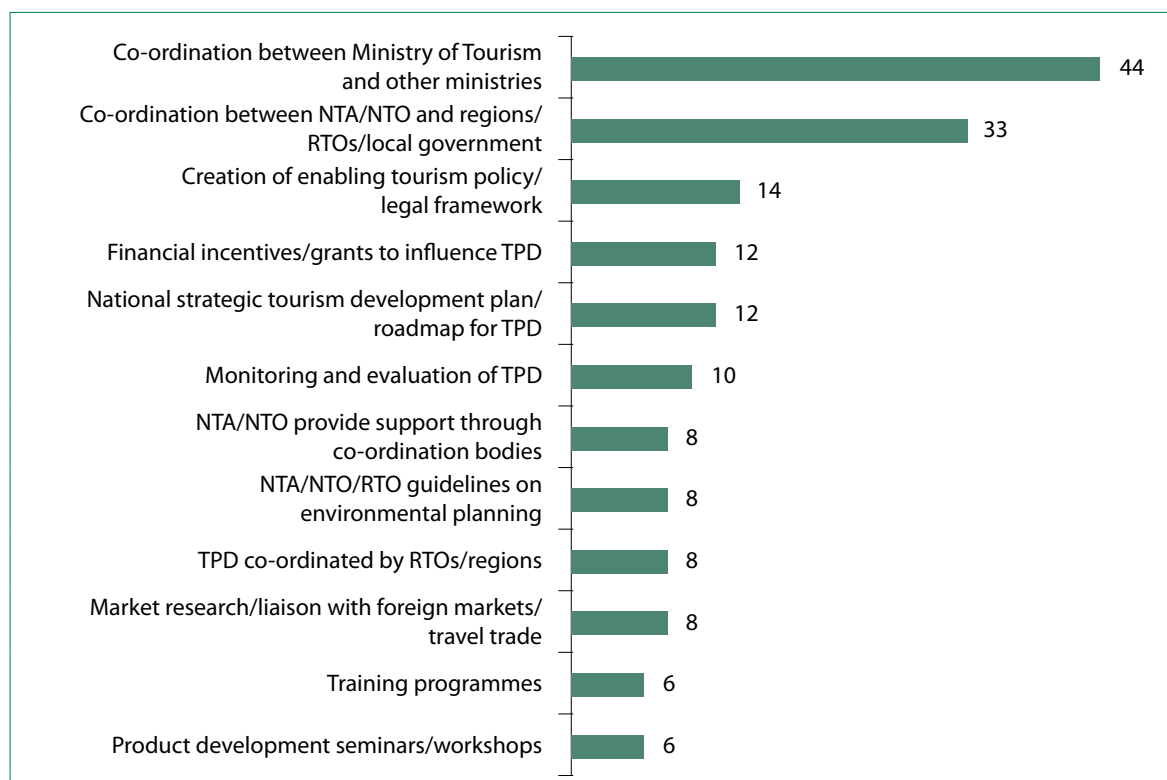


Figure A.2 Ways in which TPD is co-ordinated (%)**Table A.3 Incidence of country having a national Tourism Product Development strategy (%)**

	Total	Regions					Tourism lifecycle		
		North/ West Europe	South/ central Europe	Africa	Americas	Asia and the Pacific/ Middle East	New/ emerging	Growing	Established
Yes, have national TPD strategy	62	50	57	80	80	56	83	58	60
No, do not have national TPD strategy	37	43	43	20	20	44	17	39	40
No reply	2	7	-	-	-	-	-	4	-

Figure A.3 Procedures to facilitate co-ordinated approach to Tourism Product Development (%)

