Collaboration and Alliances in Tourism Development and Marketing

Nor‘ain Othman, Alan A. Lew

Abstract

Studies on alliances, partnerships and networks have been based upon a number of different theoretical approaches that mainly focus on multinational businesses and the distribution channels of manufacturing companies. However, there has been an ongoing interest in the study of alliances and networks in the field of tourism. A review of the alliance models, together with other studies related to alliances, partnership and inter-organisational relationships identified some of the major issues that the framework proposed in this chapter seeks to address. A tourism alliance development framework is proposed to provide a better understanding for tourism managers as to the processes involved in building cooperative organisations to enhance business strategies and to gain a shared competitive advantage and added value for a destination. Trust, commitment and cooperation are the behavioural characteristics that alliance partners must maintain to ensure the stability and longevity of the working relationships.

Zusammenfassung

Zusammenarbeit und Bündnisse in touristischer Entwicklung und Marketing


Dr. Nor‘ain Othman
Univrsiti Teknologi MARA (UiTM)
Faculty of Hotel and Tourism Management
40450 Shah Alam
Selangor, Malaysia
norain568@salam.uitm.edu.my

Prof. Dr. Alan A. Lew, AICP
Northern Arizona University
Department of Geography, Planning and Recreation
Flagstaff
Arizona 86011-5016, USA
alan.lew@nau.edu
1. Introduction

Alliances are a fact of life in business today and strategic alliances are a well-known tool used by multinational business managers (Mockler 1999; Othman 2007). Business alliances are inter-organisational cooperative strategies designed to achieve specific goals through the pooling of skills and resources among alliance partners (Varadarajan and Cunningham 1995). Business alliances, in the modern use of the concept, started to be established as early as in 1970s in the U.S., UK, Canada, France, Germany, Hong Kong and Japan, as a way for companies to meet the challenges and uncertainties of the business environment (Kanter 1994; Collins and Doorley 1991). According to Faulkner and de Rond (2000), alliances serve as an umbrella for cooperative relationships in business organisations in the areas of marketing, strategic management, international business and industrial organisations. Firms are embedded in a network of relationships through collaborations, alliances, joint ventures, acquisitions, and franchising.

The studies of alliances, network and cooperative strategies has been approached from several different theoretical perspectives, focussing primarily on their economic and organisational viewpoints. All of these, however, broadly define collaborative efforts between two or more firms in which the firms pool their resources in an effort to achieve mutually compatible goals that they could not achieve easily alone. Such relationships are strategic and reciprocal with common, long-term strategies aimed at a competitive advantage and organised along horizontal and vertical lines, while maintaining separate company ideologies and identities (Perlmutter and Heenan 1986). Alliances can take many different forms, including intra and inter-organisational relationships between buyers and sellers, suppliers and retailers, competitors and non-profit organisations, and between business units and employees (Morgan and Hunt 1994; Yoshino and Rangan 1995).

Research on business alliances has placed them in the context of social network theory, including a combination of resource dependence perspectives and social exchange theory. Cooperation between organisations is, therefore, based on an implied open-ended contract and social relationship bonding (Faulkner and de Rond 2000). Research in cooperative strategies and alliances needs to go beyond dyadic contract exchanges and focus more on key issues from a network perspective, including the motives of alliance formation, governance structure, the evolution of alliances, alliance performance, and performance consequences for firms entering alliances.

In the field of tourism, researchers have discussed at length the need for tourism organisations to collaborate and participate in the areas of tourism planning and development, marketing and information technology. There are many driving forces that encourage tourism organisations to collaborate and form alliances, including the emerging knowledge-based economy, global market uncertainties, terrorism and other political instabilities, disease epidemics and natural disasters, and increasing competitive pressures. Internal business motivations include factors such as lack of funds, risk sharing, opportunities for business growth, increased access to target markets and economies of scale. Because the tourism industry encompasses a range of complex networks and participants, tourism businesses need to be proactive to respond to the pace of change and the range of challenges they face (Leiper 1991; Cooper et al. 1998; Holloway 1998).

Past studies on alliances and network relationships have focused on the business side of tourism, including the airline industry, hotels and tour operating sectors, restaurants, tourist destinations, events and recreational parks (Bhals 2000; Evans 2001; Fyall et al. 2000; Strate and Rappole 1997; Selin and Chavez 1995). By contrast, government and NGO involvement in collaborations and partnerships have been examined in relation to the planning and development for sustainable tourism (Bramwell and Lane 2000) and the development of arts and creative industries (van Heur 2010). Tourism researchers have also developed classifications and types of partnerships (Timothy 1998; Waddock 1991), the characteristics involved in alliances (Palmer and Bejour 1995), a model of tourism partnership evolution (Selin and Chavez 1995), and the degrees of integration in alliances (Bhals and Laws 2001).

