Understanding cyclic behavior in tourism destinations: Analysis of theories and concept for a new strategic management model

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Understanding Cyclic Behavior in Tourism Destinations:

Analysis of Theories and

Concept for a New Strategic Management Model

By

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ABSTRACT

The purpose of this study was to gather and analyze information on lifecycle theories that may provide tourist destinations with a better understanding on how to have more control over their long-term sustainability. An extensive literature review was conducted that resulted in identifying and analyzing four applicable models and theories. As a result of this analysis, the researcher concluded that these four theories and models do not independently nor collectively offer a single, comprehensive working model for destinations to use in evaluating and monitoring their strategy for long term success.

To help bridge this gap and point the way toward a comprehensive operational and analytical tool, the researcher has proposed a new interactive model — FOSTRAK. It is suggested that FOSTRAK may offer tourist destinations a system for planned global positioning through constant awareness and evaluation of six critical survival factors. With an understanding of these six major interrelated survival components, destinations may be better prepared to implement strategic corrective-action needed to maintain a competitive edge and predictive course.
ACKNOWLEDGEMENTS

The journey not the arrival matters.
— Montaigne, Essays

To Art, my partner and best friend. You have enriched my journey through this process with your love and support. Thank you.
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Chapter I

Introduction

It is an understatement to say that today's new global economy, instantaneous communication, industry consolidations, and technology are having a dramatic impact on the long-term sustainability of tourist destinations. In this global market place, even the smallest of destinations now has to compete with another offering halfway around the world that it probably has never heard of and knows nothing about. Because the healthy evolution, if not existence, of these places are in jeopardy, it is more important than ever for tourist destinations to understand how to maintain customer appeal and a competitive edge over other service providers.

To do this, tourist destinations must maintain an understanding of who their target market is, what it wants, and identify its future desires before it is apparent to the customer. Destinations must continuously ask if their services are in alignment with the tourist's expectations? Is the destination maintaining parity with the competition or is there a gap in the market that will provide new opportunities? With the assistance of a comprehensive model, questions like these could be addressed by tourism destinations. Such a model could be used as a guideline to facilitate acquiring knowledge for developing and adjusting strategic plans that may contribute to a destination's long-term sustainability.
Problem

Why do some tourist destinations have an early decline in their popularity? Can destinations have more control over their destiny and long-term success relative to meeting their customers' needs and maintaining a competitive position in the marketplace? Are there evaluative models and methods of measurement that, if incorporated into a strategic plan, would contribute to a destination having more control over its long-term sustainability?

Background

Tourist destinations are located around the world and range from small resorts and theme parks to towns of varying sizes. The long-term appeal of these destination types is different from one location to another. By understanding the overall complexity of maintaining a successful tourist destination, as well as the attendant individual component parts, perhaps a place could better control its destiny. A comprehensive guideline for planning, implementing, and monitoring a destination's strategic plan may contribute to its long-term sustainability.

Purpose

The purpose of this study is to gather and analyze information on life cycle theories that may provide tourist destinations with a better understanding of how to have more control over their long-term sustainability.
Significance

If theories, information, and new concepts are needed to assist tourist destinations in maintaining an economically sustainable attraction, destinations may be allowed to better control their longevity.

Nature of Study (Methodology)

This study evaluates historical data using descriptive analysis. This analysis includes a review of Butler's Lifecycle Destination Model, Stanley Plog's Allocentric-Psychocentric Traveler Characterization Model, Reich's Linear Market Position Model, and Kotler, Asplund, Rein & Haider's research on the role of a destination's image in its long-term sustainability. Each of these models and theories are analyzed individually and collectively to identify their contribution to a more comprehensive guideline that tourist destinations may use to develop, implement, and monitor their strategic plan over time. Using this approach, destinations may have more control over their long-term sustainability. In addition, the researcher attempts to point toward new analytical thinking on this problem by outlining a model for consideration.

Literature Review

The literature review for this study is comprised of a thorough and in-depth examination of theory and models developed to understand factors that contribute to the long-term sustainability of a tourist destination. For example, relevant books reviewed on this topic include

Numerous other relevant books and research journals will be examined to understand how destinations can maintain their long-term economic viability and tourist appeal.

