

# Driving Co-Created Value Through Local Tourism Service Systems (LTSS) in Tourism Sector

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## **Driving Co-Created Value Through Local Tourism Service Systems (LTSS) in Tourism Sector**

**Forum Session:** *Service Science and/or Network and Systems Theory*

### ***ABSTRACT***

**Purpose** – Our purpose is to qualify Local Tourism Area (LTA) as Local Tourism Service System (LTSS), glocal network for value co-creation and equifinality for stakeholders. We identify the conditions and the critical aspects useful for the start-up and the development of a network characterized by a strong international competitiveness.

**Methodology/approach** – Our methodology integrates Service Science Management and Engineering and Viable Systems Approach. SSME is useful for qualifying a Service System; VSA is helpful to interpret tourism territories as Systems. SSME&VSA highlights *Structural Variety* and *Systems Relationship* that qualify a LTSS as a long lasting network.

**Findings** – This work provides a general cognitive scheme useful for interpreting LTA as LTSS. So, we can consider a new managing perspective and new ways for developing local service systems according to a governance process based on information sharing, consonance of interpretative patterns and resonance of value categories.

**Practical implications** – Our perspective induces new way of thinking about local systems: territory is not a simply “product” - as static views suggest - but a “service” according to a dynamic view. So, we can see how government guides the development of LTS ensuring distinctive brand destination and place reputation in tourism market.

**Originality/value** – Our paper offers a schema for directing decision makers according to LTA as a LTSS. In the next future, the qualification of the LTSS could be useful to generate a method for measuring the drivers of our model, according to the harmonization among the different governance and the improving reputation of entire service.

**Key words** – *Service Science Management and Engineering (SSME), Viable Systems Approach (VSA), Local Tourism Service Systems, Competitiveness, Consonance, Reputation.*

**Paper type** – Conceptual paper.

## 1. Introduction

The aim of this paper is to interpret *Local Tourism Systems* (LTS) as *Local Tourism Service Systems* (LTSS), identifying the structural and systems conditions that allow to qualify a *glocal network* (Bauman, 2005) leaning toward value co-creation.

The focus on the glocal dimension originates from a simple consideration: in order to compete at best in a globalized setting (Beck, 1999), many socio-economic organizations need to open themselves to worldwide relationships, even if they are deep-seated locally. This means that, in the passage from the structure to the system (Golinelli, 2000, 2011), these organizations have to activate global interactions stepping out of their spatial bounds (micro-environment) (Piciocchi, Saviano and Bassano, 2009), but always preserving their local specificities. This remark is valid also for the study object of our paper, the territory, that “is not a simply spatial extension or a set of natural and human entities, but a localized community that reveals itself for effect of government will” (Golinelli, 2002).

Economic literature referred to the territory is very wide, but most of theories are anchored on a static view of territorial realities. In fact, the territory is often conceived as an “object” (determinism) or as a “product to promote” (static perspective). This views don’t give the right systems subjective to the territory. Consequently, it has little or no competitive capability.

In this paper we propose to pass from a structural to a dynamic view. The Viable Systems Approach (VSA) (Golinelli, 2000, 2011) is useful in this sense, because it allows to qualify a certain Local Tourism Area (LTA) as a Local Tourism System (LTS) characterized by equipment (internal) and systems (external) components that contribute to define a stable identity for developing reputational capital (Siano, 2001). To be more precise, such identity is the result of the combination of two preeminent factors:

- natural tourism vocation, which derives from the structural configuration of the place, and therefore also equipment and systems components;
- the specialization on specific activities which result from systems competences.

Thanks to a wise exploitation of these two factors, each LTA can communicate its distinctive identity to stakeholders to obtain consensus and social legitimacy. Obviously, to define an unique territorial identity, it is necessary that each organization of network develops consonance on Informative Units (IU) and Interpretative Patterns (IP) (Barile, 2009) with other systems and shares with them Value Categories (VC) in a co-evolutionary strategic design. This means that the valorization of *Structural Variety*, characterized by the whole set of tangible and intangible resources, is not sufficient for the survival and the development of LTS. The aspect of *Systems Relationship* is equally important: it allows entities which compose the network to create an interconnected system in which, by means of sharing data, cognitive models and strong beliefs, each socio-economic actor can:

- 1) participate in the process of value creation;
- 2) benefit from a value distribution process, according to the *law of increasing returns* (Arthur, 1994).

For this purpose, Service Science Management and Engineering (in short, Service Science - SS) (Sphorer and Maglio, 2007) seems to be determinant in order to qualify LTS as LTSS.