Most of the tourism researches on strategic alliances have not been in-depth and sufficiently extensive to satisfactorily explain the idiosyncrasies
and distinctiveness of alliances and network relationships. In particular, there is a scarcity of studies on the specific characteristics of alliances formed for marketing purposes in tourism, which is a common form of public-private collaboration in tourism destinations. This paper seeks to more specifically define the idea of strategic relationships and related concepts in tourism, and to suggest a framework for their analysis.

2. Alliances and Networks: Definitional Issues

Strategic partnerships or alliances are a form of inter-organisational co-operation. The term is often used interchangeably with a variety of others, including symbiotic marketing, business alliances, strategic partnerships, strategic networks, inter-organisational linkages, inter-firm cooperation, collaborative agreements, quasi-integration strategies, cooperative strategies, coalition strategies, collective strategies and corporate linkages (Crawf et al. 1993; Ohmae 1989; Sheth and Parvatiyar 1992). The term has also been applied to business alliances such as joint ventures, research and development consortia, cross-licensing, cross-distribution, franchising, cross-marketing and buying groups (Ohmae 1989; Parkhe 1991), though others (Sheth and Parvatiyar 1992) have criticised the use of strategic alliance for these more narrow business practices.

The concept of strategic alliances is actually borrowed from military science and political science where it refers to a formal association of sovereign states and their use of military force against other sovereign states (Snyder 1991). This has given an emphasis on competition in the business use of strategic alliances (Sheth and Parvatiyar 1992), although both competitive alliances (between competitors) and collaborative alliances (between non-competitors) have been identified (Yoshino and Rangan 1995).

For our purposes, strategic alliances are defined as voluntary arrangements between two or more organisations that agree to cooperate in a selected project or program with a wide range of motives and goals over a specific period of time. The organisations involved manage, operate and control the joint project either formally or mutually in order to gain benefits from the synergistic opportunities. In essence, we take a broad definition of strategic alliances as collaborative efforts in which the firms pool their resources in an effort to achieve mutually compatible goals that they could not achieve easily alone (Day 1995; Varadarajan and Cunningham 1995). The key characteristics of such alliances include (Faulkner 1995; Hakansson and Sharma 1996; Gulati 1998):

- Two or more companies sharing a common, cooperative, long-term arrangement aimed at competitive advantages;
- A relationship that is substantial and reciprocal with a common orientation or mission, each partner possesses specific strengths that they are prepared to share with their alliance colleagues;
- A relationship that is organised along horizontal and vertical flows and linkages, and which may include resource pooling, shared governance structures, technology exchanges, co-development of products, and other ‘soft’ combinations; and
- The participating companies retain their national and ideological identities, and continue to compete in a non-alliance way in those markets excluded from the partnership.

Strategic alliances may range from formalised inter-organisational relationships such as consortia and contractual agreements (involving joint research effort, joint marketing and technology sharing) to very loose and opportunistic arrangements of cooperation, such as a joint promotion for a specific period of time. This is sometimes phrased as the degree to which a strategic alliance is an agreement or a relationship between organisations. Agreements between firms are usually in the form of a contract that specifies the rules and regulation, responsibilities, processes and benefits for each partner (Go and Hedges 1995; Glaister and Buckley 1996). Relationships, on the other hand, are in the form of relationship between partners, working closely within a specific time (Mockler 1999). Dev and Klein (1993) categorise the relationship as similar to a ‘one-night stand’ or ‘an affair’ that is not formal in a legal way, whereas an agreement is more like a ‘marriage’ that is sanctioned by the state. This difference is usually seen
in the governance structure of a strategic alliance. A strategic agreement has a rigid and formal approach that puts the emphasis on the legal contract that outlines the process, contribution and benefit of the alliance partners. A strategic relationship, on the other hand, goes beyond dyadic legal structure, and involves an organisational behaviour of trust, commitment, communication and cooperation (Zajac 1998). No matter how formal or informal the alliance is, each partner should maintain their individual identity and remain independent in the formation and implementation of the strategic alliance (Mockler 1999).

Partners in alliances share control, administration, authority, costs, information, risk and rewards. On the other hand, alliance is formed to pool, exchange, integrate and combine resources of each partner to achieve certain goals (Morrison 1994). The goals and objectives are the outcomes that alliance partners work towards achieving and which are agreed upon by all partners for alliance to be successful. There are several external factors that drive organisation to form alliances, including to gain competitive advantages in response to the challenges of globalisation and technological changes, a desire to better integrate markets (vertically, horizontally or both), to address the high cost of research and development (Collins and Doorley 1991; Ohmae 1989). Corporate objectives and visions may also include strategic, tactical and operational objectives. Sheth and Parvatiyar (1992) suggested that alliances may be formed for one or more of four strategic purposes (growth opportunity, diversification, strategic intent and protection against external threat) and four operational purposes (asset utilisation, resources efficiency, enhancement of core competence, and bridging of the performance gap).

