Recovery of Destinations: An Examination Using the Tourism Area Life Cycle

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ABSTRACT

In mature market, many destinations are sluggish growth. However, some destinations experience significant increases in visitors. This study examines the factors affecting the recovery and decline of destinations in Japan as an example of mature market. First, we analyze in term of the relation between destination and market (H0a), then, focus on destination itself (H0b/H0c). Using the framework of the tourism area life cycle (TALC), we found that destinations effectively respond to market trends and they can recover from stagnant growth. We also found that a change in the size and market share (in terms of individual or group visitors) of a destination is not relevant to the change in visitor’s number of the destination.

Keywords: tourism area life cycle (TALC), recovery of destination

INTRODUCTION AND REVIEW OF LITERATURE

Despite the sluggish growth of tourism in mature markets, some destinations experienced significant increases in visitors. After suffering stagnant tourism growth owing to external and the internal factors, these destinations managed to recover from the economic depression. However, some did not manage to recover, contrary to positive projections. While stagnant growth is a temporary but common phenomenon in the tourism industry, any significant, positive changes to a destination at the right time may lead to its recovery. This study examines the factors affecting the recovery and decline of tourist destinations. According to Butler’s (1980) tourism area life cycle (TALC), stagnation is unavoidable in tourism; every destination experiences periods of growth and decline over time in a continuous cycle of exploitation, involvement, development, consolidation, stagnation, decline, and rejuvenation.

Studies have used TALC in numerous ways in the analysis of tourism. First, this framework has been used to analyze the importance of the planning of a destination. While Hovinen (1981) partially agreed to the usefulness of planning, Haywood (1986) essentially argued against it. Meanwhile, Cooper and Jackson (1989) emphasized the effectiveness of descriptive, rather than standard, planning. Second, literature on TALC debated on the existence of multiple life cycles of tourist destinations. Moore and Whitehall (2005), Corak (2006), and Lundgren (2006) mentioned the existence of multiple life cycles based on origin, time, and product, respectively. In addition, Ohashi (2009) stated that TALC denotes multiple life cycles and product life cycles that can be used in developing management strategies for different products.

The study expands on these previous research by examining the management of tourist destinations based on their probabilities for recovery and decline, rather than verifying TALC’s advantages and disadvantages. In particular, this study focuses on three important factors that lead to either the rejuvenation or the decline of destinations in mature markets, investigating the role of the market in the process. First, it examines the response of destinations to market changes in general and changes market size. A change in market size stems from an increase in
visitor motivation, followed by an increase in their visits to destinations. Similarly, a decrease in visitor motivation leads to a decrease in destination visits. Regardless of which circumstances occur, however, every reaction enables destinations to earn more revenues in response to the market changes. Second, this study examines the response of destinations to their size. While a bigger destination can more easily absorb promotion costs, a smaller destination has to choose among its attractions in the allocation of funds. Third, this study analyzes destination response to different patrons. For instance, since group tours have been declining, destinations must decide whether to continue marketing to group tours or to instead attract individual visitors. Based on these issues, the following hypotheses are proposed:

- **H0a:** The $\beta$ (beta = sensitivity to movements in the relevant market) values of the both upward and downward tendencies of destinations are the same.
- **H0b:** The upward tendency of the initial number of visitors of destinations is the same as the downward tendency of the initial number of visitors of destinations.
- **H0c:** The change in the upward tendency of the number of group tours of destinations is the same as the change in the downward tendency of the number of group tours of destinations.

**METHODOLOGY**

To verify these hypotheses, we used exploded data on overnight guests and overnight guest trends for 1997 to 2009 from statistical tables and white papers by the Japan Tourist Bureau (JTB). The data were gathered from hotels that partner with the JTB. On average, there are over 20 million overnight guests in 145 destinations recorded in this research every year. We chose the thirteen-year period from 1997 to 2009 because significant market changes began in 1997. The total number of overnight guests decreased during the first seven years of the study period and increased in the following six years. Despite the annual fluctuations, overall, the total number of overnight guests decreased during the thirteen-year period.