SS focuses on the service. By the term “service” we don’t want to refer to the meaning that it assumes in Goods Dominant Logic (GD logic) or in Service Dominant Logic (SD logic) (Vargo and Lush, 2004), which consider goods and services as two distinct and opposed entities. We believe that it’s right to view them as two sides of the same coin: while “goods” refer to the tangible aspects of the offer (structural dimension), “services” refer to the intangible ones (systems dimension – processes, interactions, informative exchange, adaptability), but both are parts of the same thing.

According to this new logic, “service” is a “product in action” (Golinelli, Barile, Sphorer, Bassano, 2010).

In this paper, we highlight the limits implied in many territorial theorizations, remarking the importance to conceive local areas in terms of “service systems”. The result is a new service-based logic for competitiveness from which we can derive several drivers useful for a sustainable socio-economic growth.

## 2. Methodology

Traditionally, the territory has been the subject of numerous scientific studies and debates which gave rise to different perspectives of analysis (Quaini, 1975; Magnaghi, 1994; Jellicoe, 1969; Farina, 1993; Vallega 1994). However, in most cases, these perspectives have represented the territory as an “object” (determinism, passivity) rather than as a “subject” (behaviorism, proactivity). The excessive emphasis on physical and spatial aspects and, in parallel, the lack of attention to relationships and organizational dimensions have drastically reduced the complexity of this phenomenon. The result is that the territory was conceived in terms of “combination” – an unorganized set of structural elements - rather than as a “system”. This view is extremely simplistic and reductive, so it needs an opportune reflection (Figure 1).

FIGURE 1 about here

The key-concept that has contributed to the shift to a more realistic interpretation of the territory is that of “system” (Golinelli, 2000, 2011; Trunfio, 2008), which we can recover from the Viable Systems Approach (VSA).

Unlike “combination”, “system” denotes an interrelated whole of interdependent parts that operates in close connection with other systems entities. So, the concept of system implies the idea of *organization* which is fundamental to interpret the territory in systems terms. In fact, according to the VSA, a combination becomes a system when it is possible to recognize a government able to establish a subjective order in the reality, to share with stakeholders (Piciocchi, Bassano, Papasolomou, Paduano, 2009) (Figure 2).

FIGURE 2 about here

According to this logic, the territory doesn’t represent a mere settled space (static view), but it is the result of interactions between systems and resources for the common purpose of survival (dynamic view).

To catch the point of this remark, it is necessary to recall a well-known theoretical scheme (Golinelli, 2002) (Figure 3).

FIGURE 3 about here

As the figure shows, the matrix is built considering two dimensions:

- 1) *the perspective of analysis of the territory*, which can be individual or collective;
- 2) *the sought advantages*, which can be temporary and limited or lasting and wide.

Crossing these dimensions, it can obtain four different configurations of the territory.

In particular, if the perspective of analysis is individual and the sought advantages are temporary and limited, the territory is considered as a “resource to consume” (the first square). In this situation, each organization exploits the territory for its individual convenience reading the territory as a threat or opportunity, but without creating an *ecological system* (Holling, 1973).

If the perspective is individual and the sought advantages are lasting and wide, the territory is conceived as a “product to promote” (the second square) (Caroli, 1999). The local evolution is piloted by an economic group tending to promote the territory by means of marketing tools and logics (GD focalization) (Valdani and Ancarani, 2000). In this situation, we can outline a governance structure; however, it doesn't interest in social wealth, but only in individual growth.

Both these perspectives don't surpass or remove speculative nature of exchanges. So, in order to represent the territory as system and then as service system, it is necessary to pass from individual perspective to collective ones.

If the perspective is collective and the sought advantages are temporary and limited, the territory is considered as a “scenary” (the third square). In this situation, there is an attempt to balance the different and conflicting interests of community, but the territoriality is squeezed by the institutional and bureaucratic dimensions related to the different local decision makers point of views and temporary policy making culture. The territory becomes similar to a “stage-set” which changes according to the political team in power. This configuration is static, passive and fragmentary, because it lacks strategic planning and stable leadership.

To be competitive, the territory has to be conceived as a “system” (the fourth square) which operates proactively not only for its individual growth, but also for improving the social wealth. In fact, the perspective of analysis is collective and the sought advantages are lasting and wide. In this situation, organizations share Informative Units (socio-economic data), Interpretative Patterns (co-planning) and Value Categories (common mission and strategy) (Barile, 2009) in order to give a stable identity to the territory in which they operate (Siano, 2007). This implicates that the viability of the “territory as system” depends:

- 1) on the one hand, on internal organization: each node of the network has to work to produce collaborative synergy (Piciocchi and Bassano, 2009) for the same aim of survival (co-finalization). This means that, in a systems view, the value produced cannot ascribe to an isolated node. It spreads on the whole network because it derives from synergic relationship between systems;
- 2) on the other hands, on external impact: the territory as system has to create value for/with its stakeholder providing an offer consonant with their expectations.

