

## Boosting Corporate Social Responsibility in Tourist Destinations through Loyalty Programs and Stakeholder Collaboration

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**Abstract:** Two opposite approaches gravitate around Corporate Social Responsibility (CSR): shareholder vs. stakeholder approach. The first paradigm is classical: stating a company has one primary purpose i.e. profitability and is responsible to its shareholders. The second one sees the company not merely in function of its primary goal but also responsible to its employees, providers, local community, the environment etc. It is indisputable that a company operates in a certain context and in order to pursue its reason of existence it has to maintain good relationship and collaborate with others directly or indirectly involved or affected by its business, to a degree that is in line with its primary goal. This starting point was the base to integrate CSR and relationship marketing. CSR is a voluntary based concept. The purpose of this paper is to enhance CRS implementation in tourism. The authors propose a model that will encourage tourism companies to systematically and comprehensively include various CSR practices in their business, which will have a positive impact on the destination as a whole. The realization of the model gathers qualified tourism companies in an exclusive destination loyalty program and further promotes them as superior tourism providers. The involvement of all stakeholders of the tourist destinations in individual phases of the project is part of the proposed model. The model is easily applicable in practice.

**Keywords:** *Destination management, stakeholders, CRS, loyalty programs, collaboration*

### 1. Introduction

In today's information overload world, where knowledge is quickly and easily accessible thanks to ICT, customers have the power and the dominant role. Their expectations are increasing, as well as expectations of other stakeholders in tourism destinations and trends show that socially responsible business management is more appreciated. Namely, results of market research prove the willingness of consumers to pay extra money for social responsibility when planning their vacations. A survey of 20,000 German households indicates that 33% of them in deciding the holiday destination take into account ethical, social and environmental reasons. More than 40% of renters are willing to pay more to stay in an eco hotel (GFKPS, undated). Of the 20,000 households surveyed, one in four expressed the willingness to support environmental and social activities, which contribute to environmental protection and climate change mitigation (Messe Berlin, undated). In the case of tourism destinations, relationships within CSR are far more complex than those at the level: *company – customers - shareholders - the environment (socio-cultural and environmental) - other stakeholders* as a tourist destination is actually a combination of all the above, and more. Different companies are the representatives of the offer of a tourist destination. Guests perceive a tourist destination as a whole, as a complex tourist product. However, a tourist destination cannot be considered a tourist product not without tourists in the area, without their active involvement in the process of consumption, which, in case of tourism, takes place simultaneously with production. A tourist destination is not even a system if there is no tourism and there cannot be any tourism if there are no attractions and supporting tourism infrastructure. A tourism destination is a dynamic and complex organism involving many different and diverse groups of stakeholders. Given that stakeholders are the ones who ultimately define a tourist destination, the key to any initiative in the management of tourist destinations should be a collaboration that will direct various efforts in one direction toward a common goal. In this paper, the common goal is corporate social responsibility in tourism. Stakeholders will be initially educated on the topic and will participate in the development and adoption of regulations that will enable certain companies to be included in a loyalty program. By applying the principles of motivation, eligible tourism companies will be enrolled in an upscale destination loyalty program and will be additionally promoted.

There has been little research on how to integrate the interests of all the different stakeholders into the corporation's decision-making and management processes and on the effects of adherence to these practices (Ayuso & Argandona, 2009). Less attention has been paid to concrete mechanisms for including a wide array of stakeholders in company governance and for using these mechanisms as a way of addressing the needs of diverse stakeholders within a strategy of CSR (Ayuso & Argandona, 2009). A review of literature found only one paper dealing with the topics of CSR and loyalty (De los Salmones, Del Mar & Del Bosque, 2011), however, this behavioral study considers customer loyalty towards CSR conscious companies, but none that links these two concepts like in the proposed model. This paper is composed of three parts. The literature review deals with stakeholders' engagement in destination management, corporate social responsibility and loyalty programs. A model of a participative approach to the implementation of CRS in tourism destinations thought loyalty programs is given in section two, followed by the conclusion.