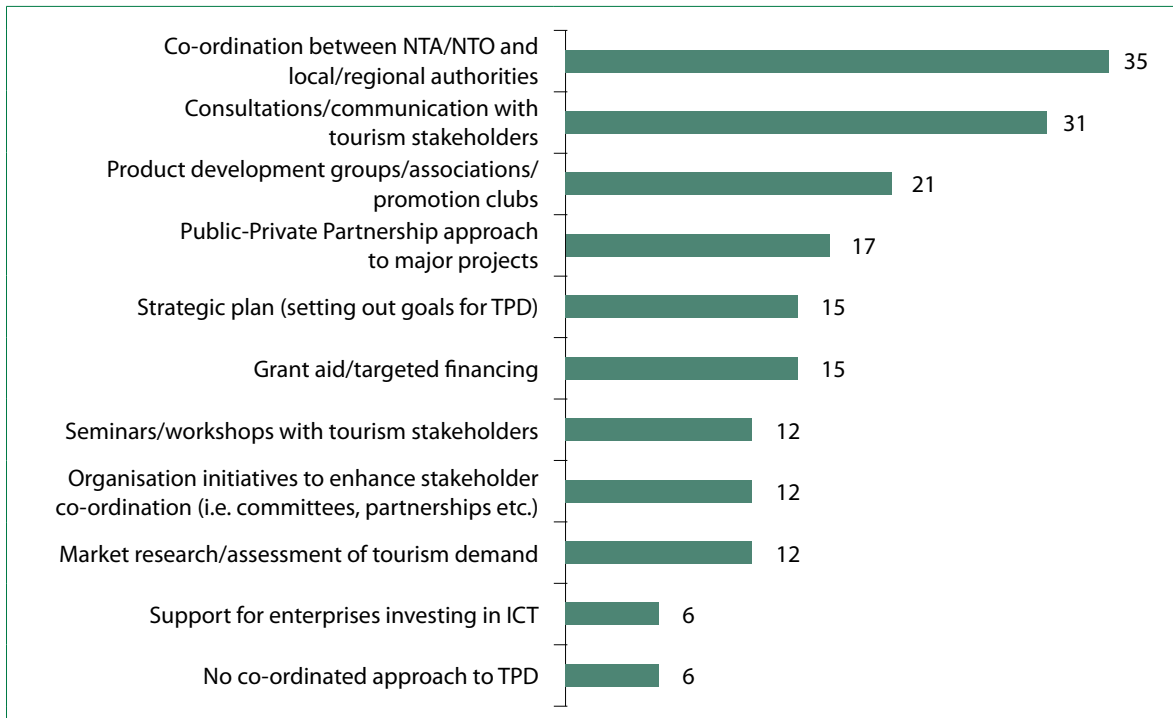


Figure A.4 Survey availability of services/resources to support Tourism Product Development (%)

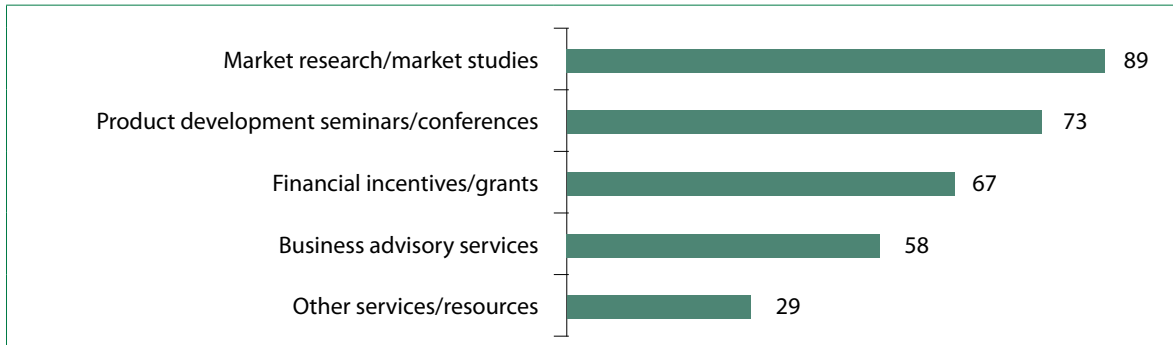


Table A.4 Organisations Responsible for Providing Services/Resources (%)

	Business advisory services	Market research/ market studies	Product development seminars/ conferences	Financial incentives/ grants
NTO/Tourist Board	16	57	40	31
Product development groups/association/ promotion clubs	14	–	–	–
NTA/Ministry of Tourism	10	30	42	23
Consultancy companies/agencies	10	11	–	–
Chambers of commerce	10	–	–	–
RTOs	4	9	16	6
Enterprise agency	4	–	–	14
National tourism training and education organisations	2	–	5	–
Tourism industry confederation/association	–	15	13	–
National Development Bank/Tourism Bank	–	–	–	11
Ministry of Finance	–	–	–	11
EU programmes (ERDF; INTERREG)	–	–	–	8

