
TOURISM CLUSTERS AS A POTENTIALLY EFFECTIVE TOOL FOR LOCAL DEVELOPMENT AND SUSTAINABILITY

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ABSTRACT

The spatial expansion of tourism and the growing diversification of this activity in the world create opportunities for countries, regions and communities to seek to bring about their development. A cluster is a progressive form of business network, which has strong business objectives focusing on improving sales and profits. It makes the exchange of information and technology possible, encouraging different ways of co-ordination and collaboration within them. Clustering is a process that enables the participants to exploit their synergies and the complementarities between their outputs, involving several benefits. (E.C., 2003). Clusters are vital for regional development increasing the competitiveness, the productivity and local businesses' critical mass.

Cluster strategy emphasizes the need to exploit a home-grown source of competitive advantage. In some cases, local clusters and multinational enterprises can be interdependent. The local cluster provides important competitive advantages, whereas the multinational enterprise can provide the spark influence their creation and evolution. To extend Michael Porter's notion of the role of government and local authorities in upgrading clusters (Porter, 1998), rules and regulations may actually influence the business case, enhance the local development and create a basic structure for implementing sustainability.

Hence, clusters are considered as being efficient management and marketing tools for tourist destinations and local economies. These tools must be used in appropriate manner in order to contribute at achieving competitive advantages through local development and setting sustainable development basis.

Key words: TOURISM CLUSTERS, COMPETIVENESS, LOCAL DEVELOPMENT, SUSTAINABILITY

1. INTRODUCTION

In the last fifty years, tourism has been one of the activities with the highest expansion potentials in the world. It plays an important role as a local development strategy due to its potential for growth and for being a product that can only be consumed in "loco". The spatial expansion of tourism and the growing diversification of this activity in the world create opportunities for countries, regions and communities to seek to bring about their development.

The tourism clusters analysis is adapted to the characteristics of tourism activity as it is based on the analysis of agglomerations, functional complementary, cooperative relationships and competition among actors. Otherwise, the traditional cluster analysis is not clear when the objective is to evaluate local impacts concerning competitiveness, sustainability and social justice. One of the challenges for governments and stakeholders in charge of elaborating and implementing development policies for tourism activities is to enhance business practises such as clustering or alternatively to build a model of sustained development with competitiveness, sustainability and socioeconomic prosperities for the local societies.

The advantages of cooperation clusters in tourism activities allow for the effective exploitation of the collective efficiencies and/or the development of external companies from the enterprises (entrepreneurial cooperation, work productive specialization, collective infrastructure, service specialization etc.) and also make it possible to benefit from the increased ability to negotiate collectively with suppliers of inputs and components. In addition to these advantages, cooperation nets facilitate the development of new models, production processes and organization, the exchange of technical and market information, consortiums for buying and selling goods and services, as well as joint marketing campaigns. Interaction and synergy arising from joint actions have competitive advantages over the isolated actions of companies (Nordin, 2003, p. 19).

In this paper, the concept that a tourism cluster is a group of companies and institutions bound up to a tourism product or group of products is been investigated. Such companies and institutions are spatially concentrated and have vertical (within the tourism productive chain) and horizontal relationships (involving factor, jurisdiction and information exchange between similar agents dealing with a tourism product offer). They show an intern configuration that generally includes: a) a set of tourist attractions that draw non-resident attention; b) the concentration of tourism service companies: restaurants, accommodation, transport services, crafts, travel agencies etc.; c) sectors providing support to tourism services; d) suitable and low-cost infrastructure (roads, energy, sanitation, health services, etc.); e) companies and institutions that provide specialized qualification, information and financial capital; f) intern agents organized into class associations; g) government agencies and other regulating bodies that impact tourism agglomerations.

Firstly an approach will be made notionally the meaning of clusters in tourism. The representation of the “revised” Michael Porter’s “Diamond” model considering competitiveness and local development will be analysed to prove the dynamics of creating clusters in the Tourism industry.

In the third part, the effectiveness of tourism clusters in the local development perspective will be examined. Conclusively by presenting the benefits of practising clusters in the tourist market we will prove that clusters are considered as efficient management and marketing tools for tourist destinations and local economies. The main aim of the tourism clusters is to build partnership between local business, educational and research units and representatives of local government. All members including those from private and public sector work together for the most effective use of the tourism potential of the local destination.