If this perspective is accepted for the territory in general, then it is valid even for *Local Tourism Areas* (LTA).

LTA are portions of the territory characterized by several attractions that, placed in a defined space, qualify a certain tourism offer for the valorization of local culture and resources. However, to be viable, LTA have to be interpreted in terms of *Local Tourism System* (LTS) as well as territory. This is because competitiveness (viability) is not derived from structural elements – which are replicable –, but it plays on behavioral plane (dynamism). This means that government has to be able to interpret the territory and its resources coherently with contextual expectations and pressures.

From these considerations we gather that, unlike other approaches, the VSA gives prominence not only to *Structural Variety*, but also to *Systems Relationship*.

The former refers to the set of equipment (natural, artistic, structural, urban, infrastructural) and systems (firms, social organizations, people, institutions) components (Golinelli, 2002), that represent the potential of *consonance* of a LTS; the latter refers to the active exchanges which develop *resonance* inside and outside the network.

At this point, we can describe LTS as an entity with tourism vocation (structure) that, thanks to its *openness degree*, is able to interact with local and non-local stakeholders (system) for the search of sustainable competitive advantage.

The *structure-system dichotomy* we have just pointed out is typical of the VSA. Moreover, in Service Science (SS) view (Sphorer and Maglio, 2007), it is comparable to the *good-service dichotomy*.

While “good” refers to the tangible aspects of local tourism offer, “service” refers to the intangible ones, and so to all set of immaterial benefits derivable from the interactions with LTS. This means that while the former exists regardless of exchange relationship, the latter exists only following up the activation of exchange relationship.

If we were limited to consider the territory in terms of “good”, we would anchor our point of view to structural elements without intercepting the actual conditions of territorial viability. For this reason, SDL’s authors (Vargo and Lusch, 2004) suggest to pass from *good logic* to *service logic*.

Anyway, we believe that it is wrong to deal with these concepts in a dichotomic manner, because there isn’t an opposite relation between good and service, as well as structure and system in the VSA view: according to the conceptual matrix, system emerges from structure; in the same way, service requires a structural arrangement (back-stage) to be provided (front-stage). It results that “service is the systems configuration of good” (Golinelli, Barile, Sphorer, Bassano, 2010). In other words, it is “the good in action” because it derives from a *process of sematization* (sense-making) of good, useful to create the best conditions of consonance and resonance with context.

The key-concept we have just introduced – service – allows us to interpret LTS in terms of *Local Tourism Service Systems* (LTSS).

In SS view, “service systems” are dynamic configurations of resources (people, technologies, organizations and shared information) which create and deliver value to all systems (IfM and IBM, 2008).

According to this standpoint, LTSS can be qualified as service networks which co-create value both internally and externally.

While the internal process of value co-creation aims to define a *value proposition* (place identity or brand destination) that is recognizable and consistent with the local specificities, the external process of value co-creation tends to improve the global LTSS competitiveness (place reputation) by means of mutual satisfaction of interacting systems (Gronross, 2008).

This postulates a structure service (place personality) that, guaranteeing resource sharing, is able to produce increasing returns for all systems in interaction (win-win interacting logic) (Gummesson, 2008).

The above considerations leads us to think of a new logic for competitiveness.

### 3. Findings

By the Figure 3, we have showed how considering the territory in terms of “resource to consume”, “product to promote” or “scenary” could be extremely risky for the systems survival because these configurations neglect the collective perspective and/or the search of wide and lasting competitive advantages. For this reason we have focused our attention on the fourth square in which the territory is represented as a system able to develop itself in respect of sub-systems and supra-systems’ expectations.

These considerations, derived from the VSA principles, allowed us to qualify the territory with a tourism vocation in terms of Local Tourism System, surpassing the limits of territorial configurations we have described in previous paragraph. But in order to define a more accomplished configuration of the territory, it is necessary to take another step: to distance from the idea that the territory is a static set of resources (only *Structural Variety*).

For this purpose, the SS view come to the aid of us: it allows to qualify the territory in terms of Local Tourism Service System such as a dynamic configuration of operand and operant resources which co-create value for/with other (service) systems (*Structural Variety and Systems Relationships*).

In this way, we have completely surpassed the limits implied in many territorial theorizations tracking a path from a static view of the territory – which implicates the lack of a strong identity and competitiveness - to a dynamic and service-based view – which guarantee a long lasting

competitive advantage. Besides in Figure 3, this path is summarized also in the following map (Figure 4).

