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## **Stakeholder perceptions on the interdependencies of destination competitiveness and satisfaction in winter sport destinations**

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### ***ABSTRACT***

*Recent studies on destinations dealt with tourism satisfaction as most important source for competitive advantage and measured customer satisfaction in order to close performance gaps. This paper tries to shed more light on two different perspectives with respect to destination competitiveness: 1. Does the perceived destination competitiveness influence satisfaction with the trip? focusing thereby on the tourists, and 2. Does the perceived destination competitiveness influence satisfaction with the tourism services? considering the suppliers' perspective. For this research a quantitative research approach was chosen. In total 5053 interviews were conducted. The results showed that satisfaction was predicted by competitiveness dimensions on the demand and supply side. Furthermore sport tourists were more satisfied with destination performance compared to suppliers.*

***Keywords:*** *competitive advantage, tourist and suppliers' satisfaction, Alps*

### **INTRODUCTION**

The Alpine tourism market structure is characterized by small and medium sized enterprises, low productivity, and the absence of economic of scale and scope (Schuckert & Kronenberg, 2008; Weiermair, 2008). Consequently, it is impossible to achieve competitiveness through cost leadership strategy. Competitive advantages through focused differentiation and niche strategies give destinations the ability to provide unique and superior value to their visitors (McGahan & Porter, 1997; Vanhove, 2005). Establishing and enhancing competitive advantage is essential for the survival of tourism destinations. While destination competitiveness has been in the focus of researchers interest for many years (Hallmann, Müller, Feiler, Breuer, & Roth, 2012) there are only a few studies in tourism literature which concentrate on the competitiveness of winter sports destinations (Fuchs, Peters, & Weiermair, 2002; Matzler, Füller, Renzl, Herting, & Späth, 2008).

Most of the recent research regarding destination competitiveness focused either on the demand or the supply side. As a consequence to the lack of the aforementioned mutual examination this research examines the relationship between stakeholder perceptions on the interdependencies of destination competitiveness and satisfaction in winter sport destinations. It investigates the relationship between the perceived destination competitiveness and tourist

satisfaction on the one hand and the relationship between the perceived destination competitiveness and satisfaction with the tourism service from suppliers' perspective on the other hand.

The paper is structured in different sections. First a literature review is carried out to discuss the different relevant aspects of stakeholder theory with respect to destination competitiveness. Second, research methodology and results of the empirical investigation are presented. The last section of the paper includes discussion and limitations of the study.

## **LITERATURE REVIEW**

According to Flagstad and Hope (2001, p.449) a “winter sports destination may be defined as a geographical, economic and social unit consisting of all those firms, organizations, activities, areas and installations which are intended to serve the specific needs of winter sports tourists.”

A destination has two primary roles: 1) to enhance the social and economic well-being of the residents and a number of supporting roles and 2) in order to assure the well-being of its local people and tourists, a destination has to offer a range of activities and experiences (Bornhorst, Brent Ritchie, & Sheehan, 2010). Stimulating visitor circulation, increase spending, steward the sustainability, and provide a platform for local businesses are supporting tasks of a destination. If activities and experiences meet the needs of residents and tourist, a destination might be labeled successful or competitive. Given the complex nature of the tourist product, the amount of people involved in its production, all different types of destination and the diversity of DMOs and practice, there is a constantly growing scientific interest – especially with respect to existing interrelationship between different stakeholders.

The original concept/model of stakeholder as well as definition goes back to (Freeman, 1984, p. 46): “A stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives”.

Carroll (1997) viewed stakeholder theory as a way to understand corporate social responsibility. According to Berman, Wicks, Kotha, and Jones (1999) stakeholders can be viewed as instrumental in improving commercial performance and maximize profits. In addition, Philips, Freeman, and Wicks (2003) pointed out that stakeholder approach is not only tied to companies but can be applied to other forms of business and even organizations in general. Taking this into account, the stakeholder approach can be adapted for tourism destinations as well. Tourism or tourist destinations are traditionally managed by a variety of stakeholders along the tourism value chain (Bieger, 2008).

Referring to the literature, stakeholders can be classified into a group of primary and a group of secondary stakeholders. According to the literature primary stakeholders show a high level of interactivity and are vital for the survival for a destination and secondary stakeholders are not involved directly into the development of a destination (Clarkson, 1995; Merrilees, Getz, & O'Brien, 2005).

In tourism, the stakeholder approach is becoming more popular with the increase of environmental awareness of the general public because it involves different groups like tourists (Sautter & Leisen, 1999; Sheehan & Ritchie, 2005), competition (Sautter & Leisen, 1999), government (Sheehan, Ritchie, & Hudson, 2007; Sheehan & Ritchie, 2005), destination marketing organizations (Sheehan, et al., 2007), employees (hotels, restaurants) (Sheehan, et al., 2007), media (Sautter & Leisen, 1999; Sheehan & Ritchie, 2005), retail

outlets (Blain, Levy, & Ritchie, 2005), community groups (Morgan & Pritchard, 1999) and so on. Bornhorst, Ritchie and Sheehan (2010) provided a solid overview of studies related to destination, success and stakeholders. As a result they showed the dominance of studies related to destination marketing and promotion but also emphasized the importance of destination stakeholders in tourism research.

