

Dynamisation of governance approaches in destination management by leadership elements: the case of Cyprus

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Introduction

Tourism CY

Findings

Conclusion

From Fordist to post-Fordist production schemes

- **Fordist period:** marked by standardised products created efficiently in large quantities (Economies of Scale)
- Tourism offer in the second half of the 20th century focused on low-cost standardised products
 - monopolistic structures a small number of tour operators dominating
 - integrated trusts (including transportation and accommodation)
- **Mediterranean:** greatest global concentration of tourism activities generating around a quarter of global revenue from tourism
 - => prototype of Fordist production scheme
 - Standardised hotels along the coastline for uniform beach tourism dominated the development in the last decades of the 20th century
 - Beach tourism a simple and standardised product
 - Individual stakeholders were able to deliver the whole product along the touristic service chain (distribution, transport, accommodation, restaurant and activities)
 - Cooperation in Mediterranean beach tourism was generally limited

From Fordist to post-Fordist production schemes

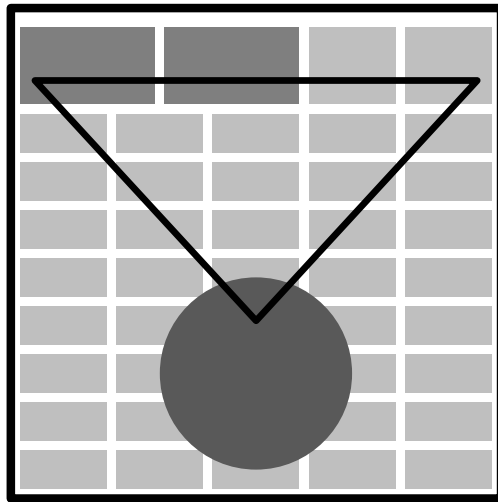
- Role of destination marketing organisations (**DMOs**) was usually rather limited.
 - promoting the respective destination with a superficial image.
 - not involved in the operational business
 - strategic functions were limited
- ⇒ governance requirements were limited
- Late 20th century: **post-Fordism** as production and consumption scheme gaining importance
 - production more flexible
 - importance of interaction plays a larger role . “economies of scope”
 - networks play a much larger role
- Differentiated consumption patterns as main motive for the change from Fordist to post-Fordist production schemes
 - => broader, more individualised range of products and services
- Internet facilitating commercialisation of products from the Long Tail

From Fordist to post-Fordist production schemes

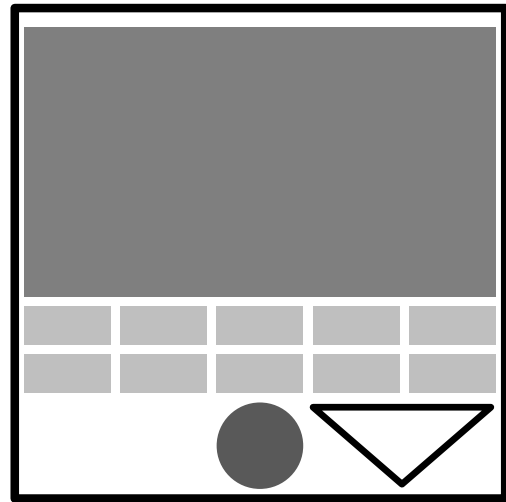
- New lifestyle groups demand differentiated products (such as wellness, cycling, hiking, nature-based offers)
- Customer segmentation and products for smaller target groups in search of specific experiences became much more important.
- Today, customers are often actively involved in the production of their “flow” experiences increasingly changing their role from traditional consumers to active “prosumers”
- Linking post-Fordism and post-modernity
- The post-modern tourist seeks authentic experiences
- Hybrid forms of vacation with merged elements of cultural, sport or wellness tourism (often rounded off by culinary arts)
- Production side: different stakeholders have to be involved
- Interaction and cooperation are increasingly becoming the key factor
- Role of DMOs is changing significantly (moderators and mediators in the product development process)

