Innovative tourism clusters: myth or reality? Empirical evidence from Benidorm

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INTRODUCTION

Since the publication of Porter's classic work "The Competitive Advantage of Nations" (1990), the cluster concept has become the basic object of analysis of the competitiveness of regions. This arises as a result of Porter's suggestion that to try to explain "competitiveness" at national level is to reply to a badly posed question, since the attention of the researcher should be centred not on the economy as a whole, but on specific industries and industrial sectors. Defined by Porter as a geographic concentration of interconnected companies, specialized suppliers and service providers, firms in related industries and associated institutions in particular fields that compete but also cooperate in a particular field of competition, the concept is evocative of the classical industrial district of Alfred Marshall and bears considerable similarities with Local Productive Systems (Garofoli, 1994). The cluster concept has also been interpreted in the light of systemic and evolutionary perspectives such as innovation systems (Cruz et al., 2010).

In the sphere of tourism, the cluster concept has been linked with the analysis of the competitiveness of tourist destinations, conceived as a space in which there is a confluence of agents, initiatives and experiences, which attract tourist demand. In these spaces, a whole network of companies is built, which specialize in different aspects of the satisfaction of leisure, around which a space materializes as an area that is able to supply one or more tourism products (Monfort, 2000). Destinations, thus conceived, base their national and international success on competitiveness, understood as *"a country's capacity to sustain and expand its share of international markets and at the same time improve its people's standard of living. This requires an increase in productivity and, therefore, the incorporation of technical progress." This competitiveness entails taking into account the resources of the territory, involving agents and institutions, integrating the sectors of activity in a rationale of innovation and cooperating with other regions* (Fajnzylber, 1988).

However, in the application of Porter's theory to tourism, not all the elements from which it is configured have achieved the same degree of success. Thus, while the "diamond" of competitiveness has been applied with certain naturalism to tourist destinations (Monitor Company, 1992; Sánchez and Moreno, 1997; Perles, 2004) and new expansions of this have led to the appearance of new theoretical models of competitiveness – Crouch and Ritchie, 1999 or Dwyer and Kim, 2003 are perhaps the main exponents – the application of the cluster concept has been more controversial. After an initial moment of great popularity in which the concept was included on national and regional political agendas of all kinds, the application of clusters to tourism fell into disuse. The complexity of the tourism phenomenon is a further obstacle to the definition of the concept, making it difficult to profile which of the activities present in the destination should be included in the cluster. In this scenario, many proposals for application are limited to defining a cluster *ad hoc* according to the specific specialization of the destination, with no deeper reflection of its relevance, which usually leads to poor results being obtained from the policy. And in the absence of visible short-term results – the kind most appreciated by political bodies – interest is lost. In fact, it was not until the beginning of the new century when the real properties of these entities and their final results in a practical sphere were taken up again at academic level, no longer subject to the passion unleashed by fashion. And this is the spirit in which this study, likewise, is undertaken.

The object of this study is to analyse the applicability of the cluster concept to tourist destinations, taking Benidorm as the reference for study. Benidorm is a consolidated tourist destination on the Mediterranean coast of Spain, highly specialized in the sun and sand holiday product. To this end a questionnaire was designed and prepared and it has been administered to tourism entrepreneurs of Benidorm, in person and by means of the Qualtrics software. The aim of this questionnaire is to confirm whether Benidorm currently forms a tourism cluster or whether, at least, it presents the ideal characteristics to become a cluster boosted by the entrepreneurs themselves (that is, whether it is a potential cluster). A priori, some optimum conditions exist for this: a high geographical concentration of tourism activity, private sector leadership and collaboration initiatives between the public and private sector for promotion of the destination. The study likewise sets out to confirm the existence of effective cooperation structures and *networking,* the exchange of knowledge and the stimulus of innovation which characterize clusters.