Definition of Terms

Tourist – A person who travels from place to place for non-work reasons. By United Nations definition, a tourist is someone who stays for more than one night and less than a year. Businesses and convention travel is included. Military personnel, diplomats, immigrants, and resident students are not tourists. (Goeldner, et al: 2000)

Tourist destination – A place tourists are attracted to with each destination having a different choice of activities. For example, tourist destinations include many different environments such as theme parks, island and mountain ski resorts, small towns, large cities with an urban entertainment center, etc.
Tourism – The entire world industry of travel, hotels, transportation, and all other components, including promotion, that serves the needs and wants of travelers. Tourism today has been given new meaning and is primarily a term of economics referring to an industry. (Goeldner, et al: 2000)

Assumptions

_Ideological:_ It is assumed that there are guidelines or models that tourist destinations can use to develop, implement, and monitor a strategic plan that will result in their long-term sustainability. Whether such existing models offer this analytical capability is a major question in this paper.

_Procedural:_ The researcher will evaluate the validity of several different models and theories that may individually or collectively guide destinations in developing, implementing and monitoring a strategic plan that will result in their long-term sustainability.

Scope and Limitations

This study will focus on secondary research that has been conducted regarding those theories and models that may contribute to the long-term sustainability of tourist destinations. Using secondary literature may impose a limitation on this study, but by using criteria to judge the validity of secondary literature, the study can rise above that limitation. The scope of this study also includes the researcher’s attempt to point toward new analytical thinking on this problem by describing a new model for consideration.
Procedures

This study will review research data found in books, journals, on the internet and papers to evaluate the validity of existing models that may contribute to the long-term sustainability of tourist destinations.

The researcher will first focus on the secondary research conducted on existing theories and models. Second, the validity and limitation of these models will be analyzed. And finally, the researcher will point the way to a new and more comprehensive model that may help to guide the strategic planning, monitoring, and evolution of destinations such as an island resort, tourism-oriented town, or theme park.

Long Range Consequences

Should the purpose of this study be confirmed by the information on life cycle theories, a comprehensive guideline to be used by a tourist destination on how to develop, implement and monitor a strategic plan that will influence the success of tourist destinations will be identified.
Chapter II

**Literature Review**

To address the question of available models, theories and guidance tools to assist tourist destinations in long term sustainability, the literature review focuses on four related theories and models developed by several researchers. These four theories were selected following an extensive pre-literature review search of many potential models and guidance systems of tourism destinations throughout the world.

(1) Butler's *Lifecycle Destination Model* (Ioannides & Debbage: 1998) introduces the concept of a tourist destination progressing through six stages of existence beginning with exploration, involvement, development, consolidation, stagnation, and finally post stagnation when the destination either stabilizes, rejuvenates itself, or falls into further decline and eventual nonexistence. There is no time duration assigned to each stage but general criteria has been identified by Butler that will occur at specific levels of the cycle. For example, the involvement stage of the cycle attracts the need for local entrepreneurs to supply services and amenities to tourists. This is needed because larger more sophisticated companies will not arrive until the necessary infrastructure has been put into place by the local community during the development stage of the model.

(2) Another appropriate concept suggested by Stanley Plog is the *Allocentric-Psychocentric Traveler Characterization Model* (Goeldner, Ritchle, & McIntosh: 2000). This theory and model may be
used for understanding how a destination enters the market and tracks its sustainability over time relative to tourist type. For example, Plog characterizes travelers using a distribution curve with the polar extremes at either end being the wealthy allocentric adventurer who constantly seeks out the undiscovered exotic destinations while the psychocentric represents the conservative tourist that would rather stay close to home and not spend much money. The Midcentric traveler type, however, occupies the center of the bell curve. Consequently, Midcentrics are a blend of both extremes with a moderate income and a desire to travel to destinations that are popular to the masses but not expensive, exotic and on the edge of adventurism.

(3) The **Linear Market Position Model** created by Reich (1997) is an analytical tool that was initially developed with specific reference to business firms; however, the theory also has a practical application to the lifecycle of destinations. This model's linear positioning concept identifies five stages a destination may place itself relative to its customers and competitors: Position #1-meeting future demands; Position #2-being slightly ahead of current demand; Position #3 meeting current demand; Position #4 being slightly behind a current demand; and Position #5 seriously not meeting current demand for products, service, quality, or value.

Reich's theory provides for analysis from both the perspective of the tourist and competitors in the market place. His theory does not prescribe sequential movement from one position to the next but instead suggests an initial analysis to determine where a destination currently
falls within the linear model. Once this has been learned, a destination can remain in the existing position or evaluate its internal strengths and weaknesses and choose to invest the necessary human and financial capital to move to another slot on the scale. In evaluating current needs being met by the competition, the destination will also be able to identify gaps in the marketplace that will also provide an opportunity for repositioning.

(4) The role of a destination’s image relative to its long-term sustainability is the focus of research performed by Kotler, Asplund, Rein & Haider (1999). These researchers emphasize understanding the importance a destination’s image plays in its long-term sustainability. A place’s image can be negatively impacted for many different reasons. These reasons range from those that are self-inflicted and controllable such as poor delivery of service to external factors beyond the control of a destination such as war or terrorism. Once a destination’s image has been devalued, recapturing that positive impression can be a long and expensive ordeal.