Hakansson and Sharma (1996), on the other hand, summarized three reasons that drive businesses to seek out strategic alliances:

(a) One business identifies shared goals with another business that offers opportunities for collaboration, rather than competition.

(b) A business intentionally searches for an appropriate strategic alliance partner who will provide skills or utilities that it is lacking, for example, international functions may be outsourced to a partner with better developed linkages; and

(c) A business may enter into an open negotiation process with the counterpart firm to explore possible ways to formulate strategic alliances.

The goals and objectives of an alliance can also be seen in the way that the partnership functions. Several researchers have suggested that relationships and networks between businesses may be characterized as (Dwyer et al. 1987; Morgan and Hunt 1994):

- Buyer partnerships between different levels of intermediate buyers and resellers;
- Supplier partnerships, including both goods and services;
- Lateral partnerships with competitors, not-for-profit organisations and governments; and
- Internal partnerships among the various units, functional departments and employees within a firm.

Strategic alliances can also be examined from network perspective. Networks are usually considered much more broadly than most alliances, consisting of multinational corporations, industrial clusters, national economic systems and social networks (Achirol 1997), though it has been suggested that a long-term alliance can lead to a network. Iacobucci and Zerrillo (1996) defined a network as an interpersonal connection and integration of social and business relationships that involves a collection of actors (e.g., persons, departments, firms, countries), and their structural connections (e.g., social, communication, financial, strategic or business alliance). Iacobucci and Easton (1996) have suggested ten different approaches to network research, including (1) social networks, (2) inter-organisational theory, (3) actor-network theory, (4) networks of innovators, (5) networks of organisations, (6) policy networks, (7) networks in economic geography, (8) comparative studies, (9) entrepreneurship studies and (10) industrial networks.

Social networks are networks where relational ties develop within a social context, such as interpersonal liking, respect and the pattern of communication (Gulati 1998), and are particularly important in the creation of a strategic business alliance. Social network theories related to strategic management and organisational theory help us to understand how network factors can influence the behaviour and performance of firms. As Gulati points out (1998, p. 295),
‘... it is important to recognise that although strategic alliances are essentially dyadic exchanges, key precursors, processes, and outcomes associated with them can be defined and shaped by the social networks within which most firms are embedded.’

Network theory, for example, provides insight into our understanding of markets as networks of relationship between firms (Iacobucci and Zerillo 1996). Markets have traditionally been studied as the relationship between buyers and sellers (Easton and Hakansson 1996; Gronroos 1997). However, when additional parties become involved, the network they form instantly becomes more complicated and complex, involving inter-organisational behaviour at different levels and perspectives, including actors (individual firms), dyads (two partner firms, such as manufacturer and distributor), groups (three or more interacting firms), and complex networks (larger groups).

In summary, most strategic alliances and networks involve the participation of entities that deal with the exchange of technologies, the purchasing cross equity, the transfers of skills and know-how, and joint ownership of facilities and operations. While these activities often occur at the multinational level, strategic alliances can also be a business strategy for small and medium sized businesses through networks of partners seeking domestic efficiency in the development of products and services for both local and global distribution (Go and Appelman 2001). In service sectors, such as tourism, strategic alliances are seen as a collaboration of the partners to formulate a tender, bid jointly and work together to produce the service with an objective of sharing risks, creating economies of scale, and gaining access to knowledge and expertise of partners (O’Farrell and Wood 1999). Introducing the social network concept to the study of strategic alliances can provide a valuable insight in viewing alliances as entities that provide a unique arena in which action and structure are closely interconnected and the dynamic co-evolution can be examined (Gulati 1998).

The concept of strategic alliances has served as an ‘umbrella’ label for all cooperative relationships involving business organisations in the areas of marketing, strategic management, international business and industrial organisations. In their summary of theoretical perspectives in research on business cooperation, Faulkner and de Rond (2000) indentified all of the following theories:

- Transaction cost economics
- Marketing
- Network relationships
- Game theory
- Development processes
- Strategic management
- Ethics
- Firm internationalisation

Understanding alliances and cooperative strategies from various theoretical perspectives gives a more meaningful and comprehensive understanding of the concept of strategic alliances and interfirm networks (Sydow and Windeler 1998). In fact, no single theoretical framework is able to provide a comprehensive and sufficient explanation to the concept, form and function of alliance formation in the tourism sector. Most of the theories concentrate on long-standing collaboration between large commercial companies, such as financial institutions, automotive manufacturers, semiconductor makers, and pharmaceutical and biotech firms. There has been very little empirical research focusing on alliance activities among tourism organisations, such as among National Tourism Organisations (NTO), destination marketing organisations (DMO), tourism associations, government agencies, airlines, and event organisers.