The choice of Benidorm as a case study is justified for two fundamental reasons. In the first place, because it is a destination that has achieved a high level of national and international success in its product-market, which gives rise to a natural curiosity regarding the elements on which this success is based. In the second place, it should be pointed out that, despite the existence of a cluster policy at national level that has attempted to boost clusters of this type in various sectors including the tourism sector (Innovative Business Groups (AEI) Programme of the Ministry of Industry, Energy and Tourism), Benidorm has not determined its participation in the Programme, despite its initial interest in formally becoming a cluster or Innovative Business Groups. This impossibility of confirming its participation in the programme for the promotion of clusters may be due, in principle, either to the fact that the destination already performs as a cluster – according to the theory the success of the destination would justify this – or to the fact that tourism success is possible regardless of the condition of cluster. This latter affirmation would equate to confirming the hypothesis of whether or not clusters are a necessary condition in order to achieve tourism success. This hypothesis is of great interest to research.

In this spirit, the study incorporates a new methodology compared with that used in previous studies on the subject, since it proposes a questionnaire as an instrument that allows the inclusion of the opinion of the potential agents that form the cluster, as well as assessing their degree of interconnectedness. In this respect, the study represents an advance in comparison with the literature that is limited to profiling clusters via analyses based exclusively on the application of business concentration rates. Based on this methodology, the study benefits from practical implications in the short, medium and long term, the latter being perhaps the most relevant. The study enables immediate identification of the difficulties that exist in relationship with the appearance and development of clusters, facilitating the design of strategies for the promotion of these entities in tourist destinations. But, in the longer term, the study opens up the possibility that, via the application of the questionnaire to other tourist destinations in transversal studies, different types of clusters or proto-clusters can be characterized, including in tourist destinations with the same product specialization, which may facilitate the identification of mechanisms among the characteristics of the clusters and their results in competitive terms. Likewise, the longitudinal application of the questionnaire allows analysis of the evolution of the characteristics of the different clusters over time, linking this evolution to their competitive success and their performance in terms of the life cycle model (Butler, 1980). Furthermore, the scope of this type of study allows identification of the relationships that exist between the characteristics of clusters and the environmental sustainability of tourist destinations, thus making it possible to determine the type of cluster that it is advisable to promote with a view to obtaining a more sustainable tourism. In conclusion, very diverse practical possibilities are opened in the light of this study, nearly all of which converge in a better design of competitive diagnostics and proposals for action for the formulation of more efficient tourism strategies.

The article is divided into the following sections. The first section offers a review of cluster literature and its application to the field of tourism. A description is then provided of the characteristics that determine the tourism model of Benidorm, which are obviously a conditioning factor for the possibilities of configuring a cluster in the destination, and the potential cluster is profiled from a quantitative point of view. The third section details the methodology used, which is based on the administration of a questionnaire to relevant entrepreneurial agents of the destination and the basic structure of the questionnaire is explained. The fourth section presents the main results obtained, which are still exploratory in nature. Finally, the study is completed with the main conclusions obtained together with the limitations and practical implications of the results.

2. LITERATURE REVIEW

The concepts of competitiveness and clusters both arose in the work of Porter. However, it seems apparent that over the years, at least in the case of tourist destinations, the literature on competitiveness and its determinants has advanced much faster than that on applications of the cluster concept. In fact, whilst for the former innumerable studies have developed models from both the theoretical (see Crouch and Ritchie, 1999, Hassan, 2000, Dwyer and Kim, 2003 among others) and practical point of view (see, for example, Kozak and Rimmington, 1999, Gooroochurn and Sugiyarto, 2005, Perles, Ramón and Sevilla, 2011), the use of the cluster focus in the analysis of the tourism sector is still in a fairly initial phase (Santos et al. 2008). And this is despite the spatial concentration that characterizes the development of the tourism phenomenon, the base for the identification of clusters in all kinds of economic activities.

Barely six years ago there were no studies in the main scientific publications regarding tourism that related tourism either with aspects of regional policies or with the cluster concept (Santos et al. 2008), and in journals that specialized in regional economics, a mere three studies related tourism with its potential cluster (Ioannides, 2006). A current review of the state of the art adds a mere four further articles (Arsezen-Otamisa and Yuzbasioglu, 2013; Alberti and Giusti, 2012; Erkus-Oryzürk, 2009 and Erkus-Oryzürk and Eraydin, 2011) to those identified by these authors.