FIGURE 4 about here

This figure is representative of our effort to re-interpret the various territorial configurations in VSA-SS terms, identifying for each of them the main source of competitive advantage.

Reading the map, we can say that if the territory is conceived in terms of “resource to consume”, competitive advantage is based merely on territorial personality. Personality qualifies “what a system really is” (Siano, 2001) and so its *Structural Variety*. In this situation:

- components interact without a common evolutionary planning;
- their purposes are independent;
- relationships have an opportunistic nature;
- it is not possible to identify a shared government which provides directions and rules.

In the VSA view, this configuration qualifies an *embryonal system* which lacks a shared and clear identity within and outside the network. The territory is conceived as “good” from which get tangible benefits. Focus is on the structure, rather than system. In the SS view, this means that the service component is only expressed by a functional use of the territory.

If the territory is considered as a “product to promote”, competitive advantage is focused on territorial identity. Identity defines the whole set of visual element through which a system represents itself in the context (Siano, 2001). In this case, competitive strength depends on the ability to read the context and establish a communication consonant with stakeholders’ expectations. In the VSA view, this territorial configuration seems to be similar to *evolving system*. In fact, we can identify a government with directions and rules responsibilities; moreover, components interact in a co-evolutionary design, but their behaviors are still opportunistic. Although dominant logic is still focused on good, the service component is coming up: the territory becomes an “augmented good” (Kotler, 2000) which has not only a functional use, but also the role to support and add value to the product.

If the territory is conceived as a “scenary”, competitive advantage is based on image. Image corresponds to perception that stakeholders have of the territory in a certain time (Siano, 2001) and in different point of view. In fact, this perception is unstable because it is the result of fragmented actions of different local decision makers, as well as private and public institutions. This configuration qualifies an *accomplished system*: there is a government which provides directions and rules and exercises control power. However, this system is not stable because of the strong variability of decision makers and their contrasts on the own point of views. This means the incapability to create reputational capital which needs actual actions and commitment. In terms of SS, we can say that the focus is on the service, but value co-created is subject to quick destruction because it doesn’t leave a sediment on social fabric.

At last, if the territory is conceived in terms of “system”, competitive advantage is based on reputation. Reputation is the result of a socially shared judgment based on the ability to create value for and with stakeholders (Siano, 2001). This means that the territory can be qualified in terms of *stable accomplished system/viable system* in the VSA view or in terms of stable service system in the SS view: the offer is not merely focused on product and tangible benefits, but on the product, tangible benefits and intangible ones (in short, *service*). In this situation, components co-evolve regardless of political changes and time factor. The emerging configuration, in VSA-SS terms, is that of stable Local Tourism Service System which we qualify as an accomplished territorial configuration able to build, on a structural viewpoint, a clear *brand destination* (Crouch and Ritchie, 1999; Hankinson, 2007; Invernizzi, 2010) to improve, on a systems viewpoint, the *place reputation* (Siano, Confetto, Siglioccolo, 2009).



In fact, the passage from Local Tourism Area to Stable Local Tourism Service System means the shift from *the territory as an object* to *the territory as a subject* able to express competitiveness (consonance and reputation) on international setting. It results a new logic for competitiveness which we schematize in the following figure (Figure 5).

FIGURE 5 about here

As we can see, the value co-creation for positioning of a LTSS depends on the competitive power of the integrated tourism value proposition. In other words, the LTSS competitiveness comes out of a complex process of sharing of an overall value proposition. In this perspective, if the purpose is to interpret LTA as LTSS (on the left of the graph), multilevel governance (Sphorer, Piciocchi, Bassano, 2011) – a governance shared by the local components - has to evaluate the *drivers for being in consonance* and the *drivers for creating reputation*.

These drivers allow the evaluation of:

- 1) the structural conditions for sharing an overall value proposition (consonance analysis) by which building a LTSS brand destination;
- 2) the systems conditions for creating a fiduciary capital (reputation analysis) for improving LTSS place reputation.

In this way, multilevel governance defines an Overall Competitive Advantage – based on the sharing of Informative Units, Interpretative Patterns and Value Categories – which characterizes its value proposition for competitiveness. This competitiveness is able to produce value for the market and stakeholders. Moreover, it allows LTA to represent itself as a LTSS.

Obviously, it is important that the definition of LTSS competitiveness works as a virtuous circle of syntropy (Piciocchi, Bassano, Papasolomou, Paduano, 2009) to guarantee, on the one hand, the progressive optimization of the value proposition and reputation and, on the other hands, the monitoring of the gap between the value proposition and the variable needs ad perceptions of the market.