To measure the destination’s internal perception of itself with that of the customer and market place in general, Kotler et al suggest using various survey methods including a “familiarity — favorability measurement” that rates the overall name recognition of a place using a five-point scale followed by a “semantic differential” evaluation using a bipolar descriptive scale ranging from 1-7. If the survey results are not in keeping with the destination’s perception of itself, a new strategic image plan can be developed and put in place.
CHAPTER III

Analysis of Theories and Models

In today's global economy, large and small places, destination resorts, cities, regions and countries around the world are in fierce competition with one another. Like never before, places are having to not only compete within their traditional local and regional markets but also with countless other destinations located throughout the global market place. Today, all types of tourism destinations are fighting to survive and sustain their market positions. However, the survival tools historically used by these tourist destinations may no longer be effective in this new global economy. The dynamics created by advances in technology, political power transformations, communication, economic stability and changing consumer needs and wants have all had an impact on how tourist destinations prepare themselves for long-term sustainability.

What, then, are the factors that appear to affect long-term sustainability of tourist destinations? Theoretical lifecycle, tourist characterization, strategic market positioning, and image theories are analyzed in this study. The researcher will identify relevant factors and point to new tools and management techniques that may contribute to determining the long-term sustainability of all types of tourist destinations.

There are many different types of tourist destinations with a great variety of visitor profiles. For example, an urban environment offers a myriad of activities ranging from dining, shopping, entertainment and recreation options for the tourist. Other destination choices may be more
narrowly focused in their offerings such as an island resort or entertainment theme park environment. Yet they each share the common challenge of how to sustain their attraction and appeal to tourists for the long-term so that they can maintain a healthy position in their respective markets.

How does a destination sustain its attractiveness to the customer? Are there characteristics that may differentiate the long-term survival of one destination as compared to the short-lived success and appeal of another? Does the meaning of long-term sustainability change from one destination to another? Is there a predictable lifecycle that can foretell the future success of one destination versus another? Is there a prescriptive guideline tourist destinations can follow that will help identify when to make mid-stream adjustments to meet changing customer needs and allow it to remain competitive in the market place?

To shed light on these questions and others, several different theories have been studied. Butler's Lifecycle Destination Model (1980) in Chart 1 suggests that there may be a sequential pattern that tourist destinations evolve through beginning with birth and ending in decline, death or rejuvenation. While Stanley Plog's Allocentric-Psychocentric traveler characterization model (Goncalves & Agus: 1997) shown in Chart 2 further defines a destination relative to the type of tourist that may travel to a place during the different lifecycle stages. Reich's model (1997) reflected in Chart 3, however, identifies a process that gives greater insight into how destinations can determine and maintain their
**Chart 1**

**Butler's Tourism Destination Life-Cycle Model**

(Loannides and Debbage: 1998)

**Chart 2**

**Plog's Model**

(Goeldner, Ritchie and McIntosh: 2000)
market position relative to the competition and in meeting the needs of their customers. Reich's Linear Market Position Model highlights the potential risk for slipping toward a state of economic decline and eventual demise if repositioning measures are not taken. Kotler, Asplund, Rein & Haider (1999) give even more insight into understanding how a destination may cycle through peaks and declines because of its image. These researchers believe that the image held by visitors and residents of a destination contributes significantly to its long-term sustainability.

Three pertinent questions are raised at this juncture: (1) Are the aforementioned methods and models sufficient to individually analyze the sustainability of a destination? (2) If these four methods of evaluation are used collectively, is a more refined and comprehensive process of evaluation created? and (3) Is there a need for new analytical models and methods more relevant to the recent paradigm shift that is affecting global positioning of destinations?
Regarding the first question, with the exception of Reich's methodology, the other three descriptive techniques are limited in their capabilities for in-depth analysis and cannot be used individually as a comprehensive method of evaluation. For example, Butler prescribes a fixed lifecycle sequence that is supposed to apply universally to all types of destinations. While an engaging theory, it is not practical to apply Butler's template to all destinations with the assumption that each of the stages of this model will always occur. Nor does the model provide an opportunity to explore different lifecycle stage sequences during a destination's evolution. In Plog's model there is only a very narrow focus on tourist characterization types and it lacks any reference to other destination factors. While important, Kotler, Asplund, Rein, and Haider only emphasize the significance of a destination's image. Reich's methodology, however, offers a comprehensive approach for analyzing a destination's market position. Reich has created a strategic market analysis guideline for measuring a destination's position relative to its target audience and the competition.