3. Motivations for Alliances and Networks in the Tourism Industry

The importance of partnership and collaborative alliances between tourism organisations in areas of tourism planning and development, marketing and information technology has been recognized by tourism policy makers, practitioner and researchers (Bhat and Milne 2011; Fyall et al. 2000; Long 2000). The need for tourism organisations to collaborate and participate in collective decision making is frequently raised in response to the equally recognized fragmentation of interest and lack of cohesion in such a multi-sectoral industry (Cooper et al. 1998; Gunn 1994; Long 2000; Crotts and Andibo 2001; Fyall et al. 2000). In addition to the tourism as a whole, research on strategic alliances have specifically focused on different tourism-related
functions, including: airlines, hotel and tour operators, restaurants, tourist destinations, recreational parks, and theme parks. There have also been studies on the role of strategic alliances and partnerships in tourism planning and development, and sustainable tourism (Bramwell and Lane 2000; Long 2000).

A number of studies have identified some of the driving forces in the alliance formations and inter-organisation collaborations within the travel and hospitality industry (Bhalis 2000; Bennett 1997; Go and Appelman 2001; Morley 2003). For example, in a strategic analysis of airline alliances, key external drivers have included the information and technology revolution and global competition leading to economic restructuring, while the major internal drivers have included risk sharing, developing economies of scale, scope and learning, and mutual access to assets, resources and competencies (Evans 2001). More broadly, Long (2000) highlighted the factors that have lead to formal collaborative arrangements in tourism development in general as including an increased recognition of global, national and local inter-dependencies, a blurring of boundaries between government and business, an increasing call to include stakeholders in sustainable tourism development and a desire to leverage combined resources among collaborating organisations.

The impact of globalisation has changed the nature of international tourism. The expansion of tourism worldwide has been due to population growth, increasing affluence in many countries, the expansion and diversification of travel motivations and expectations, information and communication technology advances, fierce competition between the increasing number of tourist destinations, and the deregulation of national economies. Strategic alliances among complementary partners can better achieve economies of scale to address the challenges of globalization (Bennett 1997; Palmer and Bejour 1995).

The airline industry provides a good example of how major players in tourism have achieved this. Collaborative arrangements among airlines were dated back in 1944 to the Chicago Convention, where a joint approach to resources, information and regulation was created through the International Civil Aviation Organisation (ICAO) and the International Air Transport Association (IATA) (Bennett 1997; Evans 2001). In response to airline deregulation in the 1980s and 1990s, airlines began to forge strategic marketing alliances to give them access to a more global market. Examples of major alliances that were created at this time include: OneWorld, Star Alliance and Northwest/KLM (Evans 2001). Alliances in the airline industry have, therefore, covered a broad range of goals and objectives, including cross-shareholdings (e.g. equity stakes and non-equity alliances), shared airport facilities and connection improvements, reciprocity in frequent flyer programs, freight coordination, and cooperative marketing.

Although alliances are often seen as a solution to globalization challenges by providing a strategy that offers strong synergistic opportunities to participating firms, the failure rate of alliances is high (Bleeke and Ernst 1995). It is also evident that there are various types of collaborative arrangements in the travel industry, though there is a lack of statistical data on the success or failure of tourism industry alliances (Evans et al. 2003). Barriers to cooperation include legal and regulatory traditions that discourage potentially monopolistic activities and competitive confusion particularly at the destination level (Long 2000; Fylla et al. 2000). This confusion includes a lack of trust due to the competitive nature of private sector tourism operators, the complexity of the tourism system and product, an unwillingness to release control, bureaucratic inertia in the public sector and a general slowness in learning new management skills (Tab. 1). All of these issues have resulted in a tourism industry that is highly fragmented with jurisdictional boundaries, ideological disputes, and different work culture, especially between the public and private organisations (Palmer 1998). To overcome these barriers and reduce the rate of alliance failures, organisations have to undergo a thorough process of strategy development, partner search, negotiation, and the efficiency in managing the alliance operation (Crotts and Wilson 1995).