## 2. Literature Review

**Stakeholders' engagement in destination management:** Nowadays many destinations have an increased interest in concepts of stakeholder engagement particularly in the process of destination management. Their role is extremely important in the process of strategy development due to their activities being resources to make it happen. The point of developing a destination strategy means realizing that strategy's not just about what's written on the paper but about the thinking and feeling processes of the stakeholders in the destination. We have to actually think of designing a social process such that people can really grapple with the big ideas and come to grips with changing deeply held biases about what the destination should do in the future. Decisions in the destination should be the result of interaction between public and private institutions and society. They need to work together within a set of values and principles: openness, participation, consultation, dialogue, innovation, coordination, strong leadership, effectiveness, accountability, and more.

Stakeholder engagement should have a product-based focus, as a main point of destination to *create tourism experiences and assure competitiveness*. This has brought to the evolution of destination management to becoming a more cooperative system. Stakeholders can be defined as any individual or group who can have an influence on the development of tourism destination and who are affected by the development of tourism in the destination. From a stakeholder's perspective, a destination can be seen as an open-social system of interdependent and multiple stakeholders (D'Angella & Go, 2009, pg. 429). Stakeholders are defined as any group that has vested interest in the operations of the firm / organization (Stanwick & Stanwick, 2009, pg. 34). Stakeholders are individuals or groups who have an interest in an organization's ability to deliver intended results and maintain the viability of its products and services (Carpenter & Sanders, 2009, p. 76). The tourism industry is complex network of stakeholders. Typical stakeholders in tourism planning process are (Yigitcanlar, 2009): *local businesses, residents, activist groups, tourists, national business chains, competitors, government, employees*. There are others such as *investors/developers, land owners, environmentalists (activist groups), industry associations, tourism marketers* and others. For Morrison (2013) stakeholders in destination management are: (1) tourists (leisure /pleasure; business; etc.); (2) tourism sector organization (DMOs, hospitality, attractions; transport; travel trade; media, employee organizations); (3) community (community organization, resident associations; business associations; special panels or task forces; etc.); (4) environment (NGOs; conservations societies; environmental agencies, etc.); (5) government (local, regional, state, etc.).

These stakeholder groups influence tourism development in many ways including tourism supply and demand, regulation, and management of tourism impacts, human resources and research (Waligo et al., 2013, pg. 343). Harrison & Lewellyn (2004) identified four roles through which stakeholders impact organizations:

- Stakeholders establish expectations (explicit or implicit) about corporate performance;
- Stakeholders experience the effects of corporate behaviors;
- Stakeholders evaluate the effects of corporate behaviors on their interests or reconcile the effects of those behaviors with their expectations; and
- Stakeholders act upon their interests, expectations, experiences, and evaluations.

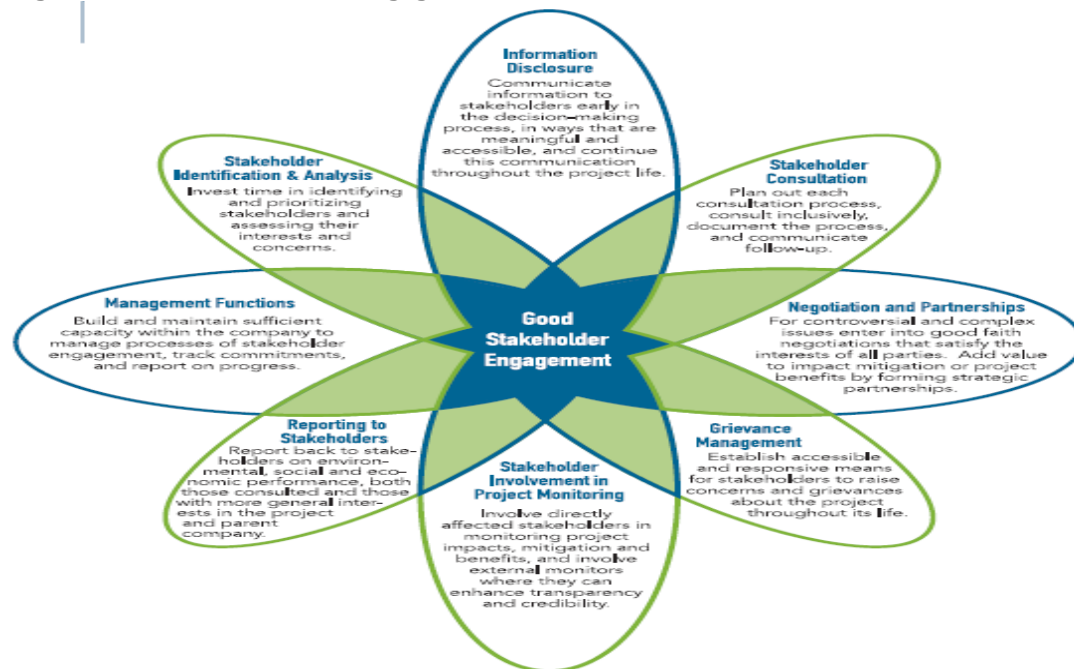
The same impact stakeholders can have on tourist destination due to the possibility of linking main characteristics of a company with those of the destination both being systems or networks of stakeholders

