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A BOTTOM-UP APPROACH TO TOURISM DEVELOPMENT



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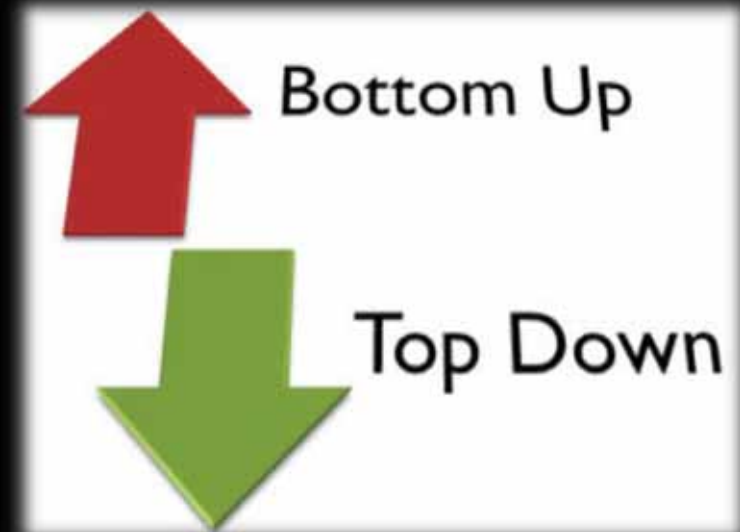
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INTRODUCTION

Traditional, **top-down** planning and decision-making:

- ...is increasingly viewed as being unresponsive to changes in the marketplace...
- ...is not efficient enough when it comes to realizing the competitive potential of private enterprises...
- ...is based on the belief that tourism can be controlled and predictable...
- ...is ineffective in stimulating innovation and entrepreneurship...
- ...poses difficulties in measuring macro and micro level return on investment.



TOP-DOWN planning and decision-making:

- ...is associated with centralized regimes, state bureaucracies, and control.
- the Emirates for instance, have achieved a great deal with top-down development, but is this level of capital investment sustainable or transferable?



SWEDEN'S NATIONAL TOURISM STRATEGY CONTAINS:

- **Three Focus Areas**

(1) Destination development and themes; (2) Offensive marketing and sales; (3) Coordinated tourism industry

- **Four Strategic Goals**

(1) Increase number of international visitors; (2) Develop several new and support present destinations; (3) Increase economic impact; (4) Increase number of domestic visitors

- **Six Strategies**

(1) World-class destination development; (2) Financing; (3) Private-public partnership; (4) Target marketing; (5) Entrepreneurship, business enterprise and competence; (6) Green and sustainable tourism development



