

Tourism Clusters as the New Form of Tourism Destination Cooperation

*Piotr Gryszel – Daria E. Jaremen – Andrzej Rapacz
Wrocław University of Economics*

Abstract

In the process of identifying tourism destination success factors specific attention should be paid to specific social and economic structures called clusters or bunches. The functioning of entrepreneurs and different entities responsible for tourism traffic functioning, within the framework of such network structures, brings about numerous advantages not only for these structures, but also for regions in which they function. The phenomenon of co-competition, i.e. simultaneous cooperation and competition with each other is more and more frequently experienced in tourism sector. Therefore, tourism cluster may become an effective tool for winning competitive advantage a tourism market.

Key words

cooperation, tourism cluster

1. Introduction

Contemporary tourism market undergoes an ongoing improvement by assimilating new and interesting tourism products. In order to create them however, it is necessary for many entities, organizations and institutions to cooperate with each other. Among these units there are not only entrepreneurs, but also local territorial self-government units, social organizations as well as research and development institutions. Their cooperation may result in finding a customer for the tourism offer they have prepared. Having also considered significant competition in the region, as well as competition between regions, it should be stated that the most desirable co-competition form in tourism is the cooperation taking the form of a tourism cluster. Increased interest in the problems of regional innovation systems and the concept of a cluster justifies the question about the usefulness of the latter also in tourism.

The objective of the hereby study is to illustrate advantages and disadvantages of co-competition, or rather co-competition in the form of a cluster a tourism market.

2. Cluster as the form of coepetition and the tool for constructing regional competitiveness

In professional literature discussing problems of upgrading competitiveness and the construction of innovation and knowledge based economy attention is paid to the significance of cooperation at regional and local level of private and public sector institutions, which results in creating, diffusion and implementation of knowledge both new and useful at the market¹. So far one of the most frequently applied cooperation forms at Polish tourism market and used in tourism destinations was the establishment of Regional and Local Tourism Organizations. Less frequently encountered form of regional cooperation took the form of network cooperation. In professional literature network is defined as cooperation in the form of co-operational relations between entities in order to obtain certain benefits, including competitive advantage. Network may also be regarded as the set of joint exchange relations between entities performing certain type of activity, or a set of selected cooperation and competition relations with selected partners entering into market relations of enterprises (Staszewska, 2009). Below there are listed examples of some networks functioning at Polish tourism market:

- a) networks functioning based on franchising agreements – McDonalds, Pizza Hutt, KFC, Stop Caffè at Orlen petrol stations,
- b) networks functioning as a consortium – Accor running networks of Sofitel hotels, Novotel, Mercure, Ibis, Holiday Inn, Orbis Hotels,
- c) networks functioning in the form of marketing groups – Polish Prestige Hotels and Resorts, Start Hotel.

The above are, however, networks selling homogenous type of services e.g. accommodation or restaurant ones, the main objective of which is to cut transactional costs. They are of nationwide, rather than regional, character. It is difficult, however, to find good examples of regional cooperation in order to construct a regional tourism product.

Clusters are regarded as one of the tools facilitating higher competitiveness and innovation of regional economy, apart from network cooperation. This notion refers to a group of economic entities, as well as related to them supporting organizations, located in geographical neighbourhood and active in a certain domain. The theory of clusters is based on studies by M. E. Porter (Porter, 1998), even though clusters' advantages were already presented in the 80s of the 20th century by an English economist A. Marshall. Therefore it should not be regarded as a new notion, however, in recent years this theory

¹ More about theoretical innovation systems see: www.klastry.pl.

was extended by practical experiences related to their functioning. The policy supporting clusters' construction undergoes ongoing observations and analyses. At this point it should be emphasized that while dealing with problems of policy supporting the establishment and functioning of clusters one has to emphasize that they emerge in a natural way. It is not the public sector's task to create clusters, but to provide conditions facilitating cooperation and entering into contacts between entrepreneurs (Ketels).

The European Union defines clusters as groups of independent economic entities which cooperate and compete with each other. They are concentrated in a defined space, in one or a few regions, even though they may exert much broader influence (global), they specialize in a certain domain and are related by common technologies and knowledge. A similar definition of clusters is given by OECD according to which they represent local associations of horizontally, or vertically related enterprises which specialize in similar areas of activity, together with organizations supporting them.

In the structure of clusters the following entities may be distinguished:

- enterprises constituting cluster's nucleus which play the role of leading entities. Most of their revenues originate from clients (companies) functioning outside a cluster. A nucleus may also include enterprises which compete between each other, but have to cooperate with each other in order to concentrate their means;
- enterprises supporting, in a direct or indirect way, the companies functioning within a cluster, like technology or raw material suppliers, etc.;
- entities constituting the, so called, soft supporting infrastructure. Among them there are educational institutions (secondary schools, universities), research and development centres, local and regional branch organizations, regional development agencies, etc.;
- infrastructure covering, among others, communication availability (road network, railway connections, air transport), municipal economy entities (Molnár, Bernat, 2006).

In practice it means that a cluster participants may originate from manufacturing enterprises, service providers, specialized marketing companies, intermediary agents, advisory and consulting companies, educational institutions (secondary schools, universities), research and development centres.