4. Types of Alliances and Networks in the Travel and Tourism Industry

It is a challenging task to classify alliances into particular types or forms of collaborative agreement between the tourist organisations. Some of the factors that shape the type and structure of an alliance
<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
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<tbody>
<tr>
<td>Collaboration offers:</td>
<td>Collaboration can result in:</td>
</tr>
<tr>
<td>• a more effective and efficient means of developing tourism</td>
<td>• fear amongst stakeholders of losing control over the planning and development domain</td>
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<tr>
<td>• an alternative to uneconomic and inefficient ‘free market’ solutions</td>
<td>• unfamiliarity among stakeholders which can involve the switching of resources to more familiar ‘safer’ strategies</td>
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<tr>
<td>• a ‘vehicle’ for the natural congruence of objectives between public/private sector stakeholders</td>
<td>• mutual suspicion and ill-feeling among stakeholders if they are competing with each other for other sources of funds, i.e. EU</td>
</tr>
<tr>
<td>• an opportunity for stakeholders to advance shared visions</td>
<td>• inertia due to the inherent dynamic tension between competitive and collaborative forces in the tourism system</td>
</tr>
<tr>
<td>• mutual benefits among stakeholders to be derived from the exchange/pooling of resources (time, finance and expertise)</td>
<td>• general concern over a perceived loss of control over decision-making among stakeholders</td>
</tr>
<tr>
<td>• the opportunity to spread the cost of new technologies, new innovations and promotional expenditure</td>
<td>• general scepticism of too many stakeholders being involved to achieve an adequate outcome</td>
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<tr>
<td>• the reduction/avoidance of unnecessary conflict in the wider tourism system</td>
<td>• unhealthy competition with non-collaborating ‘honeypot’ destinations</td>
</tr>
<tr>
<td>• a chance to achieve a greater degree of environmental and sociocultural sustainability</td>
<td>• some stakeholders sensing a greater loss of control</td>
</tr>
<tr>
<td>• the opportunity for the private sector to allay fears of achieving a desired rate of return from a tourism development</td>
<td>• ideological/cultural conflict between the public/private sector stakeholders</td>
</tr>
<tr>
<td>• the chance for all stakeholders to reduce risk and uncertainty</td>
<td>• non-achievement as a consequences of limited time, finance and expertise</td>
</tr>
<tr>
<td>• the opportunity to improve the communication of tourism packages to prospective tourists which require complex distribution channels</td>
<td></td>
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<tr>
<td>• more effective representation for some stakeholders</td>
<td></td>
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<tr>
<td>• an opportunity for all stakeholders to raise their profile, embark on joint-marketing activities, benefit from joint-research and participate in discussion forums.</td>
<td></td>
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</tbody>
</table>

Tab. 1: Advantages and disadvantages of collaborations (Source: Adapted from Fyall et al. 2000; Long 2000)

Partnerships for tourism development often aim at bridging the gap between the private sector and local communities. These, however, have different levels of depth and complexity, ranging from long-term and comprehensive systematic partnerships to more short term programmatic and project partnerships (Tab. 2). They may also include collaborative projects or joint programmes. An example of such a partnership is the Joint London Tourism Forum in the UK that brought together public and private sectors across the city to provide guidance, coordination and lobbying in support of the Lon-
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don Tourist Board’s strategy (LONG 2000). Programmatic or project partnerships, on the other hand, are technical or operational and involve a contractual relationship between a few partners for a specific project over a short-term. Such partnerships are, for example, brought together to coordinate themed festival events in cities, such as the European Cultural Capitals programmes (LONG 2000).

TIMOTHY (2000) suggested four types of partnership in planning sustainable tourism in a cross-border partnership among three international parks along the U.S.-Canada border (Fig. 1). His study focussed on the coordination of management, infrastructure development, human resources, conservation, promotion, and international and local-level border concessions and treaty waivers of the parks. In private-public partnerships, the public sector depends on private investors to provide services and to finance the construction of tourist facilities and, on the other hand, private tourism projects require government approval, support and infrastructure development (TIMOTHY 1998). Cooperation between government agencies and private sectors in tourism development is essential to ensure that the project runs smoothly, to avoid misunderstanding and conflict, to reduce the redundancy of work, and avoid duplication of research and development projects. Furthermore, for the project to be successful, there must be coordinated efforts between two or more levels of administration (nation, state, province, district, county, municipality), particularly when each level is responsible for different elements of the tourism system. Finally, partnerships between same-level polities are particularly important when natural and cultural resources lie across political boundaries. This can help prevent the over-utilisation or under-utilisation of resources and eliminate some of economic, social and environmental imbalances that commonly occur.