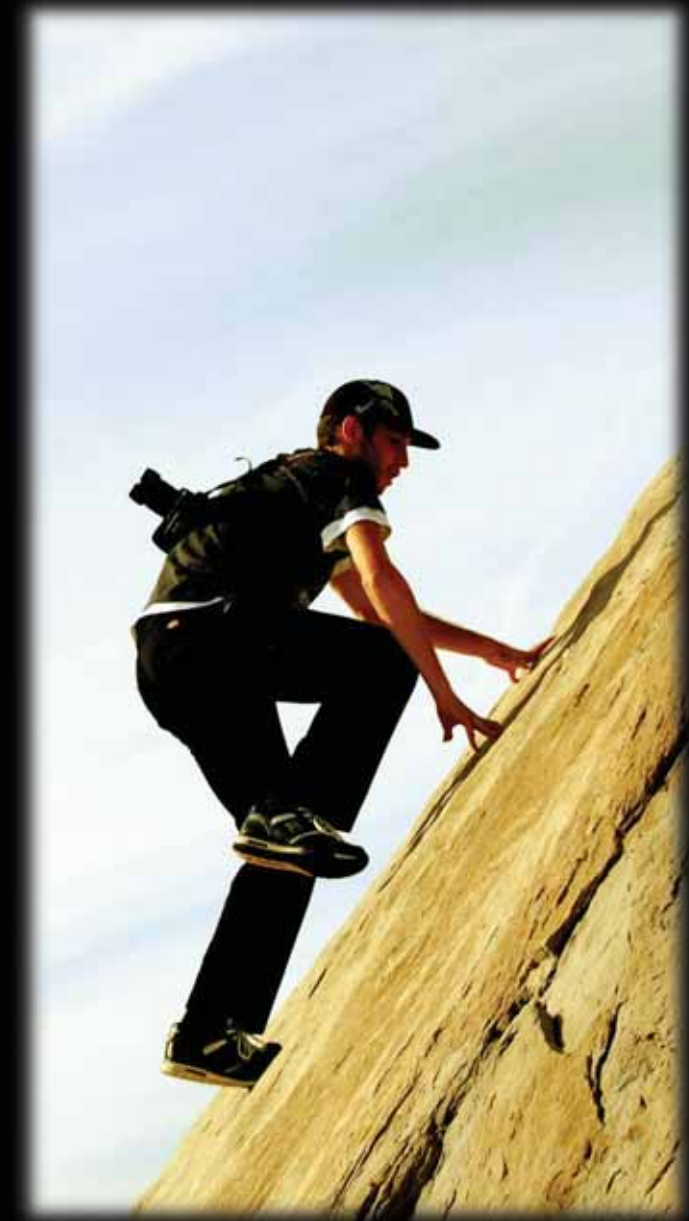
CHALLENGES WITH a TOP-DOWN APPROACH



- Most tourism plans do not work because tourism is too complex for the deterministic model.
- Failure to create or facilitate new tourist experiences.
- Tourism actors conduct business in isolation, avoiding cooperative strategies.
- Does not encourage identification of new target markets.

MORE CHALLENGES WITH a TOP-DOWN APPROACH

- Ignores the potential and needs of local and small entrepreneurs.
- Competition for money, and over-lapping actions between different tourism and other public organizations.
- Structural problems, and a lot of bureaucracy.
- Inability to analyze the interrelationship between tourism' s components.



IMPLEMENTING the BOTTOM-UP APPROACH



- It is not so much a program as a philosophy.
- Whatever the existing framework for tourism policy, planning and development, a more bottom-up approach can be implemented to some degree.
- The following principles should be adopted for application in Sweden.

1: LIBERATE INNOVATION

- Tourism as an industry is typically conservative, slow to change or innovate.
- Most innovation will come from the local level, from new networks and collaborations, and from entrepreneurs.
- Stakeholders* need resources, incentives and advice on how to respond to challenges and new opportunities.
- Constant knowledge creation and rapid spread of innovation is essential.

* ” Any group or individual who can affect or is affected by the achievement of the firm ’ s objectives” (Freeman, 1984:25); “constitutors who have a legitimate claim on the firm” (Hill and Jones, 1992:133).



2: EMERGENT STRATEGY

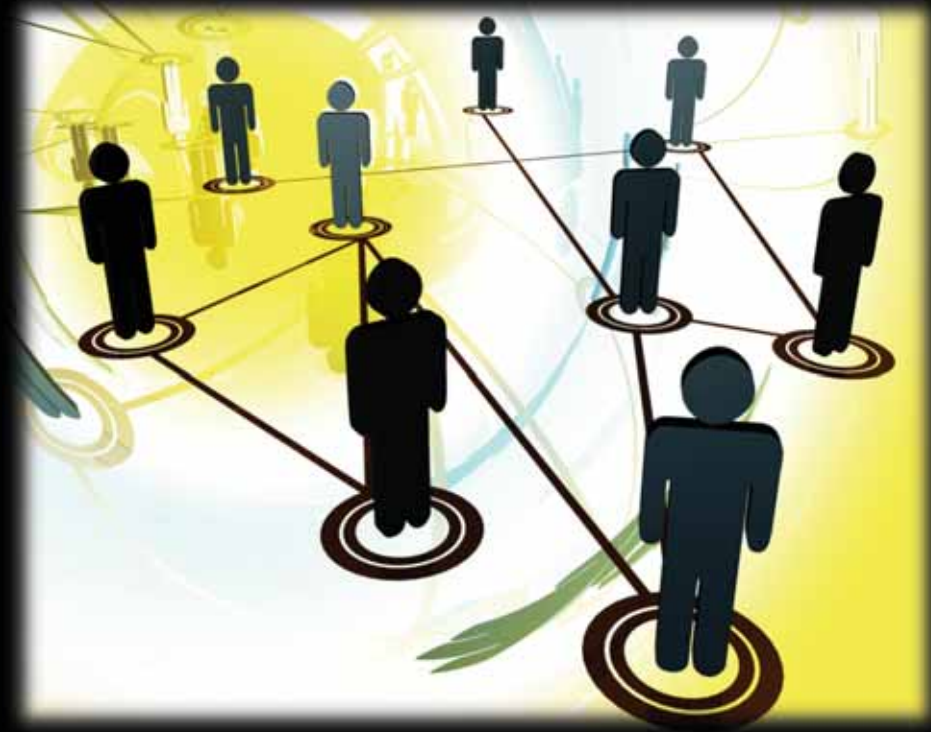
- Shift the emphasis towards implementing strategies that emerge from successful initiatives.
- This recognizes that it is difficult or impossible to predict what will work in the future, or what new opportunities can be seized by an innovative, dynamic tourism sector.
- The problem with fixed strategies and long-term plans is that they get out of date very quickly.