pushing the forces towards achieving the commonly defined goals. The main reasons of grouping stakeholders are understanding and appreciation in managing them.

Various stakeholders influence one another. The classical example in tourism is the battle between environmental interest groups and local community on one side pressuring local authorities against urbanization in the function of construction and hospitality lobby. The engagement of relevant stakeholders of tourism destinations in the initial phases is not often performed. Engagement enables stakeholders participate in the decision-making process. Based on research, a stakeholder engagement process for a destination (Sustainable Tourism Online, 2013):

- Recognizes the concerns and goals of all tourism stakeholders is important for planning, decision-making and developing mutually beneficial strategies and actions;
- Engages stakeholders based on their interest, skills and expertise to ensure a comprehensive basis of knowledge for planning;
- Understands and communicates the value of tourism, including economic, social and environmental, to stakeholders is important to gain support and participation in destination planning and management;
- Develops a shared understanding of tourism in a region, including the values and ideals of the destination is important for an agreed tourism focus;
- Develops an agreed vision that provides a focus for future planning, development and management of tourism in the destination;
- Identifies clear roles and responsibilities of all stakeholders. This could be an informal process or through the development of partnership agreements or MoUs;
- Identifies the governance structure for destination management as an important framework that clearly outlines communication, reporting and decision-making processes.

**Figure 1 : Good Stakeholder Engagement**



Source: International Finance Corporation (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets, Washington: IFC, [http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC\\_StakeholderEngagement.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES) pg. 12.

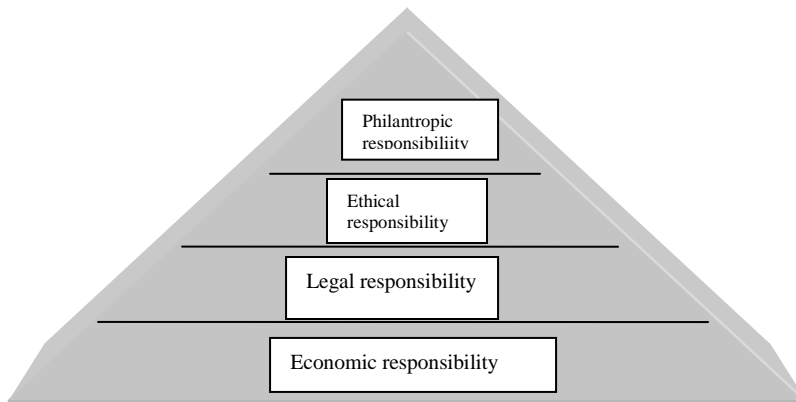
The outcomes of stakeholder engagement process are (Gray, 2006, pg. 10): (1) improved personal and/or working relationship; (2) changing perceptions (for the better); (3) improved communication channel; (4) promotion of wider cycle of responsibility for decisions and actions – corporate citizenship; (5) agreement on purpose and direction of a project or program; (6) early identification of potential issue, conflicts and benefits; (7) generation of new ideas; (8) formation of new formal partnership; (9) diffusion of conflict situations before these impede progress; (10) enhancement of social capital and/or improved services for people; (11) policy change; (12) cost savings in the medium to long-term; (13) promotion of local capacity building and learning (individual and organizational); (14) local support and goodwill fostered for a new idea or initiative; (15) increased community cohesion and strengthened shared identity. According to International Finance Corporation the following illustration shows the key components of effective stakeholder engagement process.