With regard to the second question, to collectively use these analytical techniques in their original form creates a unwieldy experience for professionals. But by collectively drawing aspects from each of these four models, a more user friendly and comprehensive analysis may result.

The third question suggests that perhaps a better solution may be a new model that is more relevant to the current issues facing destination sustainability strategies. Chapter IV of this paper proposes
such a new model. This model attempts to better frame and link the key factors facing destinations in their quest for sustainability.

The rest of this Chapter will examine the four models and theories discussed in the Literature Review. It is important to take a closer look at each of these techniques through a comparative analysis of the validity of each theory and how they may interrelate and contribute to the overall understanding of what creates a sustainable destination.

**A critical analysis of the individual contribution and collective interactive potential of Butler’s and Plog’s theoretical models:**

Although Butler’s six-stage destination lifecycle model offers a methodical approach that yields insight into the evolution of a destination, it is not, a definitive characterization of a lifecycle that will be experienced by every tourist destination. As pointed out by Ioannides & Debbage (1998), there are a number of deficiencies in the model relative to it being used to describe or prescribe the long-term success and sustainability of destinations in general. For example, not every destination experiences either the sequential order of Butler’s model nor do all places necessarily experience each of the stages delineated. In addition, there are many other factors such as the destination’s overall design, quality of service, transportation access issues, tour operator constraints, and economic considerations that the model does not take into account and that may have a direct impact on its long-term viability.
These factors could include a major economic downturn or shift in the target market's expectations. Other potential contributing factors such as the influence tour operators traditionally have had on a destination's access due to lower pricing parameters should also be taken into consideration (Knowles & Curtis: 1999). In addition, the idea that each destination has its own unique qualities, strengths, weaknesses, and management style that may contribute to its lifecycle are not considered in Butler's theory.

Although Butler’s theory may not be embraced as a prescriptive method that can be applied to destinations in general, it does give support to the concept that destinations live through a cycle of change. Using this premise, Plog’s Allocentric-Psychocentric traveler characterization fits the changing face and image of a destination. For example, using Butler’s lifecycle theory, a destination in the exploration stage will have a tourist segment similar to Plog’s allocentric traveler profile. This “leading edge” tourist type will be attracted to the destination until it evolves into the development stage at which point the traveler profile shifts to the more moderate mid-centric market segment. At the consolidation stage the less experienced psychocentric traveler rides Butler’s evolutionary wave of change into stagnation.

These two models in tandem reveal a correlation between the lifecycle of a destination and the changing traveler profile. Plog's theory, however, on its own does not contribute new traveler profile information regarding demographic, psychographic, and lifecycle changes.
A critical analysis of the individual contribution and collective interactive potential of Reich’s (1997) and Kottler, Asplund, Rein, & Haider’s (1999) theoretical models:

Reich’s Linear Market Position Model offers a comprehensive approach to determining, analyzing and repositioning destinations for long-term sustainability. It is a more germane and practical method for destinations to use as an evaluative and analytical tool than the theories proposed by Butler and Plog. Using a five-stage process, Reich’s model identifies various market positions a destination may fall into including:

(Position #1)-meeting future demands; (Position #2) being slightly ahead of current demand; (Position #3) meeting current demand; (Position #4) being slightly behind a current demand; and (Position #5) seriously not meeting current demand for products, service, quality, or value. These positions, however, are not necessarily sequential and the parameters of the model do not dictate a certain beginning point. Unlike Butler and Plog’s models, the theoretical application of Reich’s model provides tourist destinations with a guideline for assessing many relevant factors that may contribute to their market position sustainability.

Using Reich’s guideline, a strategic planning process unfolds and the comprehensive capabilities of his model become apparent: (1) to develop a clear and plausible vision, (2) identify goals and objectives, (3) create an action plan, (4) determine how to effectively and efficiently implement the plan, and (5) the need to continuously monitor performance. Reich’s methodology lays the foundation for an on-going research and planning approach to market positioning instead of an “ad
hoc" incremental response that is used by many destinations (Knowles & Curtis: 1999).

It is through this deliberate and detailed evaluation and analysis process that destinations can determine gaps in the market for meeting current and future needs and identify new tourist market segments. A well thought out strategic plan allows new opportunities to be explored and discovered by a destination. In addition, the destination is in a more flexible position to determine whether it can efficiently reposition itself and how aggressive it should be in implementing an image change.

Reich's long-term strategic planning process encourages evaluating factors that contribute to a destination's sustainability. For example, considerations such as the general population's image of the destination and its management practices, employee working conditions, and economic stability of the community may all have varying degrees of relevance, and impact a destination's success over time. Further, a planning and development process like Reich's encourages brainstorming, asking "what if" questions, improves overall depth and quality of an action plan, and acknowledges the need to adjust strategy over time to compete in the ever-changing environment of today's global market place (Knowles & Curtis: 1999).