Table A.5 Incidence of NTA/NTO having dedicated product development function (%)

	Total	Regions					Tourism Lifecycle		
		North/ West Europe	South/ central Europe	Africa	Americas	Asia/the Pacific/ Middle East	New/ emerging	Growing	Established
Yes, have dedicated product development function	47	46	42	50	67	29	60	46	44
No, product development linked to other functions	51	55	58	50	33	57	40	50	56
No reply	2	–	–	–	–	14	–	5	–

Figure A.5 Full time staff directly employed in delivering Tourism Product Development (average number)

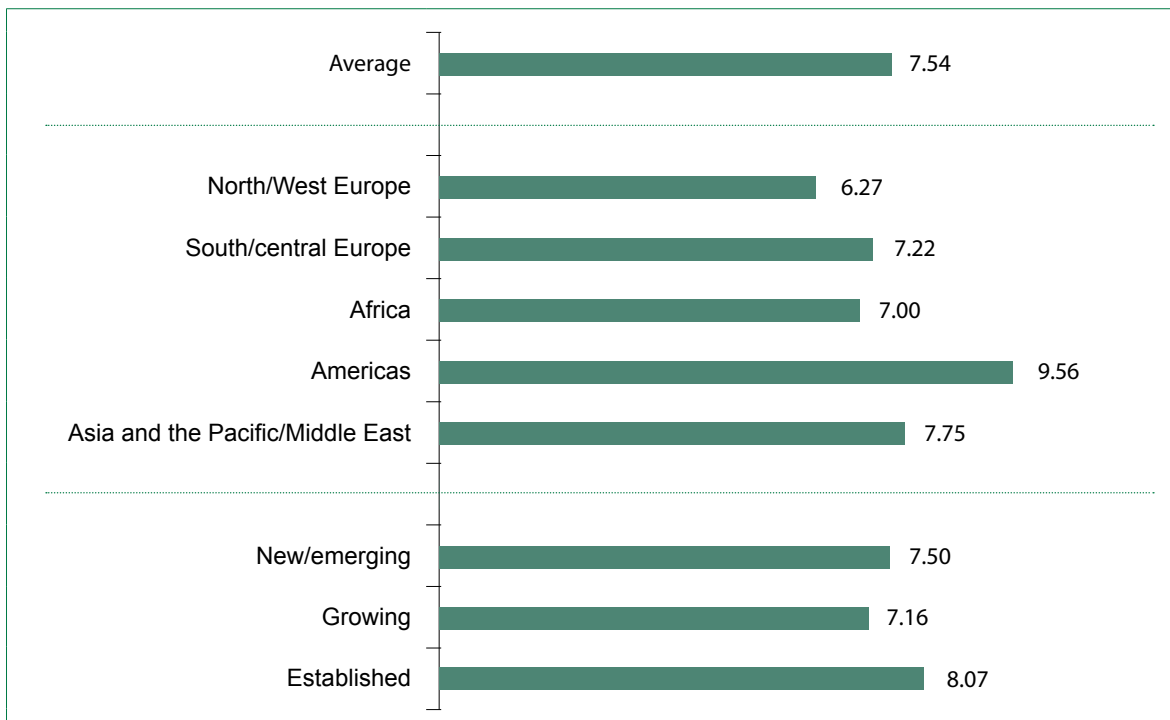


Figure A.6 Responsibilities of staff members employed in delivering Tourism Product Development function (%)