Therefore one may state that cooperation in the form of a cluster is of cooperative nature which should be understood more extensively than just cooperation. The concept of cooperation was used for the first time in 1993 by Raymond Noord – the

founder and managing director of Novell company. This notion referred to simultaneous competition and cooperation between two or more business partners, having assumed that they enter into repetitive interactions. Traditional competition resulted in the desire to eliminate the rival from the market, or at least limit its access to it. Coopetition, on the other hand, makes competition the game bringing about more extensive benefits to all its participants. Cooperation occurring in coopetition is regarded as one of “competitive activities”. In case of coopetition, as different from classical cooperation, certain common value is created. While sharing this value competition takes place in the area of partially common goals and it is not possible to define *ex ante* to what extent partners will benefit from such cooperation (Jankowska 2006).

Having considered that the concept of clusters assumes relationship (correlation) between the ability to compete and the ability for continuous upgrading of the offered product quality and innovation, it is worth considering this concept usefulness in tourism, bearing in mind that it is, among others, a spatial phenomenon. Cooperation in tourism at the level of tourism traffic destination (e.g. location, region) is observed as an obvious and natural phenomenon.

3. Opportunities for implementing cluster concept in tourism

One of the typical attributes of a tourism product is the complexity of its structure. Such product may consist of both a single service offered for a tourist (e.g. accommodation, transport along a certain route), or the whole package of services (e.g. a holiday stay at the seaside). It should also be remembered that competition in tourism refers not only to enterprises offering particular services or their bunches, but also to tourism destinations. Additional factor to be included in considerations referring to a tourism product and its construction is the fact that the majority of enterprises active at tourism market are small or medium sized agencies. They compete between each other to capture tourists, but also cooperate with one another, which manifests itself in a network of hotels or restaurants functioning in tourism oriented hospitality business. They are established in order to enhance competitiveness, to cut costs, to extend access to new technologies, information, to create common information base, to speed up the introduction of technical advancement in tourism sector, to enter into new markets, or share risks between such network participants. Usefulness of certain tourism economy entities functioning in such networks is, on one hand, highly appreciated, however, it has to be pointed out that the majority of service providers functioning in tourism focused locations and regions still persist outside such structures. For the tourism offer recipients it is of small significance whether particular service providers in a region (location) function within the framework

of network structures, or outside them. Clients expect an attractive offer to be provided by a tourism destination which will meet their expectations and needs. Additionally, it has to be noticed that small and medium sized enterprises dominating tourism market, do not have full access to all resources influencing the preparation of such tourism product which is expected by tourists visiting their area. It frequently happens that these entrepreneurs cannot afford to provide all services by themselves. They are also not able to extend their own material base well enough. Therefore they are "sentenced" to cooperation with other market entities. It is also worth emphasizing that many resources constituting some part of regional tourism product do not have a specific owner (e.g. natural environment values). All entrepreneurs take common advantage of these resources while creating their own offer. Therefore, one may state that the state should naturally be interested in defining rules for exploiting these resources and in cooperation focused on taking care about their condition.

In the above context it seems that the only tool to be used in order to upgrade regional competitiveness, among others, extending the offer structure, improving services quality, introducing innovation, may turn out to be a tourism cluster. Just as any cluster it should meet three basic conditions indispensable for its formal and effective functioning, which are as follows:

- concentration of entities representing related branches should take place within the area of a defined geographical space,
- entities from one cluster should cooperate with each other,
- cluster should not eliminate competition and rivalry between entities engaged in its functioning (Klastry, 2004).

In tourism we deal with specific geographical space within which the tourism function develops, or other forms of tourism exist. Such space is characterized by certain tourism advantages which constitute basis for tourism infrastructure development and facilitates their implementation. These advantages and the existing tourism infrastructure (as well as semi-tourism one) influence the functioning of numerous entities in this location (region), which are included in the, so called, direct and indirect tourism economy. The mentioned above specific nature of a tourism product, and especially the product offered in a given area (location, region), requires not only the existence of enterprises specializing in the provision of diversified services, but also their cooperation with one another. Tourists coming to a certain tourism space (e.g. region, location) are interested in a tourism product constituting the set of goods and services, or facilities which meet their individual needs. The accomplishment of objectives, put forward by tourists and service providers (hotels, restaurants, owners of sport, recreation and cultural facilities, transport companies, travel agencies etc.) and also tourism

destination self-government authorities (in the form of increasing local revenues) requires cooperation of entities, organizations and institutions active within such area. An indispensable component of such cooperation becomes an ongoing flow of knowledge and information. Entities functioning in the area of a tourism destination (location, region) should therefore cooperate with each other for the benefit of a tourism offer development and for upgrading quality of provided services, which does not exclude the occurrence of mutual competition (Panasiuk, 2006). The latter enhances innovation in the sphere of a tourism destination product, its promotion and distribution, as well as improving its quality.