Many researchers have established the importance and widespread formation of strategic alliances for the airline industry (EVANS 2001; MORLEY 2003; WEBER 2002). Global airline alliances, such as OneWorld and Star Alliance, are a relatively recent phenomenon. MORLEY (2003) compared the types of alliances within the airline industry and found that they ranged from a loose to formal, and included tactical, strategic, complementary to parallel alliances.

<table>
<thead>
<tr>
<th>Nature and focus of partnership</th>
<th>Systematic</th>
<th>Programmatic</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usually informal arrangements to promote destination and/or tourism as an industry</td>
<td>Usually time-limited, but renewable partnerships that aim to develop and implement a tourism development program</td>
<td>Partnerships established for the purpose of devising and implementing a specific project</td>
<td></td>
</tr>
<tr>
<td>National and regional level advisory groups</td>
<td>Local and regional tourism initiatives</td>
<td>Visitor and traffic management initiatives</td>
<td></td>
</tr>
<tr>
<td>Senior management from the tourism industry</td>
<td>Local and regional planners, politicians, businesses and communities</td>
<td>Specialist managers and steering groups</td>
<td></td>
</tr>
</tbody>
</table>

Tab. 2: A classification of tourism partnerships (Source: Adapted from WADDOCK 1991; LONG 2000)
Others have categorised tourism industry alliances into opportunistic, tactical and strategic relationships (Bennett 1997; Garnham 1996). An opportunistic alliance is a short-term relationship in which each party is satisfied through a clearly defined set of expectations and no commitments in the relationship. The most common types of opportunistic alliances in terms of marketing are joint promotions and joint advertising with other businesses. Tactical alliance is a medium-term relationship that has a certain degree of sharing and self-protection amongst the partners within a limited duration of time. The collaboration is in a loose form to gain marketing benefits. An example is the frequent-flyer programme between hotels and airlines or cross-equity stakes. The third category is a strategic marketing alliance, a relationship established for a longer term, wider in scope and commitment that offers the partners the opportunity for synergy and the ability to respond to the pressures of global competition (Bennett 1997).

5. Development of Alliances and Networks in the Travel and Tourism Industry

Selin and Chavez (1995) developed an evolutionary tourism partnership model based on an empirical study of three tourism partnership cases in the United States (Fig. 2). The model suggested that tourism partnerships are initiated due to environmental forces described as antecedents. These external forces include recognition of crisis or fear of future catastrophe, intervention of broker or convener, common vision, legal mandate from government or existing relationship/network among stakeholders. Others involve strong leaders that can bring the interest together and incentives in a form of financial support for the project can be forces that led to the formation of partnership. The next stage is problem setting, a recognition of inter-dependencies, issues and interests, whilst the direction setting identifies the common goals and the sharing of information. The structuring phase includes institutionalising and establishing frameworks, protocols and procedures. Lastly, the outcomes and feedback are the re-evaluation of the purpose, activity, development and success of the partnership. Fyll et al. (2000) applied this five processes model of evolutionary partnership development in their case study of Britain’s Inland Waterway tourism development.

6. Conceptual Frameworks for Tourism Alliances and Network Processes

A conceptual framework for the study of alliances and networks needs to be flexible in its structure to incorporate the issues raised above, as well as to the complexity of the tourism industry. Six theoretical perspectives in the context of tourism development partnerships are proposed (based on Long 2000; Wood and Gray 1991). Each of these provides a distinct research perspective on the nature and success of a partnership alliance.

(i) Resource Dependence

Organisations can reduce environment uncertainty by seeking resources externally. Resource issues for tourism development partnerships include:

- The interests that partnership members may have in the tourism development.
- The circumstances and recognition of resource inter-dependencies.
- The patterns of inter-dependencies that result from resource exchanges.

![Fig. 2: An evolutionary model of tourism partnerships (Source: Adapted from Selin and Chavez 1995)](image-url)
(2) Corporate Social Performance and Institutional Economics

Corporate social performance includes inter-organisational relationships and company or agency responsibilities to communities and stakeholders, as exhibited in policies, strategies and operations. Institutional economics, on the other hand, attempts to explain economic behaviour in a wider context. Issues include:

- How social and institutional legitimacy might be defined, agreed upon and achieved by alliance members.
- The role of the organisations in promoting good employment practices.
- How members control and respond to the stakeholder networks and implementation of the agenda.
- The allocation of responsibilities for social issues.
- Ways to mediate between the interest of members and those of the wider environment.

(3) Strategic Management and Social Ecology

A social ecology approach is similar to that of strategic management, except that it includes an emphasis on inter-connections and dependencies in the organisation’s environment. Issues include:

- The extent to which members in tourism partnerships can reduce threats and develop opportunities in relation to their shared and conflicting interests.
- The trade-offs between collective and individual benefits and costs for members.
- The development strategy can be reconciled with individual member strategies.