As suggested by Kotler, Asplund, Rein, & Haider's (2000) destination image theory, the long-term sustainability of a place is significantly influenced by either the real or perceived image tourists have of a destination. First-time visitors are attracted to a destination
because it is perceived to be able to meet specific needs and expectations of the traveler. As Baloglu & Brinberg (1997) discussed, researchers have deduced through studies that the image of a destination evolves in the tourist's mind initially as a cognitive and intellectual impression and then an emotional attitude develops about the destination. This image development process may begin upon arrival of the tourist to the destination and continues to form during the traveler's stay. And even after the tourist has left the destination their image of the place continues to evolve.

This combination of beliefs, ideas and impressions tourists have about a place become a part of the decision making process. These are not only created from one's personal experience but also by word-of-mouth from friends and acquaintances as well as from various forms of media. However, the plethora of information received through these various forms is often greatly condensed and simplified into something that has a different meaning from one person to another (Kotler, Asplund, Rein, Haider: 2000).

Whether real or perceived, it is the perception of a destination's image that becomes reality. And it is these images that play a significant role in the rise and fall in popularity of tourist destinations. If the intended image of a place is not successfully communicated to the target market, or even when it is communicated to and perceived accurately by the target market, the image can change slowly over a period of time or it can happen in a precipitous manner. For example, poor service, a downturn in the local, regional or national economy; war or terrorism;
and natural disasters such as earthquakes, tornadoes, and hurricanes can devastate a destination's image and impact tourist destination choice (Sonmex & Graefe: 1998) (Mansfeld: 1999).

Places with a negative image are not chosen as destinations to visit, relocate a family or business. When a destination's image is in decline or has completely lost its attraction, how does it restore the unique appeal that once differentiated it from the competition? To understand this, the many different components that create a place's image must be considered. For example, the economic stability, political character, educational offering, cultural heritage, diversity of businesses, and recreational activities of a destination all contribute to a successful image and sense of place. Destinations can be stigmatized by any one or more of these elements not working toward the mutual good of its image.

For long-term sustainability, a destination's image must be measured to determine whether a particular target market perceives the same image a destination is trying to convey. In addition, even when the perception of a given target market matches the image being conveyed by a destination, on-going monitoring must occur to track changes that will inevitably happen over time. Kotler, Asplund, Rein, and Haider (2000) suggest that a place's target market as well as other potential markets can be measured by using several different measurement methods. For example, the "familiarity - favorability measurement" tool that rates the overall name recognition of a place on a five-point descriptive scale asks survey questions like (1) never heard of, (2) heard of a little bit, (3) know a little amount, (4) know a fair amount, and (5) know very well. Those
survey respondents that have some knowledge of a place can further rate a place as (1) very unfavorable, (2) somewhat unfavorable, (3) indifferent, (4) somewhat favorable, and (5) very unfavorable. These questions would then be followed up with a descriptive rating of a place using a “semantic differential” technique. To do this people are surveyed and asked to rate a place on a bipolar descriptive scale from 1-7, for example, by identifying a rating of the polar extremes of interesting or boring; old or new; pretty or ugly, etc.

Once the results of these surveys are tabulated, a place can determine how successful it has been in conveying its message to the target market. It may be necessary for the destination to develop a new “strategic image management plan” to modify a negative perception or simply to better communicate the message. Often a new slogan, visual symbol, or by creating a special festival or other event a destination can create a positive and accurate image that attracts people. For example, Budapest has used the slogan, “A City with a Thousand Faces” to help create its new image. Berlin has used the visual symbol of the Brandenburg Gate, London is quickly associated with Big Ben, and Paris with the Eiffel Tower. Dubrovnik, Croatia has branded itself with a colorful one-month long summer event called the “Dubrovacki Ljetni Festival.”

With festivals, slogans, and visual symbols identified, how does a place disseminate its message so that a consistent and coherent image is perceived by existing and new target markets? To create consistency, all component parts must distribute the same information and understand
clearly who the target markets are so that the appropriate advertising vehicle is used. For example, the slogan of a city must not only be believable and accurately portray the city's overall image but the advertising message being disseminated by any other component of the urban environment such as a new children's museum must be consistent and supportive of the city's slogan. In addition, it is critical that the advertising media channel chosen is appropriate for a given target market. Television, radio, and the internet may be good vehicles for some market segments while newspapers, brochures, direct mail, or personal selling are more fitting for other consumer groups.