There are various methods of stakeholder engagement process. The majority of them follow the Deming cycle – Plan – Do – Check – Act. Accountability (2011) in the second edition of AA1000 Stakeholder Engagement Standard differentiated the following process: **plan** (profile and map stakeholders, determine engagement levels and methods, identify boundaries of disclosure, draft engagement plan, establish indicators), **prepare** (mobilize resources, build capacity, identify and prepare for engagement risks), **implement the engagement plan** (invite stakeholders to engage, brief stakeholders, engage, document the engagement and its outputs, develop an action plan, communicate engagement outputs and action plan), **review and improve** (monitor and evaluate the engagement, learn and improve, follow up action plan, report on engagement). The key to the long –term success of a destination represents an ability to find a compromise among all relevant interests, which is especially important considering that there may be conflicts, if some “greedy” stakeholders try to maximize their short-term benefits by exhausting the resources (Buhalis, 2000). Effective destination management is not only in the hands of the DMO, but also requires effort by other stakeholders within the destination and partners in other places (Morrison, 2013, 16). Collaboration with other organizations and individuals is a must, especially in an era where the financial challenges are great and the competition is intense (Morrison, 2013, 16). Destination management is a process that involves coordinated actions to benefit the destination’s environment, residents, business and visitors, addressing the relationship between them. It should be carried out by local authorities and other tourism stakeholders in partnership, following the principles of good governance. It is central to the delivery of sustainable tourism as often actions taken within destinations are best able to influence the tourism impacts. (Destinet, 2013) An active process of discussion and negotiation should ensure that each set of stakeholders accepts and owns a share of the responsibility for supporting the process, for example through supporting the manager, setting development objectives, planning and implementing process (Beardwell & Claydon, 2010, 34).

### 3. Corporate Social Responsibility in tourism

The concept has existed in practice far before its formal theoretical formulation as many companies have been following the principles that fall under CSR. The term is also known as: social responsibility, corporate sustainability, corporate citizenship, agency theory, corporate governance and other. European Commission defines CSR (2001, p. 7) as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders (owners, shareholders, customers, providers, government, media and public) on a voluntary basis”. Vogel (2004, p. 3) explains it as “policies and programs of private firms that go beyond legal requirements as a response to public pressures and societal expectations”. Social responsibility rises above business ethics because operating in a socially responsible way, in addition to compliance with laws and ethical decision-making, means functioning in society as a consummate citizen, taking care of the environment, protecting the environment and reducing the negative impact on the environment, caring about people, and being profitable in the long term. According to Sohail, corporate social responsibility is a business contribution to sustainable development and helps the corporations for their long term success and as well as good for society (Sohail et al., 2008). CSR can be defined from many aspects – economic, legal, ethical, philanthropic (Jucan and Jucan, 2010).

**Figure 2 : Carroll's pyramid of responsibilities**



Source: Carroll (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders.

**Figure 3: The evolution of CSR**



Source: W. Visser (undated): The stages of CSR, <http://www.csrinternational.org/about/stages> (30.10.2014.)