Typology of Governance-Structures

COMMUNITY MODEL



CORPORATE MODEL



 Ski corporation

 Independent operator

 Local government

 Local Tourist Board

Source: Own design following FLAGESTAD & HOPE 2001, p. 452

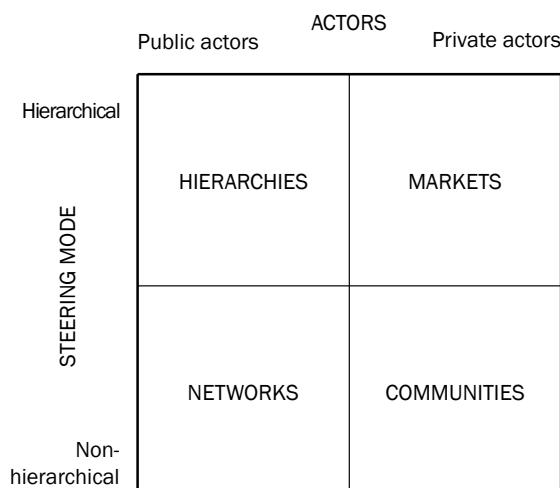
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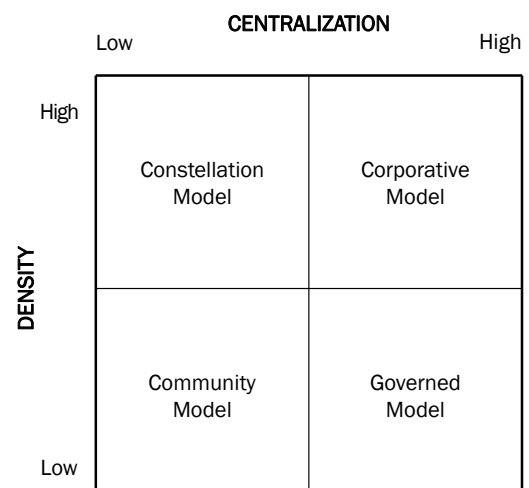
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Typology of Governance-Structures

Steering Mode and Actors (HALL)



Centralisation and Density of interaction (BODEGA, CIOCCARELLI & DENICOLA)



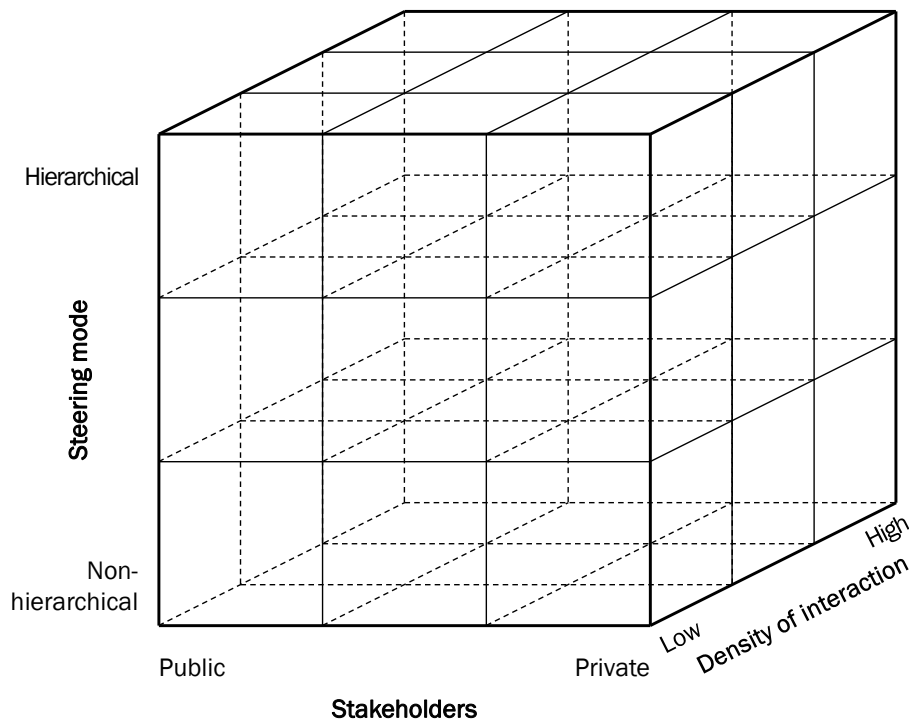
Source: Own design following HALL 2011, p. 443 and BODEGA et al. 2004, p. 17