The qualification of Local Tourism Area – firstly in terms of system and then in terms of service system – implicates the search of structural and systems conditions useful to guarantee the start-up and development of a stable network leaning toward value co-creation.

From a structural viewpoint, competitiveness of LTSS is closely related to consonance between firms of the network (intra-systems compatibility) and between these and context (inter-systems compatibility).

To analyze LTSS consonance, we consider the structural composition of the network and, in particular, the type and efficiency of reticular connections. These are the essential conditions for the activation of resource sharing processes.

From a systems viewpoint, LTSS competitiveness depends on resonance between systems developed during value co-creation process. To obtain a measure of resonance, it is useful to consider the continuity or intensity of relationships (trust) (Castaldo, 2002) and the level of satisfaction produced by interactions. It is should be noted that the control of resonance is contextual to the exchange relationships, because, in interaction between service systems, value is perceived simultaneously to service delivery. This allows LTSS government to redesign and restructure on time the conditions of competitiveness for value co-creation process.

The gap analysis between expected results and obtained results is useful for the progressive improvement of LTSS value proposition (consonance increase). In systems terms, this means the development of positive images that can consolidate in a LTSS Reputation as fundamental basis for building a sustainable competitive advantage.

Our interpretative scheme highlights a new way of thinking about systems competitiveness. But one may legitimately wonder what are the specific drivers of LTSS competitiveness mentioned in Figure 5.

As we have already said, competitiveness depends on government's ability to develop both adequate structural consonance (brand destination) and systems (place reputation). So, our effort is to identify possible drivers of consonance and reputation to have a measure of competitive strength of a service system and, in particular, of a LTSS (Figure 6).

FIGURE 6 about here

As the figure shows, the drivers of consonance are:

- DC1. Customer focus
- DC2. Service (back-stage)
- DC3. Mission and Strategy
- DC4. Variety
- DC5. Values

But the question is: what do they mean?

First of all, we have to clarify that they indicate the structural compatibility of a service system to co-create value with stakeholders.

*Customer focus* (DC1) means the capability to predispose the conditions for customer satisfaction. In particular, it measures the openness capability of the system and so the level of customer involvement (Sphorer and Maglio, 2007) and IU and IP sharing (Barile, 2009) in/for the process of value co-creation.

*Service/back-stage* (DC2) means the structural adequacy of embedded capabilities and financial, technological and human resources for service delivery (IfM and IBM, 2008; Golinelli, 2000, 2011).

*Mission and Strategy* (DC3) refers to the capability of components to acquire a common consciousness of service system personality ("What is it?" and "What are its objectives?") in order to provide an unique value proposition (Dilts, 2008).

*Variety* (DC4) means the adequacy of equipment and systems component for a specific aim (i.e. tourism attractions and services for tourism systems) (Golinelli, 2002).

*Values* (DC5) refers to shared values and strong beliefs within the network in order to develop a cohesive image of the system (Siano, 2001). This driver analyses also the business ethics to measure the impact of decision making processes (Piciocchi, Bassano, Paduano, Papisolomou, 2009) on the environment.

Instead, the drivers of resonance are:

- DR1. Emotional appeal
- DR2. Service front-stage
- DR3. Vision and Leadership
- DR4. Relationship
- DR5. Social responsibility

They indicate the systems synergy achieved with the context and so the co-created level of service.

*Emotional appeal* (DR1) expresses the level of liking, trust and respect generated by service system. It is the result of emotional and stable relationships between service system and its stakeholders (Nelli and Bensi, 2003) derived from the ability to satisfy the customer needs according to win-win logic.

*Service/front-stage* (DR2) means the application of competences (knowledge and skills) for/with another party (Sphorer, Vargo, Caswell, Maglio, 2008). It refers to the perceptions about the service system ability to maintain high quality standards, innovation and productivity of services.

*Vision and Leadership* (DR3) refers to the clear vision of the role that service system could play in the medium/long term in its context. Moreover, it measures the stability of leadership (in term of strategic direction) over the time.

*Relationship* (DR4) indicates the effectiveness and efficiency of bottom-up processes for sharing integrated resource (multilevel governance) (Sphorer, Piciocchi, Bassano, 2011) in order to optimize and potentiate value co-creation.

*Social responsibility* (DR5) measures the impact that service system activity generates in the environment and so its sustainability (Sphorer, Maglio, Bailey, 2007). It examines the relationships between service system and local and non-local communities, employees and other stakeholders in order to evaluate the overall level of *good citizenship* (Siano, 2007). It can be detected by means of several items such as the employees absorption rate, employees and/or customer satisfaction, support to social causes and so on.

It is clear that each of this driver has different unit of measurement. So they should be normalized. But we intend to deal with this problem in future researches.