A CSR orientation besides contributing to society, benefits also employees, consumers, boost profits, and even helps stave off regulatory threats from government (Bohdanowicz & Zientara, 2008; Eraqi, 2010; Weber, 2008). The key non-financial performance factors that have direct influence on financial factors are: (CSR Europe, 2010) human capital, customer relation, society, environment, innovation and corporate governance. The appropriate metrics to evaluate them include: employee engagement (absence rate, staff turnover, health and safety, fair restructuring, training, performance management, equality and diversity, reputation, commitment to customer, talent recruitment and retention), customer satisfaction (customer loyalty, retention, reputation, trust, price, product, service quality, competitive positioning), public perception and supply chain management (opinion former perception, media coverage, community investment, stakeholder dialogue, legal/regulatory breaches, license to operate, inclusion, social capital), carbon emissions and waste management (energy efficiency, deployment of renewable, waste reduction, recycling, environmental impacts, environmental breaches, lifecycle assessment), new products and process development (value of patents, customer perception, talent recruitment and retention, training, R&D expenditure) and ethical integrity, processes and procedures (ethical code deployment, board composition, equality and diversity, talent

development, audit processes, reporting and transparency, reputation, shareholder interests, anticorruption policy/practice, competitiveness). CSR is thus a dynamic process that evolves over time, in line with changes in the company environment and according to the moral maturity of the organization itself (Argandoña & Hoivik, 2009).

According to CSR International Founder, Visser, the evolution of business responsibility can be viewed as of five overlapping economic periods – the Ages of Greed, Philanthropy, Misrepresentation, Management and Responsibility – each of which typically manifests a different evolutionary dimension of CSR, namely: Defensive, Charitable, Promotional, Strategic and Transformative CSR (which can also be called CSR 2.0, Systemic CSR or Radical CSR). The explanation of the different types is the following:

**A. Defensive CSR** – all of the corporate sustainability and responsibility practices are undertaken only if and when it can be shown that shareholder value will be protected as a result e.g. pollution controls costs are seen to fend off regulation or avoid fines and penalties.

**B. Charitable CSR** in the Age of Philanthropy is where a company supports different causes through donations and sponsorships, typically administered through a Foundation, Trust or Chairman's Fund and aimed at empowering certain groups or civil organizations.

**C. Promotional CSR** in the Age of Misdirection is what happens when corporate sustainability and responsibility is seen mainly as a public relations opportunity to enhance the brand, image and reputation of the company. Promotional CSR practices are turned into PR spin, which is known as 'greenwash'.

**D. Strategic CSR**, emerging from the Age of Management, means relating CSR activities to the company's core business (e.g. Coca-Cola and water management), often through adherence to CSR codes and implementation of social and environmental management systems.

**E. Transformative CSR** in the Age of Responsibility focuses its activities on identifying and tackling the root causes of our present unsustainability and irresponsibility, typically through innovating business models, revolutionizing their processes, products and services and lobbying for progressive national and international policies.

The answer to the question of what the company should emphasize in the implementation of corporate social responsibility ranges from selecting some elements of social responsibility (e.g. environmental components or just a social component, etc.) to the application of the principles of CSR in all business segments. Decision making of such matters should not be taken by tourism businesses on their own, but the selection of priority responsibilities should be taken bearing in mind the needs and interests of tourists, and target market, locals as well as other interested stakeholders. The main reason of non implementation of the concept is managerial unawareness and lack of education (Goodall & Stabler, 1997; Kasim, 2009). Internal managing of corporate responsibility is an issue to take in consideration. There is no universal way to manage, "One size fits all" as every company has unique characteristics. Some companies establish a Social Responsibility Committee; some redefine the roles of management, open special jobs for managers of social responsibility or designate a specific person to be responsible for social responsibility.

CSR has been overshadowed by the related concept of sustainability which is another reason for its limited popularity in tourism (Levy & Park, 2011). Namely, hospitality companies show their CSR efforts mainly thought environment preservation (Andereck, 2009; Bohdanowicz, 2007; Heung et al., 2006; Houdre, 2008; Mensah, 2007). There are many green initiative bodies that offer certifications thus their recognition from the public, because of the numerous certification providers, is becoming an issue. In tourism, besides focusing on the environment resources, are also other issues which can be addressed like securing employment and existential needs, especially for women and young people, purchasing fair trade goods, preservation of tradition and customs, donations to charity etc. According to Argandona (2010), social responsibility and its theoretical foundations and instruments might also help (in combination with other mechanisms) in solving the problem of tourism overdevelopment given the failure of individual, collective and political actions in Spain. Factors affecting CSR implementation in hotels include: economic reasons, branding, ethical considerations of managers and owners, society and regulatory pressure and employee relations (e.g., Butler, 2008; Han et al., 2009; Kasim, 2007; Mair & Jago, 2010; Tzschentke et al., 2008 as cited in: Levy Park, 2011).