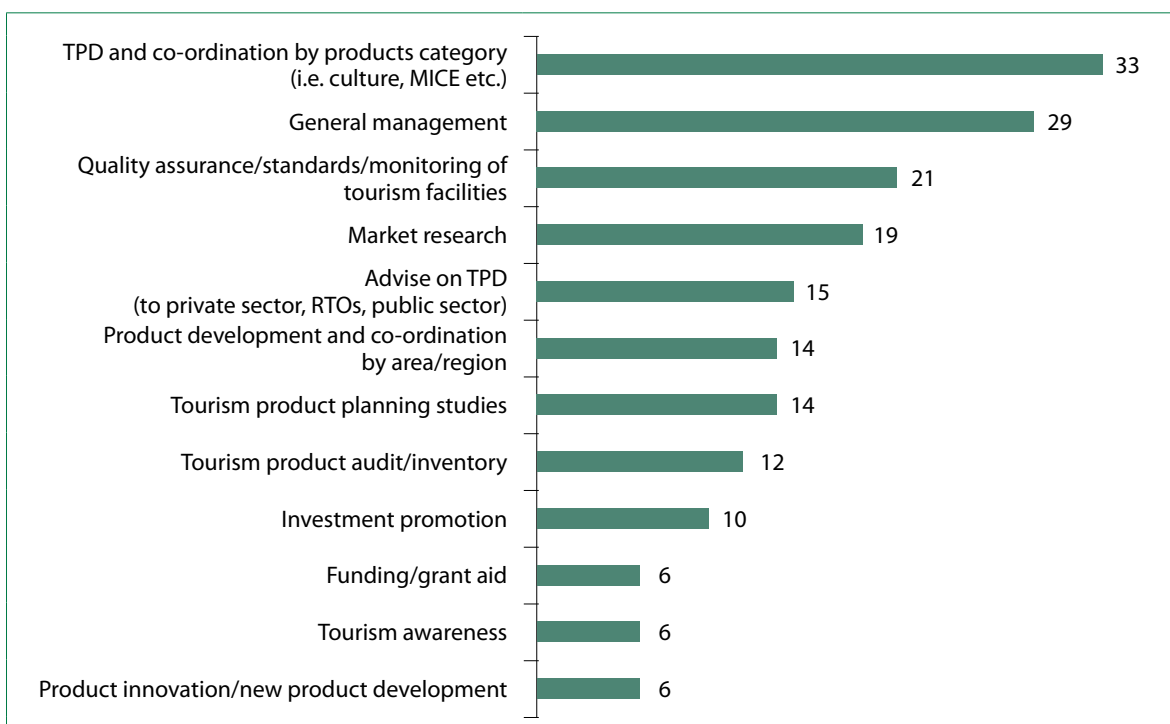


Figure A.7 Current approach and responsibilities concerning Tourism Product Development (%)