The application of the cluster concept in tourism: sun and shade

C~~The c~~luster literature has ~~been~~ mainly been applied to manufacturing and technology-based industries. B~~ut t~~he application to tourism has been ~~still~~ marginal (Novelli et al., 2006; Nordin, 2003) but of unquestionable interest for both academia and tourism policy-makers ~~responsible~~. The reasons ~~of~~ for the ~~rare~~ lack of application ~~might~~ may be linked to the complexity inherent to both the definition of tourism activities and the cluster itself together with the inexistence of a defined cluster analysis methodology (Santos et al, 2008). I~~The i~~n-depth study poses a great challenge since the tourism sector presents specific characteristics which a priori might condition the implementation of the concept: predominance of SMEs, lack of trust and a collaborative culture, etc.

First applications of the concept and the theories of Porter's competitive advantage to the tourism field had a very practical perspective derived from the policy-makers' interest in promoting the competitiveness of their territories. During the 1990s clusters became a fashion item as analytical tools for planning and tourism participated ~~of~~ this world-wide fad. National governments in Portugal (Monitor Company, 1994), South Africa (The Cluster Consortium, 1999) and Australia (Kelly et al. 2001) implemented ~~the~~ Porter's~~'~~ competitiveness diamond, as did~~well as~~ Regional tourism agencies such as the ones in the Basque country (Monitor Company, 1991) and Catalonia (Monitor Company, 1992) in Spain. What became a popular key policy tool seems to be neglected nowadays.

However, clusters have continued ~~been~~ "obscure objects of desire" (Steiner, 1998) and this also applies to the tourism sector. In the academic field, research has focused on how clusters function when applied to a tourism context with empirical evidences based on case studies. One of the pioneer studies focused on the comparability between tourism destinations and industrial districts (Hjalager, 2000) demonstrating the existence of ~~common~~ factors ~~between~~ both (SME-based economy, specialization, vertical interdependence, supportive public policies) but at the same time specific characteristics of tourism destinations which hampered the comparison (free-riding behaviour, lack of collaborative structures, lack of trust, non-governance structures, etc.).

Over the past decade, networking, clustering and agglomeration theories have attempted to explain the role of tourism in influencing local growth and stimulating regional development (Novelli et al., 2006) with emphasis on the importance of structure and ~~the~~ scale (coining the term *micro-cluster*) as in the case study of some regions facing rural decline in Australia (Michael 2003, 2007). Also with this focus of linking the cluster theory with regional development, and as a means to obtain a competitive advantage, Jackson and Murphy tried to demonstrate that the cluster concept was suitable for ~~its~~ application to tourism both in destinations in Canada and Australia (2002) and in four competing regions in Australia (2006). In the latest study the authors tried to check whether the cluster attributes were present in the case study areas and whether their absence meant differences in economic performance. They also identified some notable barriers in ~~the~~ cluster development. Clustering as a significant competitive factor in the wine industry and for rural tourism development was analysed by Hall (2005) who also identified barriers to effective links between agents and other factors affecting ~~the~~ cluster success.

Also in the same line of regional development, Novelli et al. (2006) focused on the process of creating a thematic cluster in the United Kingdom (Healthy Lifestyle Tourism Cluster) with enterprises of different geographical contexts (rural, urban, and coastal). Even though the authors paid attention to the creation process it is one of the pioneer studies that also reflect on the outcomes, in terms of intangible benefits (cooperation enhancement, inter-firm synergies, cross marketing activities…) and some of the barriers encountered (uneven level of involvement, difficulties of the coordinator to maintain the interests of the members among others). It is also interesting because of the connection made with the concept of innovation, a relationship which is studied in depth by another recent branch of the literature.

Clusters, tourism and innovation

There is an emerging literature which has developed an interest in the opportunities that the cluster brings to promote innovation (Weidenfield et al., 2010, 2011; Nordin, 2003; Novelli et al., 2006). This also obeys ~~to~~ the natural evolution of the cluster concept itself where the initial emphasis was placed on the benefits of the agglomeration economies with regard to a more dynamic and systemic approach highlighting knowledge, adaption and innovation as a critical mechanism (Cruz et al, 2010). Also, this is related to the increasing implementation by many countries of policies from the European Commission ~~of many countries~~, policies which put the emphasis on the benefits of a collaborative exchange between different agents (business, academia and governments) to obtain benefits from the execution of innovative joint projects. This applies quite well to the tourism sector, characterized by a panorama of atomized SMEs and where the cluster could be a means to alleviate the consequences of market inefficiencies related to firm size and coordination that affect inter-firm relationships, thereby increasing knowledge flows and achieving a critical mass that facilitates innovation. As for the positive relationship between clusters and innovation, Bell (2005) states that firms in clusters have better access to information and there is a common knowledge available to members because of their proximity. The direct observation of competitors is an imitation which might mutate and derive into innovation. Bathelt et al. (2004) focus on the forms of knowledge (tacit and codified) that coexist in a cluster and come both from inside (*local buzz*) and the outside (*global pipelines*). Both forms offer benefits to the innovation process.