**Loyalty programs:** Loyalty programs (LP) are a system of rewarding customers for frequent buying of products or services. They are considered part of CRM (consumer relationship management) strategy and used also as an instrument of sales promotion within the marketing communication mix. Criteria are defined according to which buyers are categorized as loyal customers (in tourism it is usually the number of arrivals). Some loyalty programs are based on collecting points, where consumption is converted into points which are then exchanged for gifts, benefits or discounts. Synonyms of LP are frequent purchase/ shopper programs (Shoemaker & Lewis, 1999; Long & Schiffman, 2000; Bell and Lall, 2002) or reward programs (Kopalle et al., 1999; Kim et al., 2001). Various are the definitions of consumer relationship management, however the keywords in most definitions include the connection between the company and the customer and the long-term relationship of a company with its customer (Gummesson 1999). The idea behind maintaining relations with customer is to increase benefits for both customers and the company (Turban et al. 2002).

It all started in the 1970s, when some European researches in B2B marketing discovered that suppliers who form closer professional relationships with their customers tend to have “better” customers (Hakansson, 1982 as cited in: Dowling and Uncles, 1997). The 1980s saw a rapid expansion of competitors and classical mass marketing activities were not the ideal solution to the new setting (Godson, 2009). Relationship marketing emerged in those circumstances and can be seen as a new marketing paradigm whereas direct communication centered on sales switched its focus on creating and maintaining relationships with the customers. Later research claimed that loyal customers are more profitable to a company (Reichheld & Sasser, 1990; Reichheld & Teal, 1996; Reichheld, 1996; Rust & Zahorik, 1993). As it is well-known that gaining a new customer costs more than induce an old one to purchase again, retaining customers strategy seems like the source of sustainable competitive advantage (Jenkins, 1994 as cited in: Dowling and Uncles, 1997). Since the American Airlines launched the first contemporary LP in 1981 (Liu, 2007), the topic has been largely studied by professionals, marketers and consultant but in less degree by academics (Kivetz & Simonson, 2003). LP were initially common in travel related industries such as airlines, hotels and rent-a-car and gained in popularity in other industries with the advent of ICT that enabled one to one communication (Deighton, 2000). Computerized database technologies and CRM system are an essential support to manage LPs. It should be stressed that those tools are not about the software itself, rather about the strategic approach used. Besides obviously retaining existing customers, organizations and companies setting up LP want also to (1) maintain sales levels, margins, and profits (a defensive outcome to protect the existing customer base), (2) increase the loyalty and potential value of existing customers (an offensive outcome to provide incremental increases in sales, margins, and profits), and (3) induce cross-product buying by existing customers (defensive or offensive) (Dowling & Uncles, 1997). The benefits of LP include also gaining market research information about existing customers.