The difficult nature of the tourism product and its big amount of different tourism stakeholders leads to great challenges for the DMO (Augustyn & Knowles, 2000). As a logical consequence to the delineation, the tourist destination, should concentrate on both – supply side and demand side – perspectives in order to achieve high performance standards or to be successful and competitive. Destination competitiveness has been researched extensively previously (e.g., Crouch, 2011; Enright & Newton, 2004; Hudson, Ritchie, & Timur, 2004). For instance, Otto and Ritchie (1996) argued that success and performance measurement should be focused on the most important factors of competitiveness as determined by the visitors. It can be stated that most studies considering competitiveness focused on single aspects of destination performance or success. Ritchie and Crouch (2000) suggested a more holistic approach taking into account competitive and comparative advantages and the micro and macro environment. The model's core was built of five dimensions: supporting factors and resources, core resources and attractors, destination management, destination policy, planning and development, and qualifying and amplifying determinants. These dimensions included various indicators to measure both the customer (demand) and the tourism industry perspective (supply) of a destination (Hallmann, et al., 2012). Destination competitiveness should be measured through input and output variables, competitive and comparative advantages based on the stakeholder's perception. This approach has been used by Enright and Newton (2004) to compare different cities in Asia in terms of competitiveness.

To be a competitive destination involves the ability to provide the right product (with the expected quality) at the right time to the right consumer segment. In other words a destination can be considered competitive if the destination is able to attract and satisfy consumers. This involves high knowledge standards about the destination, entrepreneurs, supplier and tourists. In order to be able to gather all relevant information the establishment of cooperation and the stakeholder collaboration is crucial for competitive strategies in the Alps (Pechlaner, 1999; Tschurtschenthaler, 2000).

Tourism satisfaction can be seen as the most important source for competitive advantage. The measurement of customer satisfaction to close performance gaps is highly relevant for tourism destination (Fuchs & Weiermair, 2004; Kozak & Rimmington, 2000; Ritchie & Crouch, 2003). Most of the literature regarding satisfaction and tourism is centered on tourist or customer satisfaction (Peters & Weiermair, 2000; Weiermair & Fuchs 1999).

Whereas in the latest tourism literature satisfaction is seen as a uni-dimensional concept, being applicable to a continuum ranging from dissatisfied to satisfied (Westbrook & Oliver, 1991). Daub and Ergenzinger (2005) propose that customer satisfaction needs to be considered in a more holistic and multidimensional way in future – using the basic premises of stakeholder theory. This presupposes that businesses constantly have to deal with societal problems that are or could be brought to their attention by stakeholder groups (Daub & Ergenzinger, 2005). These holds also true for tourism destination. Especially societal problems or issues are highly relevant for destinations. According to Daub and Ergenzinger (2005) “generalized customer”, describes those customers who from the point of view of a business are not only customers, but also actual or potential members of groups in society operating as stakeholder groups vis-à-vis companies. Generalized customers can be satisfied

only by products and services that have no harmful impact on any of the areas in which they live or operate. Within a tourism destination the stakeholder net is a complex system as individuals can be found in different groups of stakeholders (Sautter & Leisen, 1999). Each individual has its own specific interests but they play an essential role in managing tourist destinations, creating and branding destination experiences. Therefore stakeholders can form various attitudes toward existing tourism products, destination development and the work of DMOs, Most of the tourism stakeholders have business and personal interests, because they live in the destinations and their social life is affected. Depending on their personal attitudes and business it can be assumed that items for competitiveness and their evaluation will differ.

For this research the authors have summarized destination stakeholders into two groups – supply and demand. This was – with respect to large sample size – a necessary step to assure a sound evaluation.

## **EMPIRICAL INVESTIGATION**

To answer the research questions, a quantitative research design was chosen. A survey using a self-administered questionnaire was developed. Questions concerning competitiveness were related to the destination competitiveness model of Ritchie and Crouch (2003). This model has been adopted to the winter sport destination setting (Müller, Hallmann, & Brothers, 2011) for both, the supply and the demand side representing two stakeholders (knowing that those two perspectives can be further divided). This implies that special indicators were created focusing on the particularities of winter sports on the supply and demand side (e.g., snow conditions; Müller, Peters, & Blanco, 2010). The items for destination competitiveness measured the tourists' and supplier's perception of a range of indicators on the five dimensions using a five-point Likert scale. Satisfaction was assessed with a global measure – inquiring the overall satisfaction with the service offerings (suppliers) and the general stay in the destination (tourists). The questionnaire was pre-tested with  $n=10$  sport tourists and  $n=5$  suppliers. The questionnaire for the demand side included 103 questions in total and the questionnaire for the supply side had 115 questions.