*Collective Contribution*

Each of the foregoing theories and models offer relevant input on factors that may contribute to a tourist destination's long-term health and viability. Although no one of these theories stands independently as a predictive model for long-term sustainability, aspects of each may be recombined into a new framework that may stand alone. This new theoretical model may create a tool for understanding the comprehensive nature of long-term sustainability and give clearer direction on how and when to modify a destination's strategic plan to meet the ever-changing needs of the tourist.
Conclusion

The foregoing models and theories offer disparate views of how a destination may grow or be sustained. Among the elements the researcher finds useful in these models are the idea of ongoing awareness of market position as in Reich’s model, the concept of sequencing a destination’s evolution as Butler suggests, and the perceived/promised image correlation by Kotler, Asplund, Rein, and Haider. However, these models lack several major considerations and elements of good business practice are absent. None of the models are presented in user friendly templates that may be readily adapted and applied to a variety of situations. None of these models attempt to account for such factors as risk analysis, risk capacity, safety nets, and exit strategies. Because of these limitations, in Chapter IV of this study, the researcher proposes and delineates a comprehensive new destination model — FOSTRAK. It is suggested that FOSTRAK may offer destinations a better strategic tool for destination lifecycle planning and sustainability.
Chapter IV

Toward a new model: FOSTRAK

Models may serve as shells for fleshing out concepts, understanding issues, framing questions and pointing to solutions. The models previously reviewed in this study are descriptive of event sequences and phenomena that may bear on destination evolution. But individually these models are limited as application tools for detailed analysis and strategic planning. Models are often not intended to be used for anything beyond a conceptual diagram for critical thinking. As such, they may lack the ability to adequately and comprehensively frame and address situational problems. For example, among the shortcomings of models reviewed are the inability to: (1) incorporate on-going market intelligence feedback, (2) fully account for all factors bearing on a destination's perceived attractiveness, and (3) they do not include mechanisms for operational and financial strategy correction needed for destination sustainability.

Considering the models and methods reviewed in this paper, the limitations of these models, and the researcher's own ideas, the researcher proposes a new conceptual model for consideration — FOSTRAK. The proposed FOSTRAK model was conceived to point toward a better tool for destination lifecycle planning and sustainability. The FOSTRAK model attempts to overcome the shortcomings of the models previously reviewed and also offer other considerations for a more comprehensive sustainability analysis.
The FOSTRAK model focuses on shorter lifecycle strategic planning but with a long term view of project or destination life. In other words, the FOSTRAK model requires planning for shorter destination operational time frames, determining exit strategies for capital preservation, and provides the ability to create new mid-stream strategic plans that allow for long term sustainability. Shorter lifecycle planning also allows for internal adjustments in which new or expanded markets can be identified or other factors bearing on perceived attractiveness may change within acceptable bounds. A primary goal of this conceptual model shown in Chart #4 is to provide for the tracking (hence FOSTRAK) of six elements deemed to be most relevant to a destination’s stability or equilibrium in its quest for sustainability:

1. Perceived/promised image correlation
2. Destination’s life evolution
3. Risk capacity
4. Exit strategy
5. Market intelligence
6. Vision, mission, & strategic planning

Graphically portrayed, as applied to a destination’s evolution, FOSTRAK may appear to be a series of curves building upon each other through the life of the destination as shown in Chart #5. Thus, a destination’s life may appear to be a series of linked short cycles in the form of a sustained long curve. These shorter cycles represent the on-going feedback/correction capabilities inherent within FOSTRAK allowing a tourist destination to experience planned strategy adjustments within
acceptable long and short term parameters. Unlike Butler's model where the implication is that tourist destinations will inevitably experience a sequential long lifecycle before reaching the inevitable point of either rejuvenating itself or spiraling into nonexistence, the FOSTRAK model is a methodical tool that lets destinations continuously monitor and evaluate their strategy relative to the customer and competition. FOSTRAK offers a template for destinations to exercise more control over their destiny.
The application of FOSTRAK – STEP 1

The first step in applying FOSTRAK to a tourist destination is the assessment and analysis of six basic elements related to that destination.