(4) Microeconomics

Microeconomics focuses on ways in which inter-organisational partners might overcome impediments to efficiency in their bilateral financial transactions, including reducing the cost of information, training, staff, office accommodation, and other resources involved in partnership relationships. Issues include

- (In)Efficiencies in financial transactions between members.
- Financial returns to members involved in the partnerships.

(5) Institutionalism

Institutional theory examines the norms, practices and ideologies in which members of an organisation or a partnership alliance adjust to seek influence. Issues include:

- The particular structural arrangements adopted by a partnership.
- The means by which the partnership may achieve legitimacy with stakeholders.
- How the partnership interacts with, and is shaped by its wider institutional environment.
- Stakeholder and member perceptions of the purposes and priorities of the partnership.

(6) Political Theory

Political theory focuses on the distribution of power and resources that relate to accountability, democracy, and legitimacy in the community, as well as the ‘winners’ and ‘losers’ in a partnership. Issues from a political theory perspective include:

- The degree of access and distribution of power and resources that affect partnership members.

Some scholars have developed models of successful alliances (Bramwell and Lane 2000; Crotts and Wilson 1995; Morgan and Hunt 1994; Wood and Gray 1991). In general, they have suggested that the determinant factors of successful relationships depend on the level of inter-organisational trust, partner commitment, interdependencies, coordination, communication quality, participation, the use of constructive resolution techniques, identifying and resolving conflict amongst partners and participants power, dependence, and information exchange not just between strategic partners but also between customers (Buhalis 2000; O’Farrel and Wood 1999; Medina-Munoz and Garcia-Falcon 2000). Others have suggested frameworks for partnerships that are specific to the development and management of major festival events (Long 2000).
7. Tourism Alliances and Networks in Marketing of Destinations

The marketing of tourism destinations involves the cooperation and collaboration from various stakeholders, in offering a complete product package to customers. To be competitive with other destinations, it is essential for tourist organisations to collaborate and synergise the planning, implementation and control of tourism marketing strategies and programs (Palmer and Bejou 1995). Originally, the principle of marketing was associated with the practices of profit-motivated businesses. However, they have been increasingly adopted by government and non-profit organisations, as well, and especially among those providing tourism services (Heath and Wall 1992). Individual firms have a motivation to enter into strategic alliances with other companies and agencies to capitalise on marketing opportunities for sales and profit growth (Varadarajan and Cunningham 1995).

The establishment of strategic organisational relationships has a long and rich tradition in marketing. Examples include: cooperation between marketing and other functional areas within an organisation; cooperation of strategic business units of diversified multi business firms; firms engaged in business-to-business marketing to develop long-lasting relationships with customers and suppliers; and cooperation between profit and non-profit institution. The major forms of intra- and inter-organisational relationship marketing include (based on Morgan and Hunt 1994):

1. **Buyer Partnership** with (a) intermediate customers and (b) ultimate customers.

2. **Supplier Partnerships** with (a) good suppliers and (b) services suppliers.

3. **Lateral Partnership** with (a) competitors, (b) non-profit organisation and (c) government.

4. **Internal Partnerships** among (a) the various business units, (b) functional departments and (c) employees of the firm.

A tourism marketing alliance could, therefore, be defined as an amalgamation of two or more networks of tourist organisations that agree to cooperate in certain tourism marketing programmes or activities over a specific period of time with pre-specified objectives (Othman 2007). The working relationships can be a formal agreement or mutual understanding with an outline of the tourist organisation’s contribution, management and process of the joint tourism marketing programmes/activities in order to increase the market potential and growth of each partner from the synergise partnership. Major players in the tourism industry include the national tourist organisation, local and regional destination marketing organisations (DMOs), other tourism associations and government agencies, airlines, accommodation companies, event organisers, and non-governmental interest groups.

The types of activities that tourism alliances involving these organisations participate in are shown in Fig. 3. These include sales missions, event

![Fig. 3: Collaborative marketing activities of tourism and tourism-related organisation alliances (Source: Othman 2006, 2007)](image-url)
promotions, advertising, publicity, MICE participation, familiarisation tour programmes, travel and trade promotions, consumer promotions, brochure and packages for the domestic and international market.

8. A Framework of the Tourism Development and Marketing Alliances

Based on the discussion above, a framework is proposed for the creation and implementation of tourism development and marketing alliances (Fig. 4). The framework includes a preliminary stage, a negotiation and implementation stage, and an evaluation stage. Organisations within the tourism network such as the hotels, tour operators, travel agencies, carrier, government agencies and the national tourism organisation are facing an ever unpredictable world of crisis and competition. Alliance and network strategies are one of the major ways that these entities are dealing with the contemporary challenges they face. Unfortunately, these alliances often only arise after a crisis has occurred, whereas they would be better to be in place beforehand. To do this, tourism organisations need to reassess their strategies and consider their long-term strategic goals and objectives. They need to implement effective cooperative activities in achieving the common goal of maintaining the tourism economy.