#### 4. Practical Implications

The model we have proposed in the previous paragraph provides a conceptual framework for orienting strategic decisions. Moreover, it allows to identify the main drivers for LTSS competitiveness. But what are the opportunities and the limits that multilevel governance could find in the process of implementation of this model?

With reference to the opportunities, the LTSS competitiveness come out, on one hand, by a complex service system for the entire value proposition for tourists and internal and external stakeholders; on the other hand, it is a “tool”:

- 1) to communicate strategies and share expectation of local entities;
- 2) to filter the perceiving expectation market and guide the brand reputation improvement.

If the destination branding activity is a selection and integration of consonant entities – as components of an entire local service – then LTSS competitiveness is a strategic shared process for identifying and distinguish the local destination as a LTSS through “...*a positive image building [...] consistent brand elements reinforce each other and serve to unify the entire process of image formation and building, which in turn contributes to the strength and uniqueness of brand identity*” (Cai, 2002).

Brand destination, as well as brand reputation, emerges by the entire local value proposition; the problem is the identification of a shared multilevel governance able to coordinate and guide the different local entities to a common finality of growth, useful, also, to ensure the various interests of all stakeholders.

But this multilevel local governance model refers to some problems of cohesion according to the process characterization of perception and subjective satisfaction of the local variety of purposes. In concrete, this reflects the difficulty to find an arrangement about a shared governance able to interpret, catalyze and promote the entire LTSS dynamics according to the right service systems configuration for the local value co-creation.

Therefore, the destination brand management requires a cohesive leadership and an organization local commitment useful to a strategic vision which can form the basis for a brand-oriented culture and guarantee the alignment of processes of coordination around the local tourism service system

(LTSS). This means that, through a process of dialogue and debate, a brand shared strategy must be defined by the local network organizations which communicate and operate for the destination brand. In particular, the aim of this process is to ensure a synergic communication strategy between all stakeholders, as well as partners, visitors and resident (Hankinson, 2007).

In this way, the LTSS branding can support the multilevel governance to reduce any gaps between LTSS's strengths and market perceptions: *"It takes patience to establish brand reputation ....[and competitiveness, so the].....building a powerful destination brand is a long term effort which more often than not yields incremental and not exponential results"* (Morgan *et al.*, 2002).

Surely, another limit may be encountered in terms of measurement because of qualitative nature of variables. In particular, the collection of certain data (such as the customer involvement degree, the level of sharing of IU, IP and VC and so on) may be too expensive for LTSS both in financial terms and time; moreover, the information processing could suffer for the subjectivity of analysis. Not to mention the difficulty in assessing reliability of certain measurements (i.e. the self-evaluation of DR3).

These difficulties are balanced by the opportunities provided by the model that allows multilevel governance to have a measure, even if approximate, of the structural adequacy and systems resonance of LTSS. Both these aspects are useful for implementing corrective, conservative or intensive actions in order to increase the LTSS competitiveness, in time and space.

So, this framework qualifies an important tool for governing the territory as viable system. In fact, in spite of the limits we have mentioned, this model becomes a compass able to orient strategic decisions and stimulate the professional growth of decision makers who have decided to assume it as benchmark.

## 5. Conclusions

To sum up, we want to highlight the original aspects of this paper rather than summarize the research we have done.

The value of this work lies in several aspects. First of all, it specifies what the territory as system is and how it should work in order to build a brand destination useful for building and improving place reputation. In fact, the IU, IP and VC sharing within service system and the active customer involvement into the process of value co-creation allow multilevel governance to build a strong place identity or value proposition. As the Figure 6 suggests, if the conditions of widespread place culture, planning cohesion and operative sharing are respected, LTSS can express competitiveness not only in the local context, but also in the international setting through a recognizable and distinctive territorial brand.

Moreover, this paper encourages future research aimed to find an algorithm for the operationalization of LTSS competitiveness drivers.

By the nature and theory of systems, we know that each kind of system cannot live or exists in itself. Obviously, this means that a service system is viable if it has the capability to survive and produce equifinality for the internal and external stakeholders. In this way, we can consider a Local Tourism Service System a collaborative system of local entities finalized to ensure to the territory specific connotations in terms of place personality, identity, image and reputation.

To get this purpose it is relevant to share the following aspects: outsourcing and interaction between local entities; transfer of specific know-how; definition of competitive barriers; growth in the value of the knowledge wealth; encoding of a language network as defined by Ashby's Requisite Variety (Ashby, 1956). In fact, sharing is important to develop overall competences from related capabilities and guarantee a value co-creation process useful to shift from the simply cooperation to the complex collaboration among different entities which interact locally.