The empirical investigation was carried out from December 2010 till March 2011 in Germany, Austria and Switzerland. In total  $n=3,767$  winter sport tourist and  $n=1,286$  people employed by different tourism industry sectors were questioned.

Data were analyzed in different steps using SPSS 21. First, an explorative analysis took place to check for content validity. Missing values were handled using single imputation (based on the regression coefficient). Based on questions considering the five dimensions of the Ritchie and Crouch (2003) model, five indices, one for each dimension, were created ranging from zero to 100. Thereby, zero indicated a weak perception of competitiveness whereas 100 would stand for a strong perceived competitiveness. For further analysis logistic regression analyses were carried out to analyze the impact of the dimensions on satisfaction for both groups (demand and supply).

The participant characteristics for the demand sample are as follows: sport tourists had a mean age of 33.4 years were predominantly female (56%), were well-educated (33.6% having at least A-level as highest educational attainment; equivalent to university entrance diploma). Considering the participant characteristics of the supply sample, it becomes obvious that they tended to be older having a mean age of 37.7 years, were mostly male (57%, had a very good education (55.9% having a least A-levels).

Analyzing the summary statistics of the competitiveness dimensions, it is apparent that they differ between the two groups of stakeholders. While the dimension ‘destination management’ received an index score of 60.22 from the tourists on average, the people employed in the destination provided an index score of 67.07 on average. The dimension ‘qualifying determinants’ got an index score of 70.49 from the suppliers and 62.74 from the tourists. An overview of these scores is presented in Table 1.

**Table 1**  
**Summary statistics**

Variable	Demand		Supply	
	Mean	SD	Mean	SD
Index supporting factors	66.15	11.68	64.60	10.46
Index core resources	60.45	11.28	65.11	11.48
Index destination management	60.22	11.89	67.07	11.98
Index destination policy	57.75	12.44	66.23	13.44
Index qualifying determinants	62.74	12.61	70.49	14.04

The summary statistics also revealed further that in their respective samples, more tourists (37.1%) than persons working at the supply side (20.4%) were satisfied.

The first model estimated for tourists, using satisfaction as dependent variable and the five competitiveness dimensions as independent variables and age, gender as well as education as covariates, revealed that those variables predict satisfaction satisfactorily. The supporting factors, destination management, destination policy, and qualifying determinants had a significant impact on perceived satisfaction – though the influence of policy was negative. Pseudo R<sup>2</sup> (McFadden) amounted to 23.51% (p≤.000;  $\chi^2=1,065.338$ ; -2LL=3,465.173).

In contrast, the model estimated with the supplier sample indicated that only destination policy and qualifying determinants served as significant predictors for satisfaction. Pseudo R<sup>2</sup> (McFadden) was 21.19% (p≤.000;  $\chi^2=216.182$ ; -2LL=803.885). The results of the regression analyses are presented in Table 2.

**Table 2**  
**Results of the regression analyses (dependent variable satisfaction) for the demand and supply stakeholders**

Variable	Demand	Supply
	Odds	Odds
Index supporting factors	1.044***	1.010
Index core resources	.995	1.000
Index destination management	1.014**	.980
Index destination policy	.992*	1.020*
Index qualifying determinants	1.098***	1.105***
Education (1=A-levels)	.996	.998
Gender (1=female)	1.165	1.136
Age	1.111	1.029
Constant	.000	.000
Pseudo R <sup>2</sup> McFadden	23.51%	21.19%
p	.000	.000
-2LL	3,465.173	803.885
$\chi^2$	1,065.338	216.182

Note. \* p<.05; \*\* p<.01; \*\*\* p<.001

## DISCUSSION AND IMPLICATIONS

With regard to the index scores of the different dimensions it must be noted that they are all higher than the average (which would be a score of 50 on the scale from 0 to 100). In other words winter sport destinations and destination management organizations are performing in general well.

On the demand perspective in absolute numbers the supporting factors will be perceived most favorable. It can be assumed that service offerings meet the customer's need. Destination policies received the lowest index score in absolute numbers and it had a significant negative effect on the tourist satisfaction. In contrast the destination policy was a positive predictor for satisfaction on the supply side. One reason for the results could be that policy is well communicated within the destination (e.g. at the supply side) yet the external communication with this regard could be improved. It should be considered to use different suppliers as disseminator in this regard since they are closer connected to the sport tourists.

Summing up, there are differences regarding the interdependencies of destination competitiveness and satisfaction as perceived by different stakeholders. Different dimensions foster satisfaction for the different stakeholders. Interestingly, there was a negative effect of policy on satisfaction in the tourist sample. This means that there is potential for the suppliers to re-consider some policy strategies for that they are perceived in a better way in the future.

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