Internal and external forces are the driving forces towards the development of alliances by firms and agencies. These many different tourism-related organisations, with different backgrounds, have to consider the various external and internal influences on their mission and objectives as they formulate strategies, manage resources and expand competencies. Their ultimate goals are to adopt marketing tactics and strategies that will enhance their businesses and overall employment, and increase tourist arrivals, both international and domestic. The influences of internal and external forces first affect the preliminary stage in the alliance development process in Figure 4. This includes the search and evaluation of potential alliance partners. Partner screening at this stage involves testing for strategic compatibility by examining the potential partner’s desire to be a compatible partner (Parkhe 1993). Each organisation has its own criteria in partner selections, which include some combination of image and reputation, capability and compatibility, commitment, goals and strategies, performance, market leader and company size (Othman 2006).

Fig. 4: A framework of the tourism development and marketing alliances (Source: Othman 2006, 2007)
The most widely chosen partners tend to have high levels of trust, capability, and long-established personal relationships with the larger tourism industry. The negotiation and implementation stage provides an opportunity for alliance partners to enter a process of negotiation over obligations, benefits, management, and coverage of the marketing alliance activities. Negotiation with potential partners for a clear understanding of roles is needed before deciding on the responsibilities and implementation of the activities. The activities undertaken by each organization in an alliance may be governed by a formal contract or merely a sense of mutual understanding. At this stage, the alliance development process is highly influenced by the larger social and cultural environment, the inter-organizational planning, the identification of priorities, the sharing of knowledge, and other factors in building trust and commitment.

When the role and need of alliances are better understood, and the benefits of a long-term strategy are identified, the next step is to formulate an alliance strategy. Destination managers should evaluate and determine activities that add the most value to their product and are better performed by different members of an alliance. Destination image development, in particular, should feature a common theme and consistent structure and format in all advertisements. It is recommended that a contractual agreement be made with specific terms and conditions to ensure that each organization is aware of their responsibilities and commitment towards the joint activities. This can be in a form of an annual renewable contract or a more developed structure with a specific project over a certain period of time.

Inter-organisational relationships in an alliance are difficult to manage, as partners are independent with different motives, expectations and commitment. The leaders of destination tourism alliances face many challenges and tasks when managing partners as they need to balance cooperation and competition, managerial mind-sets, and often a lack of experience within the management levels. The personal involvement by senior management in alliances is crucial in relations to the organizations strategies. In the end, these leader-managers will have to assess the performance of the alliances, including its levels of communication, satisfaction and influence. A long-term working relationship should develop confidence and trust among alliance partners resulting in effective communication, satisfaction and influence, a positive outcome of alliance performance.

In the evaluation stage, the success of the alliance activities is assessed and a decision is made as to whether to continue the arrangement, to change the arrangement or to disband the alliance. Non-financial influences tend to be much stronger than financial ones in deciding whether or not to continue the alliance. Opportunities to communicate with other members of the tourism industry, to influence them and others who create policies that affect tourism development and an overall sense of satisfaction will keep an alliance going, even if the economic costs are higher than the benefits.

9. Conclusions

This chapter argued that studies on alliances, partnerships and networks have been based upon a number of different theoretical approaches, which mainly focus on multinational businesses and the distribution channels of manufacturing companies. However, there has been an ongoing interest in the study of alliances and networks in the field of tourism, with conceptual frameworks focussing on resource dependence, corporate social performance, institutional economics, strategic management, marketing, political and microeconomics. A selective review of the alliance models, together with other studies related to alliances, partnership and inter-organisational relationships identified some of the major issues that the framework proposed in this chapter sought to address.

The tourism alliance development framework may provide a better understanding for tourism managers as to the processes involved in building cooperative organisations to enhance business strategies and to gain a shared competitive advantage and added value for a destination. Trust, commitment and cooperation are the behavioural characteristics that alliance partners must maintain to ensure the stability and longevity of the working relationships. This chapter, therefore, has identified the behavioural aspects of the alliance performance and outcomes that leads to a higher level of satisfaction, influence and communication.
associated with a successful alliance. Within this framework, an ongoing process of performance assessments by alliance members will help to avoid misunderstanding and conflicts because of the different cultures and management style of the organisations, and create benefits for both tourism providers and visiting tourists.

References