The value co-creation for the positioning of a LTSS is a complex bottom-up process useful to define the competitiveness degree of a territory as a viable system or an entire service system.

According to this purpose, the different entities of a tourism area share the same idea that the viability of a service system depends on the capability of its multilevel governance (Spoher, Piciocchi, Bassano, 2011) to develop a sustainable and distinctive competitive advantage for the market (tourisms) and for stakeholders. In other words, the local components of a certain territory have to be connected and share the same finality to improve the own and the overall competitiveness.

This means that a LTSS is characterized by a shared governance between the integrated components - local service sub-systems - to build an overall positioning, based on a distinctive competitiveness.

Another element of value of this paper is based on identity macro-categories of a LTS and, in particular, on the qualification of the identity items useful to pick out a LTS as LTSS. These aspects lead us to reflect on a series of positive implications: 1) the guiding the whole service system for the choice, use and maintenance of own local originality and identity; 2) the giving harmonization to different and particular schemes of LTSS components; 3) the providing of accurate and reliable information for data, input of methods and tools useful to LTSS assessment.

In particular, the LTSS competitiveness needs the providing of accurate and reliable information for data, input of methods and tools useful to LTSS assessment as an entire service; this means that the common commitment, to compose the different interpretative governance schemas of the LTSS components, is a necessary condition to create a multilevel governance structure able to guide the whole service system for the choice, the use and the maintenance of own local originality and reputation.

According to our approach, the growth of LTSS competitiveness could be identified in the cumulated process of reputational equity of the entire system as whole service. In this sense, each local components, integrated in the LTSS, plays a fundamental role to improve the co-evolutive process of growth for the value co-creation of the overall system.

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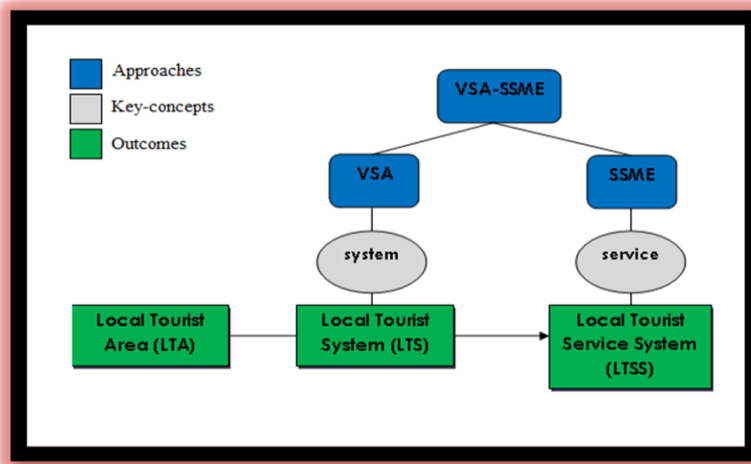
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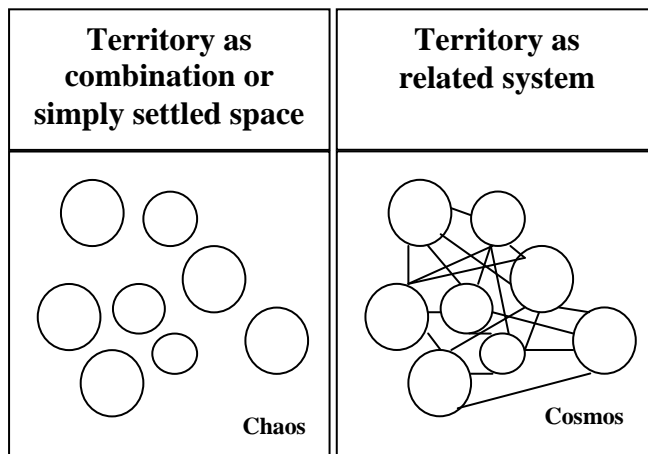
## Figures

Figure 1: Our methodological pathway for interpreting LTA as LTSS



*Source: our elaboration*

Figure 2: Territory as combination and territory as system: two different representations



*Source: our elaboration*

Figure 3: The various configurations of the territory

		Perspective of analysis	
		Individual	Collective
A d v a n t a g e s	Wide and lasting	Territory as product to promote <span style="float: right;">2</span>	Territory as system <span style="float: right;">4</span>
	Temporary and limited	Territory as resource to consume <span style="float: right;">1</span>	Territory as scenary <span style="float: right;">3</span>

