

A Framework for a Destination Reputation Management Process: A case study of three destinations

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Introduction

The thesis to be discussed in this paper is at the middle to late stage of development. Since the 2005 Otago PhD Colloquium I have completed the first stage of data collection and am currently analysing the data from this exploratory stage.

This paper introduces PhD research into communications management in tourism destinations, where it is proposed that in order to manage the reputation of the destinations as a whole, proactive communication and cooperation between stakeholders is necessary. An application of network (Hakansson and Snehota 1995) theory to destinations provides the basis for the discussion of how effective communication facilitates the strategic interaction between relevant industry players and their stakeholders in order to develop a sustainable competitive advantage for the destination. Theories of corporate communications management (Cornelissen 2004; Goodman 2000) and reputation management (Fombrun and Shanley 1990; Fombrun 1996; Fombrun and Van Riel 2004; Greyser 1999) are used as examples of these processes in large corporate organisations. The key argument is that just like large corporate structures, tourism destinations need to communicate effectively, internally and externally. They are socio-economic organizations and their profit objectives need to be well balanced with the social and environmental concerns of stakeholders in order for tourism to be a legitimate method of economic development in regions that are dependent on it (Flagestad and Hope 2001). Therefore, it is necessary to see beyond the business networks that operate at a destination level and open the analysis to the interaction amongst all stakeholders that form parts of the social context in which economic action is embedded. Three comparative cases, Wanaka in New Zealand, Åre in Sweden and St Moritz in Switzerland are examined in two research stages to construct a model of communication dynamics amongst stakeholders within tourism destinations. The thesis aims to provide both theoretical contributions to strategic network management as well as tourism destination management and practical guidance for practitioners who are managing in the context of destination networks.

The paper presented here will briefly introduce the relevant literature and then move on to a more detailed discussion of research propositions and methodological issues, which are presently most relevant to the development of the thesis. No results will be presented in this paper, since the data analysis is still in progress, but first results will be available for presentation at the Colloquium. For this reason, the paper is intended to provide an overview of what has been done so far and how it was done, so that

discussants will be able to understand the results when they are presented. These results will provide the basis for a more detailed second round of data collection.

Literature Review

The literature reviewed for the thesis can be split into two parts. The first discusses destinations as the competitive unit in tourism and introduces network theory as a method of analysing these complex organisations. The second part then presents the theories of corporate communications management and reputation management, which are used in corporations to consistently communicate the organisation's values and ambitions internally and externally. Hence, the first part represents the tool used to understand the dynamics of destinations as complex organisations, while the second part introduces tools that can help destinations communicate more effectively.

Destinations as the competitive unit in tourism

The tourism product is made up of a series of interrelated service experiences; transport, accommodation, entertainment, hospitality and attractions, which combine to make up the 'tourism experience'. These services are generally provided by a mixture of private SMEs and public providers within a destination. The whole destination provides the experience and the individual players are interdependent in providing the tourist with a well rounded experience. Therefore, tourism destinations are seen as the competitive units in the global tourism industry and in order to stay competitive they need to present themselves to the market in a coherent and strategic manner (Bieger and Laesser 2004). Most destinations, unlike corporations, which are built on a hierarchical organisational structure, are characterised by a network or cooperative organisational structure (Bieger and Laesser 2004). Actors must manage the desires of all stakeholders in and surrounding the destination in order to present the destination as one. Since there are many different actors which have stakes in the destination and who might have different expectations in regards to the development of tourism, effective communication between actors is necessary to facilitate the strategic decision making of the destination as a whole.

Lessons from Corporate Communications and Reputation Management

The process of stakeholder management through corporate communications management (Cornelissen 2004) or reputation management (Alessandri 2001; Fombrun 1996; Fombrun and Van Riel 2004; Gotsi and Wilson 2001; Greyser 1999) is promising for tourism destinations. The key argument being that only through open multilateral communications can actors in tourism destinations get close to their various stakeholder groups, both internal and external, and involve them in the strategic decision making process. Tourism destinations are socio-economic organizations and their profit objectives need to be well balanced with the social and environmental concerns of stakeholders in order for tourism to be a legitimate method of economic development in regions that are dependent on it (Flagestad and Hope 2001). Corporate communications or reputation management offers a framework in which stakeholder expectations are managed through thorough internal and external communications programs. It is thought that this framework could also apply to destinations, because the destination, much like the corporation is a competitive unit, made up of smaller interdependent units, which needs to legitimize its operation amongst its stakeholders. The major differences are the ownership structures that underlie a corporation and the network organisational model of a destination. Different levels of centralisation around key players in a destination influence the

ability of the destination to be managed strategically, where more centralised network structures resemble corporations more closely. The thesis aims to discover the organizational dynamics at the destination level that facilitate the development of effective communication programs that legitimize strategic tourism development in the eyes of all stakeholders. A comparison between destinations operating under different organizational structures and in different development stages, adding a time dimension, is thought to give deeper insight into the processes underlying reputation management in destination networks.

Research Proposition

This thesis is concerned with building theory in the area of destination marketing research and focuses on the communication between actors in regards to strategic issues. There are differences in the structure of networked destinations in the literature that are thought to influence the dynamics at the destination (Bieger and Laesser 2004; Flagestad and Hope 2001). The study is exploratory and aims to understand the following research problem:

How do actors manage their strategic communication in different destination structures? And why?

In order to understand the structures effect on communication or vice versa, the organisation of the destination first needs to be understood. In order to understand organising, one first needs to find out who the actors are, what they do and how they do it (Weick, 2001 cited in Von Friedrichs Grangsjø and Gummesson 2006). Therefore, the first research questions for this project are.