2. CONCEPTS FOR CLUSTERS

A definition of the cluster concept, which is generally agreed upon seems that does not exist. The definition used in this paper will be based on Porter's definition: "Clusters are geographic concentrations of interconnected companies and institutions in a particular field, linked by commonalities and complementarities".

Porter points out that industrial production has to be understood as a system of interrelated players and operations. He embraces the idea that agglomerations are not a new phenomenon, but he argues that the reasons behind the behavioral pattern have changed. What used to be done in an attempt to get easier access to raw material, to cut costs or get access to logistics has now turned into a deliberate.

The difference between clusters and other forms of cooperation within a network is sometimes difficult to see. A helpful description can be found in study by the OECD: The cluster concept focuses on the linkages and interdependencies among actors in the value chain in producing products and services. Clusters differ from other forms of cooperation and networks in that the actors involved in a cluster are linked in a value chain. The cluster concept goes beyond "simple" horizontal networks in which firms, operating on the same end-product market and belonging to the same industry group, co-operate on aspect such as R&D, demonstration programs, collective marketing or purchasing policy. Clusters are often cross-sectoral (vertical and/or lateral) networks, made up of is similar and complementary firms specializing around a specific link or knowledge base in the value chain."

A **cluster** is a collection of business or industries within a particular region that are interconnected by their products, their markets and other businesses or organisations, such as suppliers, with which they interact. Porter defines clusters as 'geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities and trade associations) in particular fields that compete but also co-operate' (Porter, 1998: 197). Clustering is a process that enables the participants to exploit their synergies and the complementarities between their outputs, involving several benefits. A cluster is a progressive form of business network, which has strong business objectives focusing on improving sales and profits. It makes the exchange of information and technology possible, encouraging different ways of co-ordination and collaboration within them (European Commission, 2003). Clusters are vital for regional development increasing the performance, innovative capacity and local businesses' critical mass.

Clusters involve several benefits (Michael, 2003; Poon, 2002; Saxena, 2005): economies of scale; a focus on cooperation and innovation; increased synergies and productivity; knowledge transfer; joint marketing; increased competitiveness and sustainable competitive advantage; all these create opportunities for synergy and mutual reinforcement to achieve the main aim of a destination: a rewarding holiday experience for its visitors. Tourism industry face the challenges of renewing business models to maintain competitiveness in the global economy, and networking and product innovations are typical responses to these challenges (Kokkonen & Tuohino, 2007).

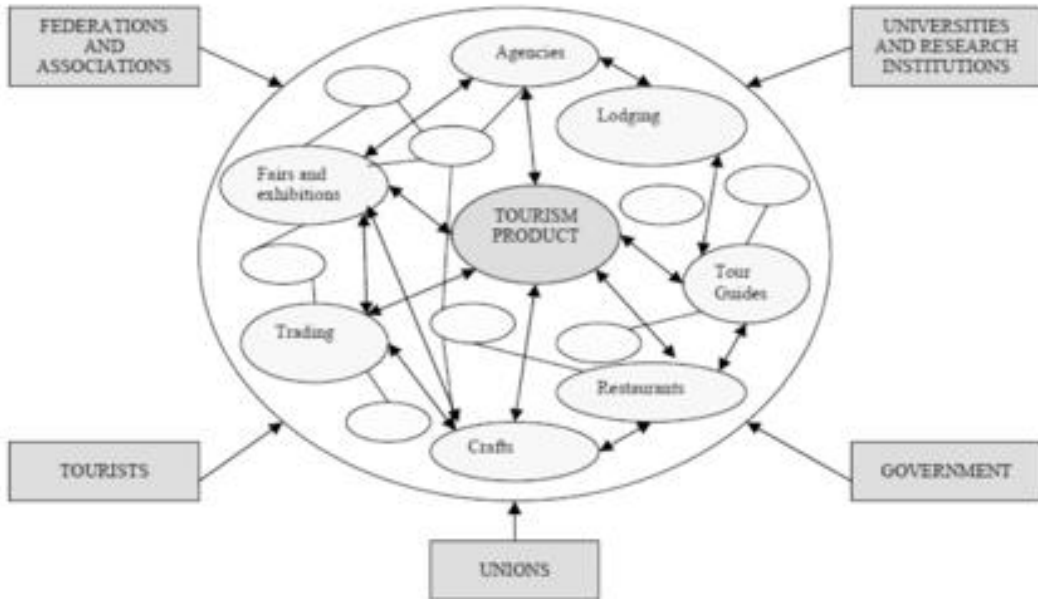
The four key features of the Cluster are identified as:

1. Cooperation;
2. Competition;
3. Trust;
4. Networking opportunities;

Michael (2003) highlights the importance of the 'structure' and the 'scale' of clusters, especially when applied to the tourism context. He also focuses on the 'creation of economic and social opportunities in small communities through the development of clusters of complementary firms that can collectively deliver a bundle of attributes to make up a specialised regional product' (Michael, 2003: 3). Hence, clusters are considered as being efficient management and marketing tools for tourist destinations. These tools must be used in appropriate manner in order to contribute at achieving sustainable tourism development and related business objectives (Tinsley & Lynch, 2007).

According to the characteristics of the tourism cluster, local development programs consider it as a local strategy for combating regional disparities and social inequality. Porter (1999, p. 230) emphasizes that tourism does not depend only on the appeal of the main attraction (beaches or historical sites), but also on the comfort and service of hotels, restaurants, souvenir shops, airports, other modes of transport and so on. As the representation above (fig. 1) shows, the parts of the agglomerate are generally effectively dependent on each other. A bad performance of one may compromise the success of the others.

Figure 1: Tourism Cluster Representation

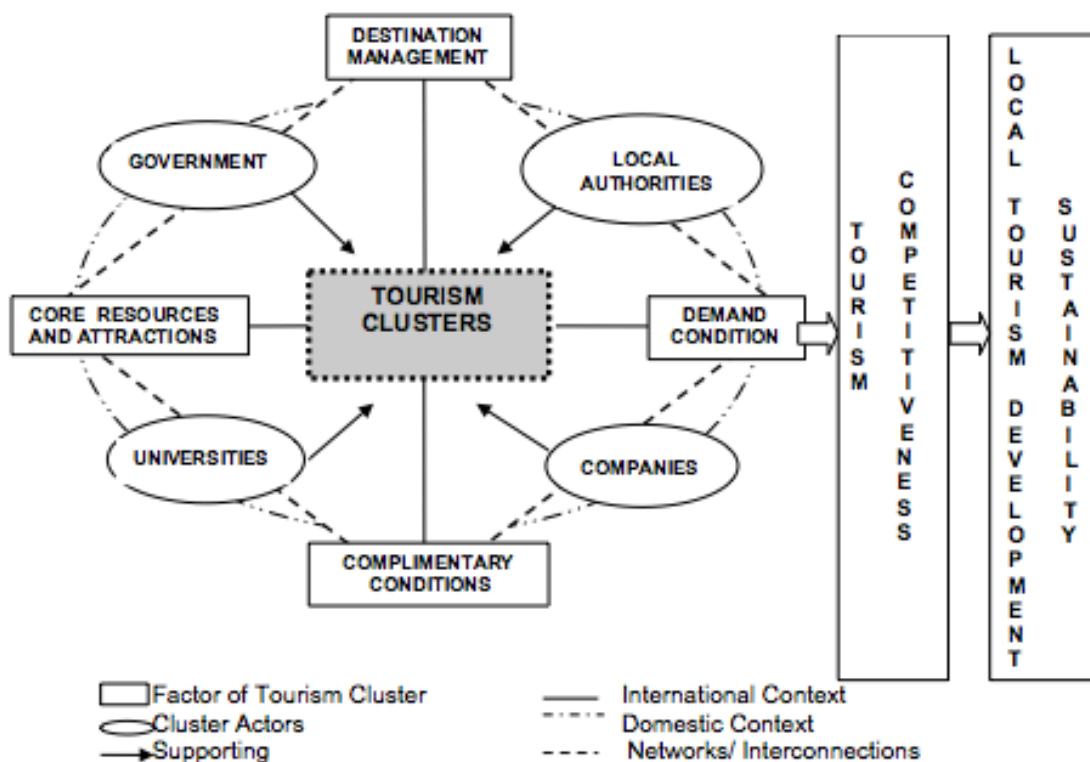


3. CLUSTERS AND COMPETITIVENESS IN THE TOURISM INDUSTRY

The concept of industry clusters and the notion that they create competitive advantage is not a new framework to explain regional economies and to assist policy-making in regions or nations. Cluster theory originates from the "industrial district" of Marshall's agglomeration economies (Marshall, 1920). This early framework argued that when firms are closely located in geographic proximity they generate positive externalities and economies of scale, and then these agglomeration effects can contribute to their overall productivity. A major breakthrough for the cluster concept was Porter's cluster theory and competitiveness in *The Competitive Advantage of Nations* (Porter, 1990). Porter has contributed significantly to the literature by providing a comprehensive understanding of national and regional competitiveness and by broadening the concept of industrial clusters. Porter defined the cluster as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities" (1998b: 199).