3: MORE SUPPORT FOR ENTREPRENEURS and SMALL BUSINESS

- Instead of subsidies and protectionism, support networks, innovative ‘product development’ and niche marketing.
- Must be convinced that collaboration works better than competition.
- Local authorities and DMOs* must be more proactive in assisting entrepreneurs.
- Entrepreneurs are most likely to co-create new tourist experiences.

* Destination Marketing/Management Organization



4: DEVELOP GLOBALLY COMPETITIVE CLUSTERS

- Globally competitive clusters should be fostered where high potential exists.
- Clusters bring together a mix of stakeholders, in one area, as a strategic alliance, for mutually-reinforcing business linkages; new synergies are created.
- Identify destinations with the greatest potential in terms of existing resources and potential experience-creation for new target segments.
- Begin with local/regional networking and research, leading to collaboration.



EXAMPLE: HEALTHY LIFESTYLE CLUSTER IN SOUTH-EAST ENGLAND

- Product Innovations: Identification of innovative products/services
 - Special interest or niche tourism products
- Process Innovations: Performance improvement of operations already in portfolio
 - Use of modern approaches and information technology
- Management Innovations: Collaborative structure leading to an improved business performance and tourist experiences
- Institutional Innovations: Stability through institutional support



5: ENCOURAGE PRODUCT CLUBS

- Tourism product clubs do not have to be localized.
- They usually resolve problems that represent barriers to productivity and business efficiency.
- They permit formalization of collaborative actions among stakeholders in the development, of the sector, topic or niche of the tourism market.
- Establishment of commercial synergies among participants.
- Potential increase of the market of a topic or niche.
- Foster innovation that can be communicated to the whole industry.



6: MORE FOCUS ON SPECIAL INTEREST SEGMENTS and EXPERIENCES

- Traditional tourism planning is centered on supply, and in matching existing supply with existing demand.
- A bottom-up approach is demand oriented and seeks out special-interest segments.
- There is limited potential for growing mass markets.
- New, highly targeted experiences have to be created.



7: USER-BASED INNOVATION AND CO-CREATION OF EXPERIENCES

- Many consumers want to co-create their experiences with suppliers and destinations, requiring more innovation and flexibility.
- Sweden should be a world-leader in innovative experience design.
- Networks, clusters and product clubs will support these initiatives.