Q1: Who are the actors, including stakeholder groups, in each destination?

Q2: What do they do?

Q3: How do they do it?

Since the structure of a destination is thought to change through over time (Butler 1980) and time is an important factor in network dynamics (Hertz and Mattsson 2004), the next questions are concerned with development trends and how the destination has evolved over time.

Q4: How has the destination developed over time? Why has it developed this way?

Since effective communication is thought to provide the framework for effective cooperation and effective strategic reputation management (Cornelissen 2004), it is important to determine what communication takes place within the destinations, how actors communicate and whether they believe communication is important to the strategic success of the destination. The same questions will be asked about cooperation.

Q5: How much communication/cooperation takes place between actors in the destination?

Q6: What form does this communication/cooperation take?

Q7: How important is communication/cooperation to the actors in the destination?

Varying objectives amongst actors in a destination can hinder cooperation in regards to strategic issues and it is important to understand the reasons for differences in these views, since the balance between cooperation and competition is an important balancing act in strategic networks (Von Friedrichs Grangsjö 2003; Von Friedrichs Grangsjö and Gummesson 2006). Therefore it is important to know the different actors views in regards to strategic issues and possible conflicts.

Q8: What strategic issues are facing the destination? And why are they important?

Q9: What conflicts are there at the destination level in regards to these issues? And why?

Methodology

The research is based on the assumptions of the realist paradigm, in that there is only one 'reality' out there, but that, as opposed to positivism, it is only probabilistically measurable (Easton 2005; Perry 1998; Perry et al. 1998). With the purpose of theory building, a case study approach is appropriate as it builds an informed basis for further theory development (Perry 1998; Yin 2003). In the research presented here, the interactive perspective of business relationships that a case-based approach will provide is vital to understanding tourism destination management from the network perspective. Especially since networks are hard to delimit (Jarillo 1995) and by nature are embedded in their context, from which they can not be separated (Hakansson and Snehota 1995). Therefore it is not advisable to try to study them without taking into account their context, the inherent complexity of the phenomenon under investigation and the 'persona' or personalities of the people involved, including both respondents and the researcher himself (Gummesson 2006). These factors are considered throughout the project.

Destinations are the competitive unit in tourism and therefore they also form the unit of analysis for this research project. Individual companies or respondents within the destinations are seen as embedded cases and collectively make up the main cases. For this study, three cases were chosen, because they were believed to cover the theoretical ground and would allow triangulation of findings between them. Initial research, based on preliminary expert consultations and basic internet research, showed that these three destinations differ in their organisational structure, which will make them interesting to compare. Table 1, below, shows the three cases chosen.

Theoretical Dimension	Wanaka, New Zealand	Åre, Sweden	St Moritz, Switzerland
Organisational Structure	Decentralised, no major players	More centralised, two major players	Centralised/Decentralised, consolidation under a very strong RTO

Table 1: Cases chosen, showing their organisational structure

In order to gain insight into as many of the groups that are represented in a destination as possible, preliminary interviews with first contacts and a snowballing technique were used to identify possible groups and representatives of these groups to include in the study. The aim was to speak to people as high up in every group or organisation as possible, as well as multiple people in large organisations, because it was assumed that these people would have a better perception of the macro level dynamics that

occur within their own group and in its conduct with others. Hence, CEOs, chairmen or women, board members, trustees, councillors, directors and other people of high rank were the preferred interviewee from each organisation.

Data collection methods are tools employed by researchers to attempt to come close to the imperfectly 'knowable' reality of what is being studied. In order to gain a rich picture of the dynamic nature of the tourism destinations and ascertain some potential reasons for these, three data collection methods were used. These were in-depth interviews, observation and secondary documents. The use of multiple tools is generally thought to be favourable, as it allows triangulation between the results, to get even closer to the subject matter. The rich data provided by multiple tools allows the generation of theory that is closer to the management reality in the case and allows conclusions to be more readily implemented by practitioners (Gummesson 2000).

Both 'in case' and 'cross case' analysis will be conducted on the data, in order to determine differences and/or similarities between the various respondents within cases as well as between cases. The analysis will be conducted using tables to show the individual respondents views in regards to the issues under discussion as well as new issues raised by the respondents. These will then be categorised and compiled to provide a rich picture of the destinations under study. The analysis of this first exploratory stage of research will allow the development of a more detailed protocol for a second confirmatory round of research (Carson et al. 2001).

Results

Since data collection is still in progress, no results are included here. Instead, preliminary results will be presented at the Colloquium.

Conclusion

The main contribution to theory will be a model of how communication occurs amongst the various stakeholder groups within the destinations and how they cooperate with one another in regards to strategic decisions. The application of corporate communications and corporate reputation management principles to destinations will allow some findings to be applied to other types of networked structures. This will contribute to the network literature in general, since it is not only tourism destinations that need to coordinate or manage their various stakeholder groups in order to develop and advance their objectives. The second round of testing for the model will help to solidify the findings and to make more specific recommendations for further research in this area, but a theory testing stage in other destinations will be necessary to test the model's generalisability.

The management of destinations characterized by the community/network model has been hotly debated in the literature and any development of theory or insight into the workings of these destinations should benefit managers of or in these destinations. Education and skills of managers in these destinations is lacking and this is holding back the economic development of regions dependent on tourism (Pechlaner and Tschurtschenthaler 2003). Hence, the development of solid theory to guide the training and education of practitioners in the industry is essential to realise the potential of tourism around the world. This study will give managers in tourism destinations, or anyone involved in tourism or regional planning, an understanding of how important communication and cooperation between stakeholder groups is in

facilitating regional developments, when there might be conflicting interests or agendas. Recommendations on how to foster this communication and deal with conflicts are intended.

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