**RESULTS**

First, we considered the 145 destinations in a simple regression analysis, where $X$ represents the year and $Y$ represents the visitors in each destination. We examined the coefficient of each destination and extracted $p < 5\%$. The destinations are then classified into three groups: group A, comprising of those with positive coefficients; group B, comprising of $p > 5\%$; and group C, comprising of those with negative coefficients. The $\beta$ values are calculated for groups A and C; after calculating the average $\beta$ value and performing a t-test for these groups, the first hypothesis, H0a was rejected. Meanwhile, H0b was confirmed by taking the average number of visitors for groups A and C in 1997.

Next, we considered each individual destination in another simple regression analysis, where $X$ pertains to the year and $Y$ pertains to the change ratio in group tours. We examined the coefficients to extract the destinations with $p < 5\%$. H0c was confirmed after performing a t-test for the coefficients of groups A and C (Table1).
Table 1
Group Statistics

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \beta )-value, 1997 to 2009**</td>
<td>A</td>
<td>22</td>
<td>1.5240</td>
<td>1.32493</td>
<td>.28248</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>55</td>
<td>.4996</td>
<td>.71804</td>
<td>.09682</td>
</tr>
<tr>
<td>Number of visitors, 1997</td>
<td>A</td>
<td>22</td>
<td>122.07</td>
<td>160.928</td>
<td>34.310</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>55</td>
<td>113.39</td>
<td>61.366</td>
<td>8.275</td>
</tr>
<tr>
<td>Trend ratio, group visitors, 1997 to 2009</td>
<td>A</td>
<td>14</td>
<td>-.004</td>
<td>.0221</td>
<td>.0059</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>27</td>
<td>-.011</td>
<td>.0067</td>
<td>.0013</td>
</tr>
</tbody>
</table>

Note: ** indicates significance at the 0.01 level (two-tailed)

**CONCLUSION**

The results of our analysis showed that the \( \beta \) value differs, as evidenced by the rejection of \( H_0a \), showing that the increase of visitors in destinations are a result of the increased motivation of visitors to travel rather than the ratio of the increase of visitors in the entire market. In other words, visitors increase in a destination that effectively responds to market trends; while a general market decline may still affect a destination negatively, visitors may still increase if the destination is able to respond to the market well. Meanwhile, our results also showed that a change in the size and market share (in terms of individual or group visitors) of a destination is not relevant to the change in the number visitors of the destination, as evidenced by the confirmation of \( H_0b \) and \( H_0c \). Destinations that are able to respond well to market trends will experience sustained growth in the long term, which means they are significantly driven by market influences. This is probably because the destination is the object of the market’s attention. On the other hand, destinations can adapt to their main target groups in the short term by moving with the market and proactively responding to the needs of the target market during the multiple life cycles. Because there is no significant difference between the growth of the ratio of group tours and the ratio of individual visitors, destinations are affected more by perceptive visitors.

In addition, based on the share of visitors in the 145 destinations for groups A and C in 1997, the ratio of the total number of visitors was almost the same as that of the destinations. For 1997, the share of destination for each group is 22 (15.2%) for group A; 68 (46.9%) for group B; and 55 (37.9%) for group C. While groups A and C had similar sizes in 1997, they differed significantly in 2009, evidencing the convergence of visitor toward popular destinations (Table 2).

Table 2
Ratio of Visitors by Group in 1997 and 2009

<table>
<thead>
<tr>
<th></th>
<th>Group A**</th>
<th>Group B**</th>
<th>Group C**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>15.8%</td>
<td>47.6%</td>
<td>36.7%</td>
</tr>
<tr>
<td>2009</td>
<td>26.3%</td>
<td>50.1%</td>
<td>23.6%</td>
</tr>
</tbody>
</table>

Note: ** Group A indicates groups with positive coefficients, Group B indicates groups with \( p > 5\% \), Group C indicates groups with negative coefficients,
FUTURE RESEARCH

It is possible that people travel to popular destinations through the recommendations of travel agents. To verify this hypothesis, further analyses using more universal data are required. In addition, the mechanisms and characteristics of visitor increase need to be examined using more detailed visitor data. Last, further examinations are also needed to determine whether the fluctuations in visitors are caused by the destinations’ strategic efforts or by the market movement itself.

REFERENCES