Porter (1990) states that clusters are inherently local yet must be globally competitive, so he emphasizes the co-locating of firms and complementarities and a supportive home-environment for business success.

Figure 2: Tourism Clusters theory based on Porter’s “Diamond” Model and its contribution in competitiveness and local development



Source: By the authors

Based on these elements of Porter's cluster theory its application to tourism can be seen as a useful strategy in regional (local) development. Porter's diamond model proposes that there are four sources of national and local competitive advantage and their interactions: Factor (input) conditions, firm strategy, structure and rivalry, demand conditions, and related and supporting industries (Figure 2). Taken together, all components of clusters represent economic dynamism. Porter's theory of competitiveness and the concept of cluster have been considered one of the most successful and influential theories or models of local development (Isserman, 1998). The cluster concept has been brought

forward to explain industrial dynamics and in turn Porter's theories help address which factors can achieve optimal competitiveness in national and regional development.

Finally, the main aim of the tourism clusters is to build partnership between local business, educational and research units, local authorities, and representatives of local governments. All members including those from private and public sector work together for the most effective use of the tourist potential of the local destination.

The Tourism Cluster is established to:

- Create common products or services;
- Make joined purchases of materials, services or technology;
- Use subsidized advisory services and encourage participation in the trainings.
- Create common brand and undertake promotion of the region;
- Enhance the tourist product and the local destination.

4. FEATURES AND BENEFITS OF CLUSTERING PROCESSES IN THE TOURISM MARKET

The main problems, the cluster faces is that the members lack the sense of belonging to it. A possible solution to the unwillingness to be affiliated or cooperate within the cluster lies in raising the level of knowledge regarding the benefits of the membership. Some of the benefits of clustering in the tourism industry are presented in the following table:

Table 1: Potential benefits of the clustering process in the tourism market

FEATURES	POTENTIAL BENEFITS
By creating a shared mass of technical competencies, market intelligence, as well as human and financial resources, organizations can be more prepared to address unexpected events.	Reduce risk and deal with uncertainly
The access of competitors to strategic resources is curtailed thanks to the greater operative strength or thanks to their	Block or co opt competition

joining the partnership.	
The greater dimensions covered (purchases, booking, sales, ect.) lead to a lesser incidence of unit costs. Operative effectiveness increases. Greater capacity to negotiate with intermediaries is achieved.	Create economies of scale
The collaboration spirit allows greater distribution of specialization. There is more space for operating in market niches, thanks to less internal competition.	Opportunities to develop purpose economies
Companies joined together in partnerships can move in larger markets.	Effective market control
The circulation of knowledge enhances the diffusion of technologies and the development of new operative techniques.	Grow of technological and organizational know – how Reinforcement of image and notoriety
Brands are reinforced at company level and at destination level, both towards the customers and the suppliers.	Company growth both in terms of product quality and process efficiency
Operating in collaboration generates a healthy competition among companies that tends to raise both product quality and management skills.	
There cannot be an effective marketing action for the destination without the support of an integrated and coordinated supply system.	Conditions for an effective area marketing

Partnerships and the distribution of functions allow creating innovative products, renewing production processes and giving life to new creative skills.	Creation of synergies
The strong inter - dependence between tourism and all economic activities enhances the diffusion of the acquired benefits to the entire territorial economic system.	Positive effects on local economies/ Local Development
The ability to have an important contribution on the protection of the environment and the sustainable development of local territories should be highlighted. The tourism Clusters practitioners should communicate, cooperate and agree on the fact that a high quality of the area's natural attractions is a strong competitive advantage, which constitutes the key strength of the area.	Potential Sustainable tourism development

Source : Nordin, S. 2003 p.27-28.