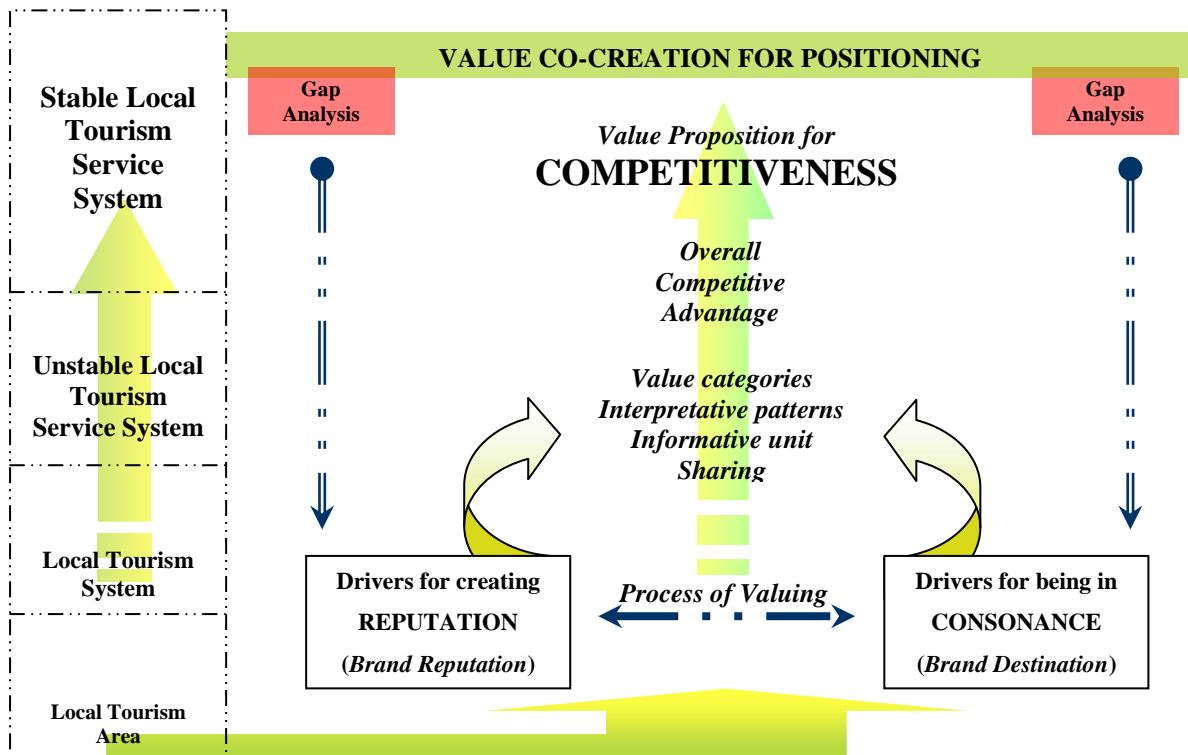
Source: adapted from Golinelli C.M., 2002

Figure 4: Different interpretations of the various territorial configurations

Territorial configurations	Source of competitive advantage	VSA	SS	VSA-SS
Territory as resource	<i>Personality</i>	<i>Embryonal System</i>	<i>Good (GD logic)</i>	Local Tourism Area
Territory as product	<i>Identity</i>	<i>Evolving System</i>	<i>Extended good (GDL&gt;SDL)</i>	Local Tourism System
Territory as scenary	<i>Image</i>	<i>Unstable Accomplished System</i>	<i>Unstable service system (GDL&lt;SDL)</i>	Unstable Local Tourism Service System
Territory as system	<i>Reputation</i>	<i>Stable Accomplished System (Viable System)</i>	<i>Stable service system (SSME &amp; SDL)</i>	Stable Local Tourism Service System

Source: our elaboration

Figure 5: The bottom-up process to create value proposition for LTSS competitiveness



Source: our elaboration

Figure 6: The LTSS competitiveness drivers

COMPETITIVENESS DRIVERS	
Consonance Drivers	Reputation Drivers
<b>DC1. Customer focus</b> - Customer involvement - UI & IP sharing	<b>DR1. Emotional appeal</b> - Like - Trust - Respect
<b>DC2. Service (back-stage)</b> - Resources and capabilities	<b>DR2. Service (front-stage)</b> - Application of competences (high quality, customization, productivity in terms of time and money)
<b>DC3. Mission &amp; Strategy</b> - Common consciousness of “what service system is” and “what its objectives are” - VC sharing	<b>DR3. Vision &amp; Leadership</b> - Clear vision - Stable leadership
<b>DC4. Variety</b> - Equipment and systems components	<b>DR4. Relationship</b> - Bottom-up process for sharing integrated resources
<b>DC5. Values</b> - Internal cohesion - Shared ethic codes	<b>DR5. Social responsibility</b> - Support to good causes - Environmental stewardship - Treatment of people - Employees absorption

Source: our elaboration