A. Perceived/promised image correlation

At the heart of FOSTRAK are on-going derivations and measurements of key factors relevant to the image sustainability of a destination. Among these is the determination of perceived attractiveness by a destination’s market. Eleven Attractiveness Factors are identified in FOSTRAK as critical to the attraction to and frequency of visitation to a destination. The model would allow the destination to rank its attractiveness on a scale of 1 to 5 based on key factors including:

- Availability of desired activities and experiences
  
  *Do the activities match the target market’s needs and desires?*

- Fulfillment of expectations
  
  *Are expectations being met by the destination’s activities?*

- Service experiences
  
  *Are service quality standards meeting demands of visitors?*

- Feeling of stability
  
  *Does the destination offer a sense of stability?*

- Feeling of safety
  
  *Does security and perception of safety prevail in the minds of visitors?*
Friendliness of locals

_How do visitors perceive their reception by locals? Do they feel welcomed and do visitors feel that this plays into a desire to return?_

Ambience

_Is the ambience of the destination consistent with its representations and expectations of visitors?_

Sufficient variety of activities

_Are there a range of activities available at the destination to attract and satisfy all visitors of the target market?_

Availability of basic needs

_Are basic services and goods available as may be needed for the visitors?_

Price/value satisfaction

_Do destination visitors feel they are receiving fair and attractive values for costs of services?_

Available organized assistance

_Is assistance available to make a stay at a destination more pleasant and fully enjoyable within the levels of expectation by visitors?_

Return visitation

_Are target market visitors returning to a destination? What percentage? Are there new visitor profiles emerging? Why are they leaving or returning?_
B. Current position of destination within its life evolution

This factor is a snapshot description of where the destination may be relative to the life of the destination. This description does not assume any judgement such as Butler’s lifecycle model but is simply describing the global position of the destination relative to its own evolution. For example, is the destination in the early stages of development? Are more amenities to be built or not yet complete? Is the destination considered finished? Are occupancy rates and REV/PARs growing or declining? How long in years or decades is the horizon for sustaining the current level of growth? All of these questions focus on the position of the destination in the context of where its has been and where it may be headed.

C. Risk capacity

This consideration allows management to analyze the status of the destination's ability to assume risk. Are there sufficient financial and human resources available to allow the destination to make changes if new directions are needed? What levels of risk are acceptable? Minor changes only? Are major alterations affordable? What are the financial and human resource tradeoffs when considering alternatives?

D. Exit strategy

What parachutes are in place to allow for the destination to transition out of its current role? Can the destination smoothly end its offering or existence with a predictable outcome? Are major resort assets continually packaged for disposition? Is the development itself a marketable entity? Are projects nearing completion so that a phased
withdrawal can take place in an orderly manner? Within a resort or community where there is individual ownership, for example, are these owners likely candidates for acquisition and continued operation of the amenities? Are human resources protected in any exit strategy? Are key human, property and intangible assets protected in the event of a serious operational downturn?

E. Market intelligence

In this element the destination would review its awareness of markets being targeted, depth of market, penetration level, available new markets, and major competition activities. The destination would rank its market position on a scale of M-1 through M-5 with M-1 being ahead of market demand. The destination would also rank its position relative to its competition on a scale of C-1 through C-5 with C-1 being ahead of all possible competitors.

F. Operating mission

In this component management would review its vision, mission and strategies. This assessment would include: (1) consistency with strategies and mission relative to its positions in its life evolution, (2) analysis of whether goals are being achieved, (3) existence of gaps in delivery of goods and services, and (4) the ability of the destination to sustain itself within the bounds of the current operating mission statement and strategies.
**STEP 2**

In Step 2 of FOSTRAK all the foregoing factors are first analyzed and brought into focus. In this synthesis the key and critical issues of each factor are clearly identified. The priority and sequencing of the weighted results may vary depending on the financial/human resources and goals and objectives of a particular destination. Secondly, alternative scenarios are designed. Whether computer-based or not the ramifications of each scenario should be thoroughly analyzed so that choices are crystal clear.

**STEP 3**

In this phase an optimum array of actions to be taken are mapped with clear directions expressed for each of the six basic components of the FOSTRAK model. The optimum corrective action is determined by the resulting scores achieved in Step 1: gaps in level of attractiveness, current life evolution position, desired risk, planned exit strategy, market position relative to market depth, penetration and competition, and gaps in achieving the mission.

**STEP 4**

Implementation of operational strategies and mid-course corrections.
Equilibrium

A central goal of the FOSTRAK model is to allow a destination a means for determining and achieving a desired balance or equilibrium in the six key elements of the model. In other words, in a state of equilibrium a destination would be in a sustained growth mode in its life evolution. The equation or proforma for equilibrium in one destination or tourism project may not, however, work for another. For example, the equilibrium of the "old money" resort of Sea Island on the coast of Georgia is not the same as a new resort community that may be seeking to expand rapidly to service a substantial debt load. Hypothetically, the level of comfort of equilibrium may possibly exist for a destination when it has attained or achieved:

Element A - Perceived and promised image correlation are in alignment
Element B - Sustained growth in its life evolution
Element C - Financial/human capital risk needs and capability are balanced
Element D - Safety net strategies are in place
Element E - Market share is sufficient to sustain growth
Element F - Goals and strategies are in alignment