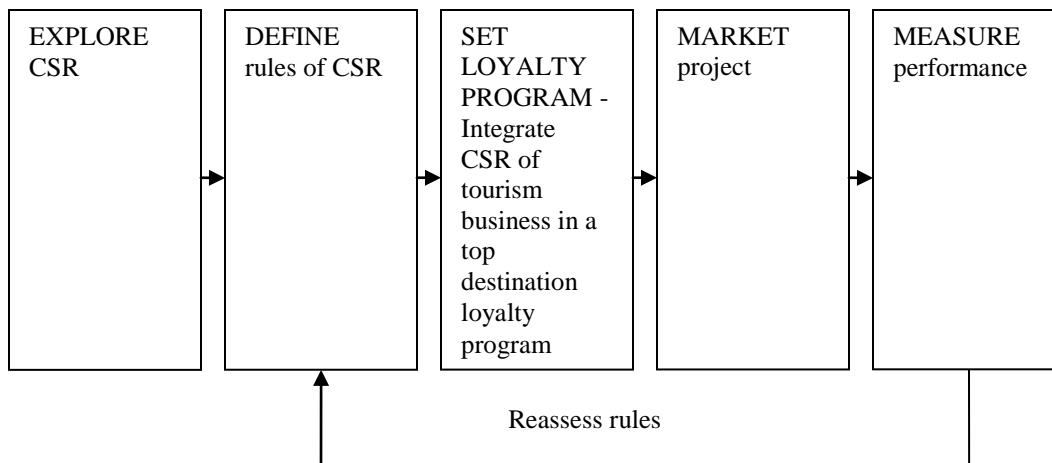
Different factors such as perceived effort to reward (Kivetz & Simonson, 2002) and value of reward affect the success of LP and up to now there is no consensus about their effectiveness. Some LP programs are highly successful (e.g. Frequent flyer) while others fail (Kivetz & Simonson, 2003). Investigating the behavioral aspect of LPs is pretty common: Soman (1998) and Kivetz & Simonson (2002) have studied the effect of delayed incentives on consumer decisions. A study (Garcia-Gomez, Gutierrez-Arranz & Gutierrez-Cillan, 2006) in the retail industry showed the influence of LP on behavioral loyalty of participants is minimal, as most of interviewed claim that their purchase behavior varied very little, if at all, since they joined up. The same was found according to others (Sharp & Sharp, 1997; Bell & Lall, 2002) other studies that also investigated the behavioral component showed that customers enrolled in LP tend to visit competitors less frequently (Passingham, 1998; Meyer-Waarden, 2002). It can be argued that LP can at least be attributed the ability to retain already loyal customers. However LPs positively influence affective loyalty, as participants of LPs show higher levels of positive attitude, satisfaction, trust and commitment than non participants in LPs (Garcia-Gomez, Gutierrez-Arranz & Gutierrez-Cillan, 2006). True loyalty based on emotional bonds is hard to copy, so it can be a competitive advantage (Palmer & Beggs, 1998). Most studies focus on a single LP program and fail to consider the whole situation – competitors’ LPs, a company’s competitive position and market saturation. In such a contest it was proved that in case the product category is highly expandable the saturation effect of LPs disappears allowing the coexistence of multiple LPs (Liu & Yang, 2009). The debate about the effectiveness of LP, with however little empirical evidence (Lewis, 2004), continues. The effectiveness of LPs has been oftentimes questioned, yet few researches deals with customer perception of

LPs (Lacey & Sneath, 2006; Mimouni-Chaabane & Volle, 2010). This paper will not contribute to the topical debate, as LP will only be used as an instrument to motivate businesses in tourism to attain the goal of social responsibility.

#### 4. Model proposal and discussion

A collaborative model for tourism destination that integrates CRS practices in a destination loyalty program is represented in Figure 6.

**Figure 4 : Participative approach in fostering corporate social responsibility in tourism destination through loyalty programs**



Source: authors' contribution

The model will be explained step by step.

- a. **EXPLORE CSR** – this step includes educations about the topic, workshops with representatives of stakeholders, initial brainstorming and sum up of goals. Overview of best practices in tourism should be presented.
- b. **DEFINE rules of CSR**- the rule book of CSR practices will be the result of this step. The development of regulations that will enable the enrollment of business companies in the new loyalty program will again include all relevant stakeholders. A draft proposal will be further worked through (in case of inability to achieve individual requirements) after public hearing till a consensus of group decision making is reached.
- c. **SET LOYALTY PROGRAM - Integrate CSR of tourism businesses in a top destination loyalty program** - this step refers to the setting up the loyalty program. A special destination card will be created where only those companies that are socially responsible according to set rules will be included. All companies that adhere to the regulations, even those who compete with each other, will take part of the program. All relevant decisions regarding benefits related to guests (discounts, services included etc.) will be taken. It is advisable to invest in CRM (Consumer Relationship Management) based cards.
- d. **MARKET project** – Setting the prices, choosing the distribution network and promotion of the set loyalty program as a new destination product (defined a step earlier) are crucial activities in step four. Motivate local businesses to become part of the program, make the benefits they gain appealing. Costs, donations and profit sharing are discussed prior to pricing decision. DMOs should sell destination cards through their offices and online. Investments in promotion of socially responsible companies involved with the project of destination cards will be higher (DMO website, media coverage etc.). By purchasing such destination card, tourists will be informed that a portion of the sale is donated to a local cause or it might be decided to give thematic donations each year by making a dedicated donation to a different institution or organization. It will be clearly noted that everybody, starting from tourists



