

LIMITS OF TOURISM DEVELOPMENT IN PERIPHERAL DESTINATIONS: PROBLEMS AND CHALLENGES

The limits of tourism development - the problem

Despite many examples of inappropriate tourism development around the world, several destinations are still trapped by an almost inevitable vicious circle which destroys the very essence of tourism. Tourism is supposedly developed in order to improve the prosperity of local people at destinations, mainly through stimulating their local economy. However, unplanned and inappropriate development, often driven by human greed, generates an oversupply of tourism facilities. This is particularly evident in remote, peripheral and insular destinations, due to the decline of non-tourism related activities and the lack of alternative investment and employment opportunities. Several disastrous consequences emerge in this case for both destinations and enterprises:

- Destinations are forced to develop tourism, which then evolves to mass tourism as planners either fail to limit development or to implement plans against politicians, industry and developers;
- Principals are unable to attract their intended target markets and they rely on heavy discounting for attracting consumers;
- Principals also depend heavily on distribution channel members, such as tour operators, for achieving their financial targets. Intermediaries take advantage of the situation and use excessive bargaining power to reduce principals' prices even further in order to achieve competitive advantages in their market;
- Tour operators in particular demand constant reductions of prices by principals and at the same time they request an improvement of the quality of services and facilities. This is intensified through the vertical integration of tour operators and their geographical expansion, which enable them to concentrate more negotiation power;
- Destinations are sold on price rather than their merit or attributes, and thus they are easily substituted with other cheaper destinations around the world;
- environmental and socio-cultural resources face degradation and their sustainability is seriously jeopardised;
- Facilities and services also suffer because lack of profit prevents enterprises from renovating facilities as well as from hiring qualified personnel and maintaining training standards. They also try to save money by reducing the quality of the ingredients used, and by "cutting corners" (e.g. the times they change linen in rooms). As a consequence the quality of the product is further reduced and consumers are willing to pay less, generating another vicious circle;
- consumers often misbehave (e.g. hooliganism, drunkenness, sex tourism) and commit crimes in some traditionally peaceful societies, which do not have the police resources to maintain order;
- Effectively both the destination and principals suffer the consequences as they cannot attract the appropriate market segments and fail to meet their economic/financial targets whilst having to bare socio-cultural and environmental costs.

- Ultimately destinations and principals cannot make sufficient returns on the resources they utilise for the development and delivery of tourism. Consequently, tourism becomes an unprofitable industry, which can only generate some low-paid employment.

Tourism planning and development deficiencies

Several examples around the world demonstrate that almost invariably tourism is developed by external agents who take the lions' share of the emerging benefits. Local people often get little more than underpaid and seasonal jobs and perhaps some pride that their region can attract people from the developed world. In reality, however, external agents who control capital and expertise undertake the investments required and develop facilities locally. External agents often work closely with the national government, which is also keen to demonstrate local economic development in order to boost its political profile. This arrangement is often referred to as neocolonisation to reflect the new levels of dependency emerging for peripheral regions from metropolitan financial centres which control economic development globally.

There are several factors contributing to the oversupply problems which are responsible for the degradation of destinations and tourism enterprises at peripheral destinations:

- Conventional wisdom demonstrates that development and profitability in manufacturing and retailing have always been associated with increase in volume of activity;
- People assume that they can develop destinations almost indefinitely without jeopardising the quality of the experience for visitors and the quality of life for locals;
- Environmental and socio-cultural resources are often regarded as zero-priced public goods and people rarely can appreciate their vulnerability;
- Arguments and dilemmas are often developed locally. Environmentalists and local people who are not related to the tourism industry often disapprove further expansion and they tend to be accused by the industry that they are against the prosperity of the region for their own individualistic reasons;
- Local people often enjoy little benefits as an underpaid labour force but they bear major costs and often have to be dislocated from their land;
- Governments and the political system are geared towards re-election. Hence, the political circle for demonstrating the ability of political parties to deliver prosperity to citizens is normally 4-5 years. Consequently, short term development is always favoured rather than a long term, well-planned one;
- Politicians and their close associates or major supporters frequently have commercial interests in tourism;
- Tourism industry executives as well as people in developing agencies frequently have retailing/manufacturing backgrounds and they do not appreciate the differences of tourism development.

Although several researchers have identified inappropriate development as the major reason for environmental and socio-cultural decay, there is little research and publication of its impacts on the macro and microeconomics at the destination. As tourism grows uncontrollably several physical, aesthetic and atmospheric elements of the destination disappear, resulting in lower customer satisfaction. This generates a vicious spiral where consumers with high expectations and expenditure capacity are not attracted anymore to the destination, resulting in a further reduction of prices. As a result, further development is required in order to achieve economies of scale and run enterprises and the destination as a

whole at the optimum cost. The vicious spiral is triggered once tourism supply has exceeded tourism demand and thus spare capacity needs to be sold at a lower price.