5. TOURISM CLUSTERS, LOCAL DEVELOPMENT AND SUSTAINABILITY

The interaction of the consumption of the tourism product with its local base is one of the main characteristics of the activity, showing the fundamental role it plays in the strategies for local development. In most economic activities, it is the product that reaches the consumer, but when it comes to tourism, it is the opposite in that the consumer seeks for tourism services. Because of this characteristic, tourism has a heavy impact on local development. From this perspective, tourism and local development are interconnected because they take place if the regional socio-cultural and environmental characteristics are respected where the activity takes place.

The central idea of development includes a concept net made up of evolution, inclusion, participation, solidarity, production and competitiveness, which are mutually strengthened or directly opposed to movements of concentration, competition, exclusion, poverty and imbalance, amongst other things. Evolution and interaction are the focal points of the concept of development, a set of coordinated participation processes for continuously improved discussion and increased planning capability and the ability to gather economic, social and environmental resources in the short and long term, whenever possible, owing to joint strategies that otherwise depend on arbitration and conciliation (OCDE, 2001).

The local development concept also includes complementary ideas related to territory. One of them refers to a concrete and delimited space, which is linked to the idea of constancy and inertia, and can be identified as a limited area such as a municipality, micro-region etc. The other is the abstract space of social relationships and indicates movement and interaction between social groups that either cooperate or organize opposition to accommodate their common interests (Fischer, 2002). The idea of movement and interaction can be witnessed for as long as the territory has to take the interdependence between nature and its use into consideration, including human actions, i.e. work and politics (Santos, 1999).

Three elements of local development that stem from tourism are: society, the environment and the economy, which are integrated and mutually strengthened in a context where social and cultural diversity, as well as productive differences, should be used as resources to generate changes and local development.

The cluster's mission included in the Strategy is fostering socio-economic development in the local territories by improving activities occurring in the tourism sector. This is possible by applying principles of sustainable development into all levels of cluster functioning as it gathers main tourism businesses and other organisations working in close relation with tourism sector. Both, winning of the contests and actions taken on sustainable development, confirm the validity of efforts to make the destination friendly to residents, tourists and enterprisers. This idea will bind efforts to create a balance between environmental, social and economic aspects of regional development. Still a lot of effort is needed for gaining knowledge about sustainable development among entrepreneurs and the local community before actions in this direction is taken (Porter, 1998).

The most important benefits of clustering in tourism listed below:

- Acquisition of new clients due to the green trend in the industry by creation of green brands/labels to stand out;
- Easier founding if the Sustainable Development principles are being applied into companies strategy;
- Lowering the cost of the companies activities by improving their efficiency;
- Encouraging qualified employees to join the companies as there are becoming more attractive;
- Higher competitiveness and quality in the tourist product/ services;
- Long-term development of the region;
- More advanced technologies.

The tourism clusters may play an important role in this process. Since the Association brings together representatives of businesses, the cluster can become a platform for introducing sustainability to local entrepreneurs. It's easier to facilitate the promotion of sustainable development, because the local communities have already done a lot in the field of sustainability.

The benefits coming out of applying the sustainable development into functioning of a company are vast.

6. CONCLUSIONS

The cluster's mission included in the Strategy is fostering socio-economic development in the local territories by improving activities occurring in the tourism sector. This is possible by applying principles of sustainable development into all levels of cluster functioning as it gathers main tourism businesses and other organisations working in close relation with tourism sector. Both, winning of the contests and actions taken on sustainable development, confirm the validity of efforts to make the destination friendly to residents, tourists and enterprisers. This idea will bind efforts to create a balance between environmental, social and economic aspects of regional development. The main aim of the tourism clusters is to build partnership between local business, educational and research units, local authorities, and representatives of local governments. All members including those from private and public sector work together for the most effective use of the tourist potential of the local destination.

Tourism Clusters are considered as management and marketing tools and they are tremendously effective in local development systems. The key points of their contribution in the local development considered as:

- Local development seldom takes place in isolation but is systemic. The notion of a cluster as a 'reduced scale innovation system'
- Clusters are networks of production of strongly interdependent firms linked to each other in a value-adding production chain.
- Clusters mostly encompass strategic alliances with universities, research institutes, knowledge-intensive business services, bridging institutions (brokers, consultants) and customers. This bears innovation and use of new technologies.
- Successful Cluster practises are fostering the implementation of sustainable tourism development.

Conclusively the main task of creating tourism clusters should be assisting the implementation of proposed principles, and their promotion to enhance local development and create a potential sustainable development basis.

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