as well as the companies involved in the project do more for the destination than what is set within the legal framework.

- e. **MEASURE performance** - select metrics according to goals (of both CSR and loyalty program) and measure results. Inform stakeholders of the progress. Based on feedback in case of necessity, reassess rules.

Besides enhancing implementation of CSR, the model is in function of the following goals of tourist destinations:

- increased extra consumption,
- increased sales of destination tourism products in general,
- sales promotion: discounts and other activities,
- establishing and maintain relationships with customers,
- collect of data about customers and their preferences,
- improving support for tourists,
- better provision of information according to the needs of tourists (e.g. attractions, events),
- increased loyalty towards tourist destination,
- enrichment of tourist products of the destination,
- increased awareness of destination brand,
- improvement in relations with stakeholders etc.

By creating an own rule book which acknowledges the particularities of a destination and wishes of stakeholders, tourism companies will be directed to apply CSR as established good business practices. Due to the multiplier effects of tourism, by choosing suppliers and other partners in accordance with defined principles of CSR, it is possible to affect companies outside of the sphere of tourism. The model can be used to achieve the leading position in terms of CSR in comparison to other destinations and represents one step forward towards sustainable development of tourism destinations.

## 5. Conclusion

The notions of CSR and loyalty programs are not new. Theoretical connections of CSR and relationship marketing theory were made and a practical contribution has also been given. The paper deals also with the particularities of implementing CSR-based loyalty programs in tourism destinations where competing companies, not only complementing ones, are welcome to take part in the initiative. The proposed model aims at enhancing voluntary engagement of tourism companies in CSR by offering them additional promotion and a distribution network of the set loyalty program through DMOs offices. A destination loyalty program aimed at respecting the natural environment, the socio-cultural resources and offering high end services at affordable prices might be a trigger to returning visits. The necessity of cooperation in destination management stems from the very essence of a tourist destination, and it is even more pronounced within the proposed model as CSR and loyalty programs include long-term perspective and commitment of the company and DMO, therefore, decisions should be well rethink. The model is an example of a collaborative management in tourist destinations that aims at aligning goals and resources of the tourist offer on one side and the interests of the representatives of all other stakeholders of the destination on the other. It is essential to observe CSR in tourism destination as an integral concept in line with a sustainable strategy in order to help ensuring a constant sustainable development of tourism destinations.

Managing tourism companies as well as destinations in the new era, means adapting to the new rules imposed by the market, to new ways to compete and higher expectations of tourists in terms of social and ethical activities and results. The scientific contribution is evident from the evolutionary „*cooperation-destination competitiveness model*“ based on the integration of emerging theories from the corporate social responsibility and destination management field. The literature review provides destination managers with a basis for initiating stakeholders participation process related to sustainable management and marketing on the destination level which can be considered as important contribution whilst filling the gap in the existing literature. The model suggests the importance of nurturing partnership on the destination level which subsequently brings multitude of benefits due to tourism multiplier effect, not to exclude the contribution that the increased quality of the offer will have on the perceived image of a destination, which should be

further explored. The model is used as a basis for the establishment of an initial set of considerations for sustainable tourism product development aligned with the CSR 2.0 or transformative CSR. The impetus for the full implementation relies on the strength of stakeholder engagement and cooperation.

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