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Typology of Governance-Structures



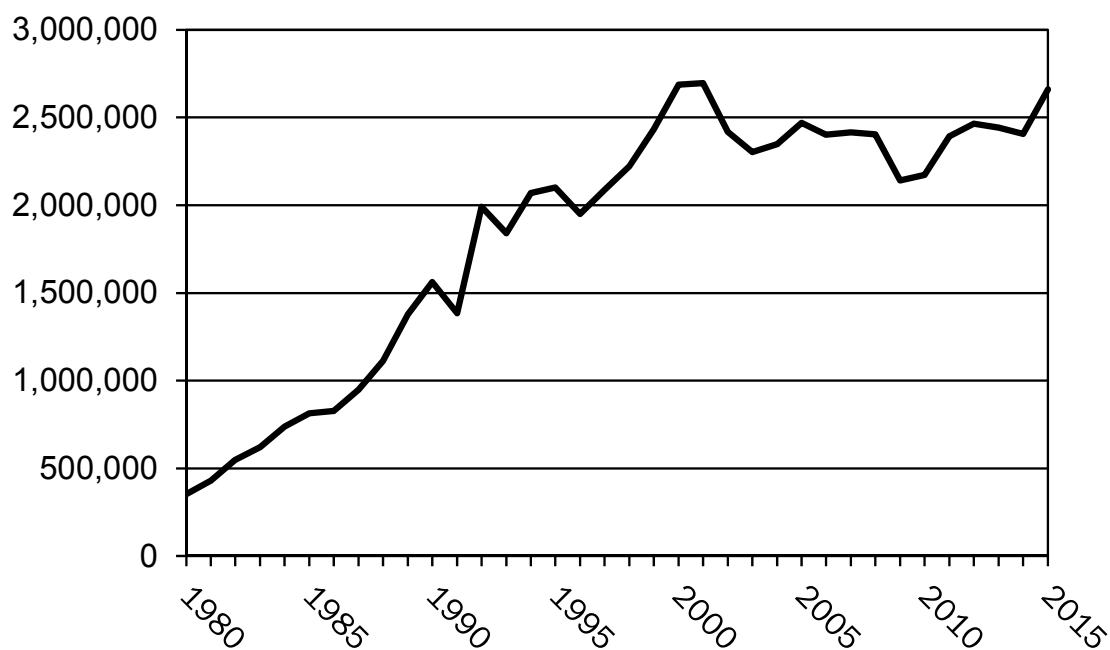
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Source: Own design
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Cyprus in the stagnation phase of its beach tourism life cycle

Arrivals of tourist in the Republic of Cyprus from 1980 to 2015

Source: Own design using data from www.mof.gov.cy 2016

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Stagnation of Fordist product



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Source: authors own photos

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Strategic Plan for Tourism 2000-2010

- Should mark a turnaround of this Fordist top-down approach
- Part of the repositioning strategy
- Clear orientation towards regional governance approaches was declared:

“Within the framework of Cyprus repositioning strategy each region will be called upon to prepare its own Regional Strategy. Each region will have its own vision regarding its tourist growth and will focus on developing the right product to fit the needs of market segments it will choose to target” (CTO, 2000, p. 7).