In the context of the so far presented considerations, referring to regional tourism product construction, basic advantages may be identified which constitute the consequence of tourism cluster practical implementation. While discussing this problem attention should be paid to the concept and usefulness of the, so called, tourism value chain (Weiermair, 1997). In order for tourists visiting a tourism oriented location (region) and taking advantage of the, so called, tourism destination product, to become fully satisfied certain components have to constitute one set made up of tourism advantages, material goods and services performed by different producers and service providers, but also elements of tourism and semi-tourism infrastructure featuring a given tourism destination. While working on such location (region) offer one desires to ensure an ongoing improvement of its structure, as well as guarantee due quality of all elements constituting the above mentioned chain. The quality of components responsible for making up a tourism destination product will play the key role in creating tourists' satisfaction from visiting a selected destination, i.e. location or region. Cooperation of all entities, which co-create tourism destination product and compete with each other in the sphere of services quality, is observed as the basic condition for meeting this objective.

4. Final remarks

Beyond any doubt tourism locations and regions, as well as economic entities functioning in their area and especially tourism oriented ones, should focus on improving their competitiveness and capacity for product innovation. Such process should manifest itself in an ongoing diversification of tourism offer provided by particular entities and a given tourism destination. The discussion presented in the hereby study indicates usefulness of tourism clusters in enhancing competitiveness of tourism destinations. However, several crucial issues referring to the way of their functioning should be indicated.

The so far gained experiences related to establishing clusters indicate usefulness of this form of cooperation not only for the benefit of developed regions, but also in case of economically undeveloped areas. For many of such regions tourism provides an opportunity to stimulate social and economic processes, however, it is difficult to implement the concept of a tourism cluster in their area due to, among others, the absence of an entity representing tourism sector (leader) in such region, as well as weak ties between the existing enterprises.

A serious obstacle for such cluster functioning lies in a relatively weak overlap, as compared to industry sector, of both practice and research in tourism. The particular role played by innovation in cluster's functioning justifies presence of research and development entities in it (schools, universities, research centres). They should offer support for these tourism branch entities which are part of a cluster and participate in the process of tourism destination offer innovation. This, however, is not a commonly experienced situation in tourism oriented regions.

Cooperation development in tourism sector and implementation of tourism cluster concept is not, unfortunately, enhanced due to weak relations between tourism branch and research centres as the result of minor initiative presented by entities for entering into such cooperation and their unwillingness to take advantage of scientific and technical progress achievements in their activities.

The initiative of tourism cluster construction may turn out successful if efforts are taken up to develop partnership between public and private sector. Local self-government has to provide conditions for enhancing entrepreneurship and encourage new investors to undertake investments in the region. On the other hand, territorial self-government should not just construct a cluster but stimulate cooperation development at the level of tourism destination. Additionally, local and regional tourism organizations should not be identified with a cluster, but play the role of such cluster participants.

It also has to be reminded that locations and regions are characterized by different conditions from the point of view of creating clusters. What is more just like in case of tourism destinations, they have their own life cycle. Participants of each tourism cluster should become aware of that and prepare themselves to undertake due activities at every stage of this cycle.

Bibliography

1. Jankowska B., *Konkurencja czy kooperacja? [Competition or cooperation?]* „*Ekonomista*” 2009, nr 1, p. 67-89.

2. Ketels C., *The Development of the Cluster Concept. Present Experiences and Further Development*, w: *NRW conference on clusters*. Duisburg, www.competitevenness.org.
3. *Klastry. Innowacyjne rozwiązania dla Polski [Clusters. Innovative solutions for Poland]*, Instytut Badań nad Gospodarką Rynkową, Gdańsk 2004.
4. Molnár Z., Bernat P., *Řízení inovací v malých a středních podnicích (klastrech)*, „Ekonomie a management“ 2006 č. 9.
5. Panasiuk A., *Współpraca samorządu terytorialnego i przedsiębiorstw turystycznych. Zagadnienia instytucjonalne*, w: *Gospodarka turystyczna w regionie. Przedsiębiorstwo. Samorząd. Współpraca [Cooperation of territorial self-government and tourism enterprises. Institutional problems in: Tourism economy in a region. Enterprise. Self-government. Cooperation]*, ed. A. Rapacz, Wyższa Szkoła Zarządzania Gospodarką Regionalną i Turystyką, Kielce 2006.
6. Porter M.E., *Clusters and the New Economics of Competition*. „Harvard Business Review” 1998 no 6.
7. Staszewska J., *Klaster perspektywą dla przedsiębiorców na polskim rynku turystycznym [Cluster as the perspective for entrepreneurs at Polish tourism market]*. Wydawnictwo Difin, Warszawa 2009.
8. Weiermair K., *On the Concept and Definition of Quality in Tourism. Quality Management in Tourism*, AIEST, St. Gallen 1997.
9. www.klastry.pl.

Contacts

Prof. Andrzej Rapacz
 Wrocław University of Economics, Poland
 E-mail: andrzej.rapacz@ue.wroc.pl

PhD Daria E. Jaremen
 Wrocław University of Economics, Poland
 E-mail: daria.jaremen@ue.wroc.pl

PhD Piotr Gryszel
 Wrocław University of Economics, Poland
 E-mail: piotr.gryszel@ue.wroc.pl