FOSTRAK may, therefore, be used as a benchmark tool in testing or checking the equilibrium of a destination. The balance points of each key element would, of course, vary for each destination.
Hypothetical application of FOSTRAK

An example of applying the model to the hypothetical destination resort town of Harbour View is as follows:

Step 1 Harbour View Assessment

Element A - Perceived/promised image attractiveness: Major gap found in its attractiveness due to lack of full range and variety of amenities

Element B - Destination evolution/position: A decade in a static position with no changes or new activities

Element C - Risk capacity: Harbour View has access to capital to invest

Element D - Exit strategy: Facilities developed to date are debt-free and may be sold to raise additional capital

Element E - Market intelligence: Market research indicates the need for a major new attraction amenity in Harbour View such as meeting facilities, golf (none exists), interesting theme park-like attractions

Element F - Mission/strategy consistency: Major gap in ineffective strategic planning not reflecting mission
**Step 2 Synthesis**

Need for new major amenity in Harbour View identified

Alternative scenarios designed:

Harbour View may offer land to conference center developer/operator
Harbour View may offer land to golf course developer/operator
Harbour View may offer land to theme park developer/operator
Abandon (privatize) selected current businesses

**Step 3 Harbour View Selects Corrective Action**

All four scenarios are compared with the Step 1 basic elements.

Action deemed as best new direction is for Harbour View to seek golf course developer/operator because it is the best fit with market intelligence, attractiveness feedback, risk capability, exit strategy, and the long term vision and mission of Harbour View

**Step 4 Implementation of new strategy at Harbour View**

Harbour View prepares and advertises RFP for golf course developers/operators

Harbour View receives bids and developers/operator selected
**Summary of FOSTRAK**

In summary, application of the FOSTRAK concept may serve as a strategic planning model at all scales and levels of destination decision making — from small resort developments, to theme parks and urban entertainment centers. Public entities, private resort developments and combinations of both may find this tool useful. Its applications could be in such areas as: alternative scenarios for resort expansion, new tourism projects under consideration, linking strategic marketing and destination repositioning, major decisions on new directions for a destination, and guidance for master planning are a few examples. Testing of the FOSTRAK model in various situations would be the next step in its evolution as a theoretical application. It is suggested that this model may point the way to new approaches for destination lifecycle analysis and sustainability.
CHAPTER V

Conclusions & Recommendations

In our global market place, the short and long term survival of tourist destinations is constantly at risk. It is not a simple matter of matching a destination's vitality against a hypothetical lifecycle model and at the prescribed stage averting demise of that destination by making prudent changes. To put it another way, in today's market if you think you may be dying, you already are. Tourist destinations, therefore, must be proactive and constantly aware of what it takes to survive. FOSTRAK was conceived as a basic survival tool with the primary goal of destiny control. If not FOSTRAK, then other such models need to be conceived and available to destinations of all scales and types to assist them in their quest for sustainability. Ideally, such models should incorporate the ability to provide for:

- Constant market intelligence relative to competitors, market position, and market opportunities
- Adaptability for expeditious and speedy changes
- Creativity and flexibility for modifying tourism offerings
- A continual state of environmental vigilance
- Monitoring and control of capital and human resource needs
- Visioning based on the realities of the destination's resources and its market
- Continual measurement and evaluation of its attractiveness
• Structuring of well thought out strategies linked to the
destination's vision, resources, and market intelligence
• Mid-course corrections to insure sustainability and/or elective
termination

Because a thorough literature review did not reveal a
comprehensive theory and model that incorporated a wide range of
factors and processes relevant to a tourist destination's long term
sustainability, this researcher is proposing FOSTRAK for further
evaluation. It is recommended that the FOSTRAK theory and model be
expanded, evaluated, tested and refined as to its practical application by
tourist destinations. Additional testing of this theoretical concept may
prove to support the idea that a destination can make informed decisions
based on a well conceived, monitored and adjusted strategic action plan
that will have a direct impact on its short and long term sustainability.

Approaches toward testing of FOSTRAK may include:

1. Benchmark Correlation

   Comparison of FOSTRAK with the historic evolution of
   selected destinations as benchmarks to discover issues and
   situations not included in the model, for example. This could
   include both historic data as well as interviews with leaders of
   these places who have a good historic overview of the evolution
   of events and strategies.

2. Live applications

   Application of FOSTRAK to live situations of destinations
   such as those which are currently (a) struggling for survival,
and (b) successful destinations considering alternative strategies. These could include both private resort complexes and resort destination towns.

3. Review of FOSTRAK by an expert panel (Delphi method).

Bibliography