Cyprus tourism map



Source: Author's design based on: www.mapsfordesign.com

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Rural ... cultural ... natural ... tourism



Source: authors own photos

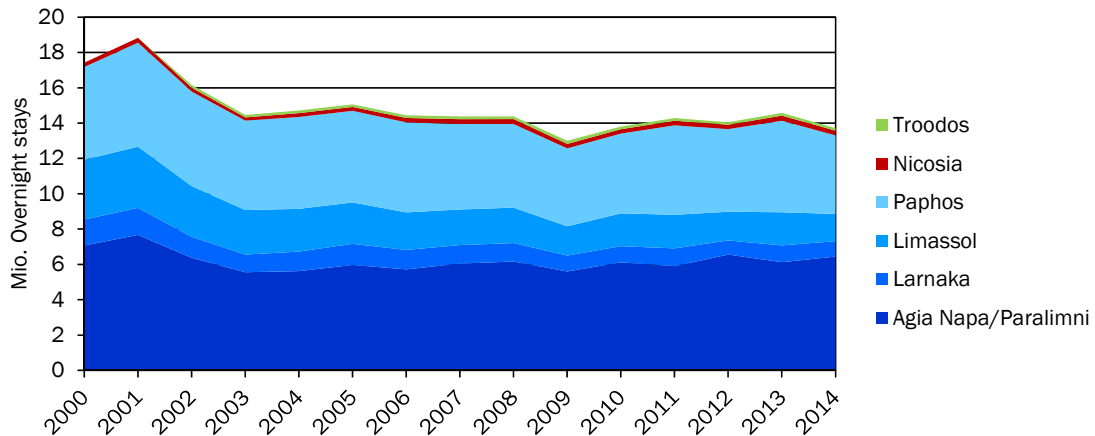
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Cyprus in the stagnation phase of its beach tourism life cycle

Overnight stays in different regional destinations



Source: Own design using data from www.mof.gov.cy 2016

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Cyprus tourism map



Source: Author's design based on: www.mapsfordesign.com

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Identification of the core constraints

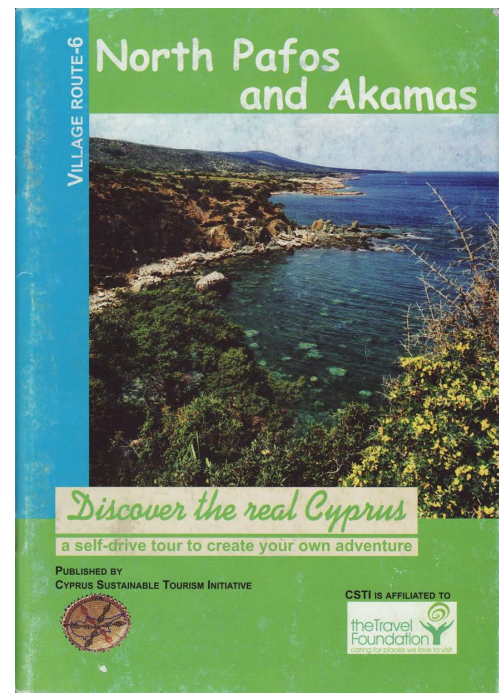
- Delimitations of regional destinations perpetuating the dependency of the hinterland

Wine Routes



CSTI: Discover the real Cyprus (Village routes)

1. Limassol District
2. Larnaka (Orini) District
3. Famagusta District (Red Earth and Windmills)
4. Troodos Green Heart of Cyprus
5. Pitsilia
6. North Pafos and Akamas

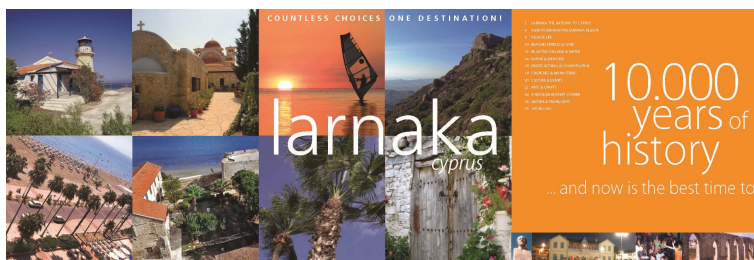


Identification of the core constraints

- Delimitations of regional destinations perpetuating the dependency of the hinterland
- Incomplete, partial decentralisation