Other international experiences of cluster development (in Australia, California, South Africa and the Swedish tourist destination of Are) were analysed by Nordin (2003) in an attempt to determine ~~if~~ whether they constituted clusters or not and also linking the concept of tourism clustering and innovation. Some other works explore the relationship between clusters with tourism innovation systems at a local scale (Prats & Guía, 2008) and additionally with the concept of governance (Svensson et al., 2005).

Although the literature presented so far incorporates direct or indirect references to the importance of networks since they are core features of clusters (Erkus-Öztürk, 2009), other literature places special emphasis on the importance of networks to the competiveness of clusters both local and global (Erkus-Öztürk, 2009) and their implications in ~~the~~ cluster formation in the tourism sector (Canina et al, 2005; Saxena, 2005; Tinsley&Lynch, 2001). Finally, other scientific works use the concepts of tourism district (Aurioles et. al., 2008) or local systems in tourism (Capone & Boix, 2005; Capone, 2006).

Despite the attempts hereby mentioned to demonstrate the positive association between clustering and innovation in tourism there is not yet a solid and empirically contrasted positive relationship. Other studies outside the tourism field confirm that the impacts of clusters on firm growth and innovation found ambivalent and non-conclusive results (Martin&Sunley, 2001). On the contrary some authors claim that clusters can inhibit technological advancement and innovation (Newlands, 2003) and can also lead to lock-in situations in which there is an~~d~~ adherence to conventional ideas with less openness to innovations (Boschma, 2005).

Main criticisms of the cluster concept in its application to the field of tourism

One of the main problems for the application of the concept to the sphere of tourism is the lack of precision of the term itself. As has been stated by Martin and Sunley (2001) or Markusen (2003), the definition of cluster is not clear and it has not been established by consensus. This lack of precision sometimes leads to difficulties for its application in an industrial context where the object of analysis is fairly well distinguished and the interrelations appear to be well-defined, leading in practice to an attempt to identify clusters even when there is an obvious lack of data. Of course, all these difficulties are substantially multiplied when one attempts to specify the concept in a context such as tourism, which is much more complex, since neither the object of study nor the relationships are as clearly defined as in the industrial scenario.

The main criticism that affects the definition lies in the fact that Porter only contemplated two types of clusters: vertical (formed by industries that are linked via market relationships, that is, purchasers and suppliers) and horizontal (in which industries may come to share a common market for the final products, using a common technology or similar skills in the workforce, or requiring similar resources). However, Jacobs and De Man (1996) and Rosenfeld (1996, 1997) consider that it is necessary to enlarge the concept to adjust it to the reality of the inter-business relationships that exist in them. Specifically, they point out that it is necessary to accommodate other key dimensions such as the spatial concentration of the economic activity, the horizontal and vertical relationships between different sectors of the industry, the common use of technology, the presence of a key player (large company, research centre, etc.), the quality of the network of companies or the existing cooperation, the strategic-economic importance of the cluster, the range of products produced and the services used, and the use of common inputs. Conceived in this way, a cluster would be a geographical concentration of related or complementary businesses, with active channels for commercial transactions, communications and dialogue, that shares a specialized infrastructure, labour and services markets, and which faces common threats and opportunities. Without the existence of these active channels the system would not operate as a cluster.

Parad~~i~~oxically, the conceptual elasticity of the term has been ~~both~~ the reason for its attractiveness and for its problematic application in tourism. On one hand, the flexibility of the term has facilitated its adoption to different spatial scales (tourist destinations, an entire region and different types of areas such as rural, coastal, inland, etc.) admitting ~~also~~ a wide spectrum of industrial groupings and specializations (health, wine, rural tourism, attractions, etc.). However, authors who have tried to apply the cluster concept to tourism have also faced the difficulties intrinsic to the opacity and imprecision of the term.