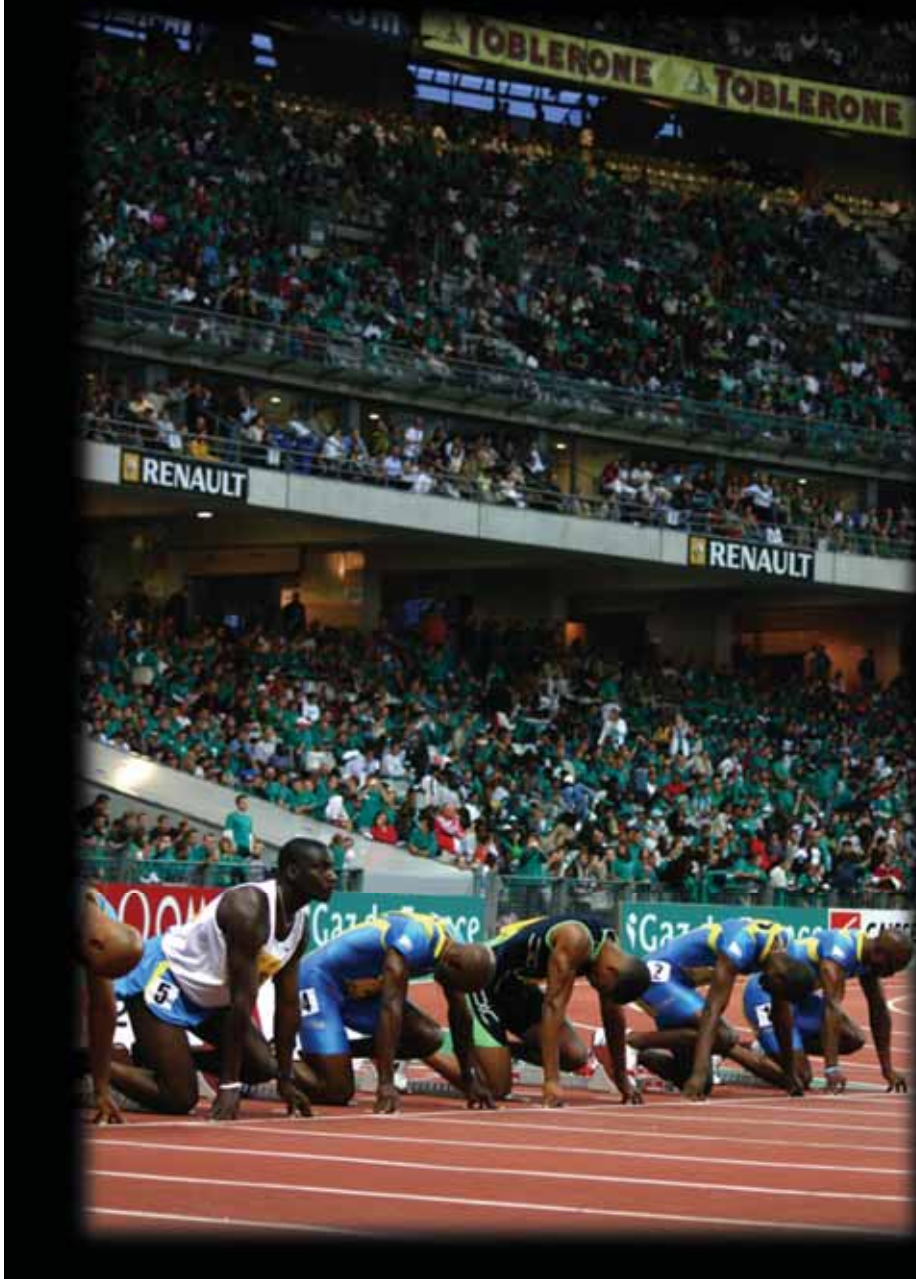
Photo: Göran Assner/VIEW

EXAMPLE: FOOD TOURISM

- Although a great deal is known already about the supply side, focused research on the potential to develop relevant special-interest segments (that is, foodies) has not been conducted. There is a need to....
 - profile those most likely to travel for food experiences.
 - assess interest in specific Swedish cuisine, destinations and experiences related to food.
 - learn their Information seeking and packaging preferences.
 - understand the connections between food and other special interests such as yachting, fashion, outdoor recreation, heritage sites, or music.



8: SPECIAL EVENTS



- One of the most liberating bottom-up strategies is to encourage and support special-event initiatives.
- Every community and special-interest group in the country can become involved in bidding on events and creating new ones.
- Events are excellent ways to create experiences sought by special-interest segments, such as food and wine lovers, cultural tourists, and outdoor adventurers.
- Support from a national event development corporation would be highly effective.

EXAMPLE: THE ÅRE HALLMARK EVENT PROJECT

- Attraction: of new, preferably foreign segments.
- Image: by definition, a Hallmark event must be co-branded with the destination and provide positive images.
- Organization and ownership: where does the investment come from, and who is to own and produce the event(s)?
- Community: the residents must benefit and the event(s) must be green and sustainable.
- Marketing: both targeted to new, special-interest segments and to those who already know Åre but are not coming before Christmas.



Photo: Göran Assner/VIEW

9: MORE TARGETED COMMUNICATIONS



- A focus on niche markets requires new ways of communicating, including the use of social networks.
- The channels of communications and their effectiveness must be constantly evaluated in a fast-changing world of technology and competing experience opportunities.
- For example, messages and media used to reach foodies must be different from those employed to attract sport participants.
- Product clubs and clusters will innovate, test and communicate results to the entire industry.

10: MORE EMPHASIS ON LOCAL and REGIONAL DMOs

- Most innovation and ‘new products’ will emerge at the local and regional levels.
- Local (sometimes regional) DMOs are best placed to sustain networks, form competitive clusters, and respond to opportunities.
- Most travel is city-based; cities are destinations and gateways, as well as showrooms for nations.



EXAMPLE: CALGARY

- Tourism Calgary takes the lead in forming new alliances to create new experiences.
- The Goal: innovate, overcome seasonality in demand.
- In 2010 Mozart Festival involves restaurants, symphony orchestra, and many other partners.



11: INCREASED ROLE FOR RESEARCH

- Innovation will require focused and timely research.
- Innovation depends upon learning systems being in place.
- Partnerships between researchers, industry networks and DMOs must be strengthened.



NEW ROLES FOR THE STATE

- Stakeholder planning (not top-down)
- Invest in innovation (knowledge creation and transfer)
- More of private-public partnerships
- Support the development of local and regional networks (DMOs)
- Infrastructure investment



Recommended Top-Down and Bottom-Up Initiatives:

TOP-DOWN INITIATIVES

Follow Emergent Strategy
Funding: Networks, clusters, product clubs
Capital investment through private-public partnership
Stress Entrepreneurship and small businesses
Research: To support special-interest marketing
Event Development: National bids and support for local initiatives

BOTTOM-UP INITIATIVES

Destination development in private-public partnership
Learning Networks
Product Clubs
Clusters
Experience Design
Pursue new special-interest segments
Special Events