Incomplete, partial decentralisation

- Six regional boards initiated by the CTO since 2002
 - Regional strategy studies commissioned (financed) by the CTO
 - No substantial own funding for the regional tourism boards
 - About 10,000 € for material expenses from the CTO
 - Regional tourism brochures still published by the CTO
 - Local tourist information offices still run by the CTO
- => Perpetuation of the centralised approach



Source: CTO

Identification of the core constraints

- Delimitations of regional destinations perpetuating the dependency of the hinterland
- Incomplete, partial decentralisation
- Dominance of SMEs in the hinterland with low level of professionalism

Dominance of SMEs in the hinterland with low level of professionalism

- Most of the stakeholders who run the tavernas, guest houses, craft-shops and activity-oriented agencies hold small-scale, family-run enterprises that sometimes lack the competencies (Peters, 2005) required for providing sophisticated post-Fordist products.
- The regional core competencies (Pechlaner *et al.*, 2006b) have only been developed to a small extent.
- Regarding stakeholders' strategic orientations, most can be described as "defenders" and "reactors".
- Avci *et al.* (2011) consider these types of stakeholder to be typical of developing countries.
- Occupancy rates of about 15 per cent (Kaufmann *et al.*, 2012, p. 269) = weak performance of rural tourism accommodation facilities
- Booking platform by the CTO, but without any further option for activities (www.agrotourism.com.cy)

Source: CTO

Identification of the core constraints

- Delimitations of regional destinations perpetuating the dependency of the hinterland
- Incomplete, partial decentralisation
- Dominance of SMEs in the hinterland with low level of professionalism
- Isolated actions by potential leaders

The role of potential leaders

- Regional tourism boards only partially assume the role of leaders
- SMTE incapable of organising themselves
- Can “prospectors” and “analysers” (Avci *et al.*, 2011) be identified which could play a crucial role as innovation motors ?

Source: CTO

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Innovative stakeholders as possible leaders?



Cyprus Villages at Tochni
(www.cyprusvillages.com.cy)



Ayii Anargyri Hotel in Miliou
(www.aasparesort.com)



Library-Hotel in
Kalavassos
(libraryhotelcyprus.com)



Source: authors own photos

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The role of potential leaders

Expert interviews with the owners or managers of these enterprises

- They do not cooperate with the regional tourism bodies.
- Explicitly distance themselves from regional tourism development activities and develop their products independently.
- Rely on their own ability to promote their products.
- Succeeded in developing a niche in the tourism market
- Do not want their USP to be disseminated throughout the region
- Organisational distance from regional and national structures is explained by the structural deficits and weak consideration of (post-Fordist) products
- See no advantage in cooperating as long as the structural conditions remain the same.
- Lack of potential win-win situations is the main reason why they act independently

Conclusion

- Top-down approach applied by the responsible public body at the national level is only partly facilitating the development of self-organised regional structures
- Dominant private stakeholders – representing the traditional sun-and-sea segment – not willing or capable of assuming a leadership role in the reorientation process
- Providers of new innovative products are often too small and poorly organised to achieve competitive product quality and to gain market access
- Innovative stakeholders who have the capacity to invest in new products independently and to gain market access are acting in an isolated fashion.
- So they fail to act as innovative entrepreneurs who could lead the destination's restructuring process.
- Leadership approaches do not develop by themselves.
- If DMOs are unable to assume the leadership role on their own, requiring masterminds from the private sector to implement leadership-based strategies, adequate destination management structures are an indispensable precondition.