The identification of a tourism cluster also poses difficulties and has marginally been tackled by Santos et al. (2008) with the proposal of a new mixed methodology; ~~mixed~~ quantitative (coefficients and localization indexes, input-output matrixes, etc.) and qualitative (extensive interviews, network analysis, etc.) for their identification and the validation of their existence with the focus on the two main cluster aspects: concentration and agent~~s~~ interaction. This is due to the fact that quantitative techniques alone are not sufficient for identification. Thus, although an input-output analysis is very common in the detection of vertically integrated clusters – those in which the links between buyers and sellers are more obvious – this quantitative analysis does not clarify the relationships between individual companies and does not take into account other types of non-market relationships – collaboration, information flows, etc. – (Doeringer and Terkla, 1995). The lack of a clear methodology for identification has led to an overidentification of clusters through the abuse of the concept (Engelstof et al., 2006).

In general, the cluster theory continues to be criticized for being complex, vague and poorly defined with no clear geographical limits which makes ~~possible~~ its application possible to different geographical scales. Similarly, few studies have revealed how ~~the~~ clusters really work and how firms interact and produce synergies (Hall, 2005). Instead ~~it~~ there seems to be a consensus around the idea that the process of a cluster development is not simple or spontaneous (Novelli et al., 2006).

Finally, these criticisms are accompanied by others related with the results produced by the application of a cluster policy, including, among others: the hyper-specialization of the economy that this entails; the difficulty of practical application owing to the high level of cooperation required; the appearance of the new Information and Communication Technologies which are replacing the need for geographical proximity; the need for a baseline critical mass that makes it possible to support new markets and diversification, being useless in locations that start from zero (developing countries); the inability to respond to sudden or radical changes in demand or technology (it is only valid for marginal changes); its retrospective nature – the model explains the birth and development of the clusters currently in existence, but appears to be unable to predict their future evolution (Downes, 2001).

Summary: essential elements of the concept

Despite all these criticisms, the authors are usually in agreement regarding a series of basic characteristics that form a cluster. These include the agglomeration and interconnection of activities, the productivity with which resources are deployed and the transfer of information and knowledge (Simmie, 2004; Porter 1990, Cooke, 2001). These characteristics are shared by industrial and tourism clusters, the key to their consideration being that the externalities deriving from the concentration go beyond the simple economies of agglomeration (Santos et al., 2008). According to this premise, Monfort (2000:74) adopts a definition of tourism cluster very similar to the conception of Porter, characterizing it as "*the complex set of different elements including the services provided by tourism companies or businesses (accommodation, restaurants, travel agencies, water or theme parks,…) the wealth provided by the holiday experience of a tourist; the multidimensional encounter between related companies and industries;*

the communication and transport infrastructures; the complementary activities (shopping facilities, tradition of fairs, etc.); the support services (training, information, etc.); and the natural resources and institutional policies". And it is along these lines, starting very recently, that some efforts have been made in the interests of the establishment of a methodology that will allow the identification of clusters using scientific parameters (see Santos et al. 2008 for a review).

Regarding the prospects for future application, the current focus in EU policies on 'smart specialization', which argues that policy should be driven by the 'four Cs' (European Commission 2012: 17) guarantees the interest and future application of ~~the~~ cluster policies. These four Cs are: tough choices and critical mass; competitive advantage~~,~~ ; connectivity and clusters; and collaborative leadership. The third of these is particularly germane to this paper, because it argues for the development of world class clusters which 'provide arenas for related variety/cross-sector links internally in the region and externally, which drive specialized technological diversification'. The key point here is the need to look at cross-sector links, not only within sector links – and that implies policy integration or harmonization, both horizontally and vertically.

Owing to all the above, it can be affirmed that, at least with regard to tourism, the cluster concept today is far from being abandoned, and it therefore requires a research effort with a view to clarifying its essential aspects and its relationship with the competitive success of tourist destinations. With this in mind, this study proposes an instrument for analysis that sets out to mitigate some of the deficiencies of current methodology and improve knowledge with regard to the matter as it currently stands.