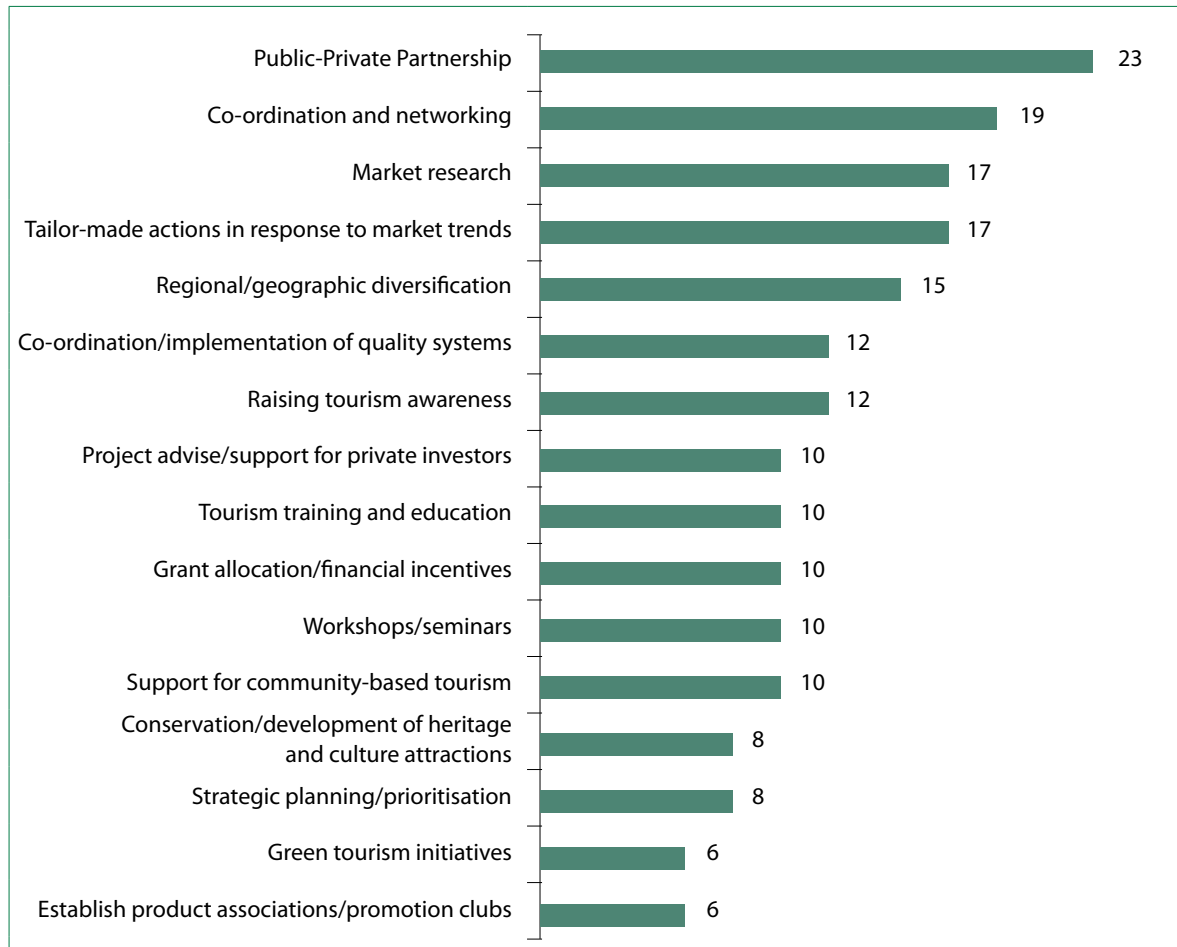


Figure A.8 Ways in which the handbook on Tourism Product Development can Assist (%)

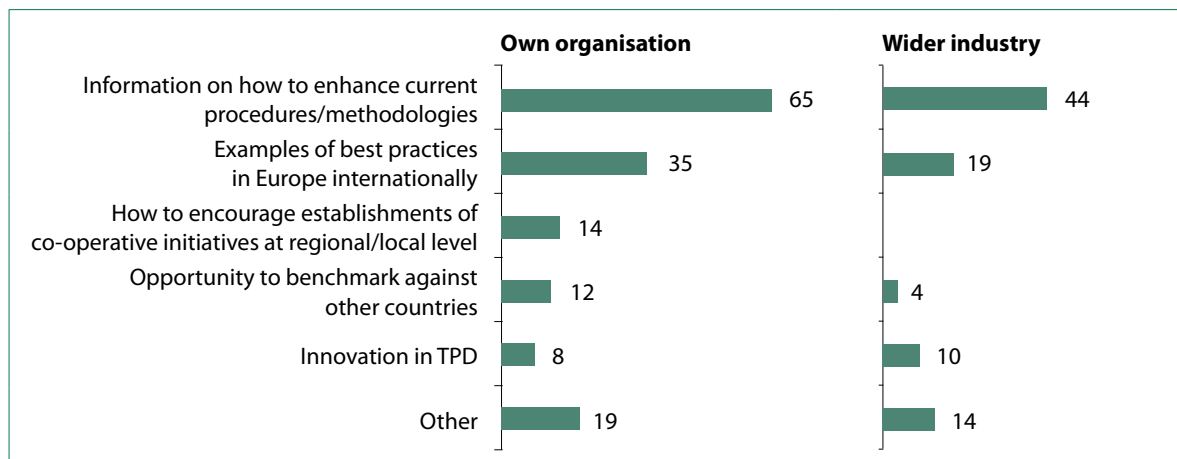


Figure A.9 Topics would like to see Included in the Handbook (%)



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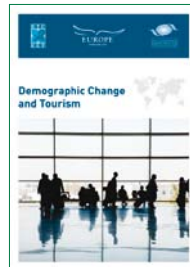
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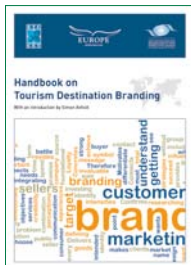
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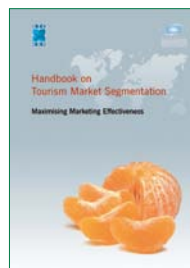
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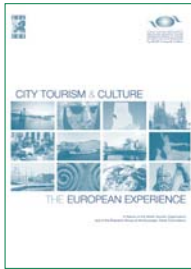
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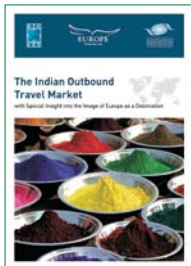
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