Failure to learn from past mistakes

One would expect that after several years of experience, following the development of classic examples of mass tourism such as the Spanish Costas and Waikiki Beach in Hawaii, local authorities would be willing and able to control and guide development towards the achievement of the strategic aims of tourism. Evidence however demonstrates that this is still not the case. Several factors contribute to this failure:

- Most of the issues about the type of development followed (not only tourism) are subjective and subject to interpretation. The inadequacy and subjectivity of generic development indicators or the carrying capacity concept do not help the situation either as they fail to recognise unique settings and sensitive resources;
- Tourism is often the only industry that peripheral, insular and remote regions can gain competitive advantage on. Unless local residents develop (exploit?) tourism it is really difficult for them to reach the level of living projected/imposed to them through Western television (news and soap-series);
- How can someone fight short-term individual prosperity (survival, or greed in some cases) for long term society prosperity?;
- Although smaller enterprises are often more greedy and lack an understanding of environmental concerns, they, at least, support the infusion of tourist expenditure in the local society improving economic multipliers. Larger and often multi-national enterprises may be more environmentally conscious but they often use “eco”-products for marketing and PR and at the same time create economic leakages to investors in metropolitan corporations;
- The public sector is often too weak to control and manipulate development due to the need to satisfy often unreasonable political requests by the local industry and voters as well as due to the lack of funds for guiding regional development. Political pressure and influence make rational tourism management and development immensely difficult. In some cases, corruption at all levels of the public sector, especially in developing countries, makes the problem very difficult to solve;
- Although several tourism development issues are political and have a socio-cultural influence, at the end of the day they are all routed back to macro or micro economics. Economics motivates and leads development;
- Cynics claim that politicians are only interested in being re-elected and maintain political power, rather than save the earth or create sustainable development. In order to be re-elected they need to provide short term tangible benefits (often in less than 4 years!). People with political power support individuals to profit more, and in return they support them politically;
- Socio-cultural characteristics are often used either to “dress” economic interests or to enable enterprises and politicians to get support from local people.

Instead of a conclusion

Assessing tourism development and planning is often subjective and related to a wide range of non-tourism associated variables. Despite several examples of socio-cultural and environmental degradation which resulted in a direct economic decline, the vast majority of destinations around the world are still “grey” areas and the interpretation of the impacts of tourism on the society are largely subjective and subject to interpretation. Although one can

be accused of over-simplification several interest groups in the social or scientific disciplines tend to formulate positive or negative opinions about tourism development.

Traditionally, environmentalists, planners, sociologists and anthropologists and to a certain degree socialists tend to be much more critical of tourism development and sceptical about its contribution to local societies. They tend to argue that tourism has disrupted local socio-cultural and environmental resources and jeopardises the integrity of local communities by developing and delivering superficial and inauthentic facilities and services. The local community are treated as “second class” citizens within their own region whilst most of the benefits are ripped off by multinational organisations which have colonised and destroyed resort after resort. They are often quite pessimistic and almost claim that each attempt to develop tourism in a new destination will inevitably end up in a new disaster and hence often discourage new areas from developing tourism.

In contrast economists, management and marketing experts and supporters of the free economy tend to see tourism as an opportunity for rational utilisation of resources for enhancing the prosperity of local people and hence take a more optimistic view. They tend to compare the disposable income of locals before and after tourism development and they emphasise the ability of local people to develop a more western way of life by acquiring consumer goods and services. Employment and job mobility are some of the most frequently quoted benefits for local people.

This author believes that the truth lies somewhere in the middle and varies from destination to destination according to local resources, planning and regulation, business arrangements and political situation. Arguments for and against tourism development can be explained for every single destination. Therefore, only elaborate research, using a wide range of multidisciplinary research tools should be utilised in order to assess the real impacts of tourism and the winners and losers at the destination level. Based on this research, policies should be developed through partnerships between both the public and private sectors. These policies should aim to achieve four major strategic directions: Maximise the benefit of tourism for the local society; maximise the satisfaction of customers/tourists; sustain local resources in the long term; and maximise the profitability of tourism enterprises. Information technology may also be able to assist the sustainable development and management of destinations. Despite the fact that some of these directions may be conflicting with each other it is of paramount importance that all stakeholders at the destination make every effort to achieve them. Training will enable participants to appreciate the interrelated issues in tourism planning and management in order to enable decision-makers to develop vision. This will ensure that the tourism industry of the future will achieve equitable returns-on-resources utilised for the development and production of tourism, as well as equitable distribution to all stakeholders of local resources.

The question remains: when do you stop?

Further reading

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- Buhalis, D., and Fletcher, J., 1995, **Environmental impacts on tourism destinations: An economic analysis**, in Coccosis, H., and Nijkamp, P., (eds), Sustainable Tourism Development, Avebury, England, ISBN 185972177, pp.3-24,

Acknowledgements: This article emerged through elaborate discussions with my students at the University of Westminster, London and IMHI (ESSEC-Cornell) Paris. It has also benefited from suggestions by Professors Chris Cooper, Steve Wanhill, Brian Farrell and Chris Ryan as well as through a discussion on TRINET.