3. BENIDORM: A CASE OF COMPETITIVE SUCCESS

Benidorm, located in the north of the province of Alicante, is one of the largest mass destinations of the Mediterranean and surely the principal sun and sand destination in Spain. With a census population of 72,991 inhabitants in 2012, it is one of the most densely populated municipalities on the Mediterranean coast (1,895.38 inhab/km²), a density that is multiplied in summer when it can reach up to 400,000 inhabitants.

Like many other towns on the Spanish Mediterranean coast, at the beginning of the nineteen-fifties Benidorm was a small fishing village (in 1950 barely 2,700 inhabitants were included in the census) but the emergence of tourism and a decided commitment by its authorities to this activity as the driving force of development, caused incomparable growth until it became the large leisure-oriented city of today (see Ivars, Rodríguez and Vera, 2013 for an analysis of the evolution of the destination).

In this city numerous activities coexist with the aim of attending to the needs of the tourists or those of the companies dedicated to tourism. An analysis of the concurrent activities serves to outline the possible tourism cluster of the destination. Table 1 shows a total of 10,241 tourism activities, with accommodation (both hotel and non-hotel) playing a leading role.[1] This is followed by commercial activities (17% of the total), and

[1] In relationship with the more than 6,000 apartments included in table 1, it is obvious that, considered in terms of activities, their weight is over-represented. The reason is that it is not to be expected that each one of them will figure as an independent activity, but rather that there are companies that market many units. Of course, this has implications on the calculations of the sampling errors assumed in the analysis and shown in table 3, since the consequence of the increase in the population size is an increase in said sampling error, which is with all certainty lower than that estimated in said table.

the food and beverage sector (11%). And although lower in number, the nightlife activities (discos and nightclubs) for which the city is known internationally are also or have also been relevant to the success of the destination (Benidorm City Council, 2012).

Indeed, the comparisons of the tourism-commercial facility ratios show that the supply of hotel accommodation and restaurant activities is far higher than that which would correspond to its resident population and higher than that which can be appreciated in neighbouring areas (the province of Alicante and the region of Valencia). This demonstrates the tourism-oriented nature of many of these activities and their consideration within the cluster. These are the activities that interact directly with the tourist, configuring the *front-office* of the destination. On the other hand, the indices corresponding to industrial activities and wholesale trade are lower than those observed in the surrounding area. However, in the latter case, the reduced size of the municipal area partly explains the situation, since a considerable proportion of the commercial area (shopping centres) is located in municipalities adjacent to Benidorm, as in the case of Finestrat. In this respect, the tourism development of Benidorm has favoured the growth of surrounding areas via the establishment of the connected and supporting activities that make up the *back-office* of the destination.

The purpose of all this supply is to attend to a tourism demand that is mainly concentrated during the summer months, the months of June to October being those with the highest occupancy levels, although it is a destination that has very acceptable occupancy rates (75% annual occupancy in 2013 according to the INE, the Spanish National Statistics Institute). Thus, with regard to hotel occupancy, the month with the highest hotel occupancy rate (approx. 93% and 1,260,000 nights) is August, with January being the month with the lowest occupancy (approx. 60% and 516,747 nights, Benidorm City Council, 2012). This demand is shared practically equally between national and foreign demand (5,493,983 Spanish visitors, 4,939,716 foreign visitors) with an average stay of around six days (INE, 2012). Occupancy in apartments shows a higher number of foreign visitors (1,782,454 nights spent by foreigners per 533,595 by Spanish visitors), with August likewise being the month with highest occupancy and the average stay being around seven days, slightly higher than that observed for overnight stays in hotels (INE, 2012).

More interesting for the purposes of the proposed analysis, are the characteristics of the supply and demand in the destination. With regard to supply, one of the basic characteristics of the tourism supply in Benidorm is that the great majority is independent supply with a predominance of local entrepreneurs. A large proportion of the hotel supply is formed by independent establishments or those belonging to small hotel chains – the group with the highest number of establishments is Servigroup with nine hotels – and very few international chains are present. Meliá with three establishments is an exception, and recently Barceló has been promoting types of establishment that are fairly well differentiated from the rest of the tourism products marketed in the destination. And the same can be said for commercial and restaurant activities. Although the establishments associated with franchises and commercial shop and restaurant chains that can be found anywhere are present here, there is also considerable locally-based commercial activity. In principle, this may have negative implications for the configuration of a cluster, since an excessive entrepreneurial atomization may hinder cooperation and the innovation that may derive from it. Furthermore, the reduced negotiating power of each one of these independent agents compared to the large international intermediaries represents, according to Porter (1980, 2008), a weakness that may hinder the viability of many of these businesses, thus compromising the stability of the cluster. But on the other hand, it presents a clear advantage for the destination compared to the formulas based on management agreements or franchise models, to the extent that the entrepreneurs-proprietors maintain a commitment to reinvest continually in the survival of their own businesses and by extension that of the destination as a whole (Ivars, Rodríguez and Vera, 2012).

