
George Lafferty

Victoria University of Wellington, New Zealand

Anthony van Fossen

Griffith University, Australia

Dealing with maturity: Strategies to address the problem of stagnation in tourism destinations

In the present international political and economic context, the problem of how to deal with stagnation and possible decline in tourism demand is pressing. In this paper, we examine how mature tourism destinations might address this problem. We focus on the patterns of development and land use regulation followed in the two largest destinations in the Oceanic ‘sun and surf’ tourism market – Hawaii and Queensland – in order to assess how different approaches to regulation and development can have contrasting outcomes on tourism demand. We conclude by suggesting the most appropriate strategies for achieving long-term sustainable tourism development.

Keywords: tourism development, tourism demand, mature destinations, clusters, Queensland, Hawaii, land use, regulation.

George Lafferty

Victoria University of Wellington

New Zealand

Email: george.lafferty@vuw.ac.nz

Anthony van Fossen

School of Humanities

Griffith University

Brisbane, Queensland, Australia

George Lafferty is with the School of Management, Victoria University of Wellington. He has published extensively in the areas of social and political theory, industrial relations, workplace change and tourism.

Anthony van Fossen is with the School of Humanities, Griffith University, Brisbane, Australia. He has produced numerous publications on the political and economic development of Pacific Islands, including Hawaii, and on tourism.

Introduction

Tourism demand is generally recognized as volatile, fluctuating with changing social, political and economic conditions. In the present context, in the wake of terrorism, war and the SARS outbreak, the problem of maintaining tourism demand, or at least minimizing its decline, has become particularly pressing. In this paper, we provide an overview of research we have conducted over several years on how tourism destinations can pursue strategies, including the development of industry clusters, to reduce the volatility of tourism demand and to achieve greater sustainability. We draw on two comparative examples, the two largest competitors in the Oceanic ‘sun and surf’ tourism market – Queensland and Hawaii. We illustrate how their respective approaches to land use have led to contrasting outcomes with respect to tourism demand. We then indicate how appropriate land use regulation can help to achieve long-term sustainable tourism development.

Mature tourism destinations, stagnation and decline

The most widely used framework for examining stagnation and possible decline in tourism destinations has been the tourist area life cycle model (Butler, 1980). The model has been operationalized frequently in the tourism literature in a variety of contexts. It postulates a series of stages in tourism development, leading eventually to the stagnation and post-stagnation stages, when a mature destination can either decline or be rejuvenated. However, it does not offer a systematic explanation of how tourism destinations might avoid decline. Here we draw on our previous research to address this question: how can mature tourism destinations deal with the problem of stagnation and possible decline?

In recent work, we have examined the relatively low level of integration in the tourism industry and the potential application of the concept of clusters, whereby businesses and allied institutions develop linkages through which greater competitiveness and innovation are generated (Porter 1998a, 1998b), to the analysis of tourism development. Porter identifies clusters as a medium through which greater competitiveness and innovation can be achieved through linkages between firms and related institutions within a specific geographical location. Of course, location is a vital component of the tourism industry – and certain locations (for example, Paris) offer experiences that can scarcely be replicated elsewhere. In ‘sun-and-surf’ tourism, however, the experiences offered by destinations may be very similar. A major goal of achieving a viable tourism cluster would be the creation of a variety of distinctive tourism experiences, thereby enhancing the destination’s attractiveness and competitiveness.

Clusters that link tourism-related firms, government bodies and allied institutions can provide a more dependable, long-term method for achieving greater integration in the tourism industry. Hawaii represents the most advanced tourism cluster in the Oceanic region. Aided by the regulatory role of the State Land Use Commission, Hawaii has created a framework for tourism development through which community concerns and academic expertise are integrated with the goals of government and business. This framework has encouraged the emergence of linkages between government, business, community groups and relevant institutions such as universities. The planning process is lengthy and relatively expensive, while taxation on new development is considerable. Tourism expansion has been predominantly confined to relatively few but large, high-quality developments by major companies in a small number of areas in the state. Such developments appeal to the upper end of the tourism market, seeking distinctive

tourism experiences, where demand is less vulnerable to fluctuating economic conditions. Room rates, occupancy rates and land prices remain consistently high. While high regulation tends to reduce growth in the overall volume of tourists, overall tourism revenue is maintained through the emphasis on high-quality development. Therefore, careful regulation, policy and planning can assist to reduce the volatility of tourism demand and enhance the sustainability of tourism destinations.

Queensland's tourism development, however, has been characterized by limited regulation and a low-tax environment that has encouraged rapid planning decisions, with little input from community groups. This situation has led to the proliferation of 'strip' development along the most attractive sections of coastline, a pattern that is most evident on Queensland's Gold Coast. In contrast to Hawaii's strong land use regulation, the Gold Coast, Australia's most popular 'sun-and-surf' tourism destination, has pursued a *laissez-faire* approach to land use. It lacks the coherent network of interlinked business, government, community and allied associations on which a viable tourism cluster might be based. Room rates, land prices and occupancy rates are much lower than in Hawaii, while the Gold Coast's attractions are often highly derivative in character, importing themes from a variety of locations around the world. Therefore, the possibility for tourists to find distinctive experiences is considerably more limited than in Hawaii.

Any form of tourism development, whether it is a multi-storey resort complex or an environmental reserve, constitutes a reconfiguration of social space. Decisions on zoning, architecture and types of development affect large numbers of people and a variety of interest groups. They also have long-term consequences for the built and natural environments – both residents and visitors have to live with these consequences. We would suggest that the Hawaiian example, in which government, business and community groups are actively involved in decision-making, provides a basis for quality tourism development that has a greater potential for long-term sustainability than the more *laissez-faire* approach that predominates in Queensland.

Conclusion

The broad political and economic trend within the global economy over the past two decades has been towards increasing deregulation of finance, labor and business activity. As transnational corporations and regional trading blocs (such as the EU and NAFTA) have gained in strength, so the regulatory capacities of national governments have generally declined. However, the example of Hawaii indicates how strong regulation of land use at sub-national levels can achieve significant benefits in achieving more sustainable, long-term tourism development and in encouraging the formation of a viable tourism cluster. Although tourism demand is generally volatile, effective regulation, policy and planning can moderate that volatility.

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