Also with regard to supply, the model of tourism development integrated in the urban fabric of the city is relevant for the configuration of the cluster. Unlike the enclave or horizontal model resorts, in Benidorm nearly all the tourism activity is integrated in the city itself, which facilitates the establishment of interconnections between the different activities and the confluence of interests between players (Ivars, Rodríguez and Vera, 2013). In fact, the new hubs for the expansion of tourism that have tried to incorporate new products function outside the space of the consolidated tourist destination, segregated from the city consolidated by tourism (theme park, golf, etc.).

From the point of view of demand, the combination of national and international demand (especially from the United Kingdom) has for years allowed Benidorm to overcome periods of recession, insofar as there has been an asynchronism of the economic cycle so that the reductions in demand from one origin have been offset by those from another (Ivars, Rodríguez and Vera, 2013). And the considerable presence of foreign residents in the destination has been equally important for these purposes, since it has led to a high level of loyalty to the destination. In short, this combination of characteristics of supply and demand has created favourable circumstances so that, in general, the destination has adapted relatively well to the changes that have taken place in the international tourism market, with the advent of on-line tools, the expansion of low-cost airlines and the emergence of an independent demand with preference for non-hotel accommodation; and the recurring recessions and crises which it has had to face (Ivars, Rodríguez and Vera, 2013).

In view of the above, it seems clear that in order to assess the amplitude and scope of the tourism cluster of Benidorm careful attention must be given to companies that offer accommodation (especially hotel accommodation) and the restaurant and commercial sectors, bearing in mind that the main activity of the cluster and the most intensive relationships between all the activities that configure it are observed during the summer season, since a priori their weight and importance – although only in quantitative terms – seems to be a determining factor in the success of the destination.

Table 1: Activities that configure the tourism cluster of Benidorm

Tourism Facilities	Number	Beds
Hotels	**129**	
5* Hotels	3	1.024
4* Hotels	33	13.458
3* Hotels	57	20.170
2* Hotels	28	4.657
1* Hotels	8	489
Hostels and Pensions	**13**	
Hostels	3	141
Pensions	10	389
Apartments	**6.266**	
First	884	2.868
Second/Standard	5.382	18.370
Camp sites	**10**	
Extra comfort	1	666
First	1	1365
Second	8	9.244
Travel agencies	**60**	
Head offices wholesale/retail	13	
Head offices retail	22	
Branches wholesale	2	
Branches wholesale / retail	20	
Branches retail	3	
Catering establishments	**1.163**	
Restaurants	303	
Cafeterias	133	
Disco-pub	157	
Bars	570	
Leisure establishments	**87**	
Discos / Nightclubs	28	
Amusement arcades	29	
Bingo halls	3	
Cinemas	2	
Cinema screens	14	
Children’s amusements / Mini golf	5	
Water parks	2	
Circus	1	
Theme parks	3	
Commercial establishments	**1805**	
Various Items	327	
Clothing	260	
Hairdressers / Beauty salons	257	
Food	242	
Gifts	101	
Shoes / Leather goods	92	
Electrical appliances	51	
Jewellery / Costume jewellery	50	
Furniture / Office supplies	46	
Perfumery / Cleaning materials	41	
Haberdashery / Household textiles	39	
Vehicles / Accessories	38	
Press / Books	35	
Wholesale trade	33	
Florists / Pet shops	22	
Tobacconists	22	
Sports / Toys	22	
Building materials	20	
Laundries / Dry cleaners	15	
Herbalists	13	
Ironmongers	13	
Video clubs	5	
Others	61	
Service Establishments	**721**	
Professionals	198	
Workshops / Industries	146	
Developers and estate agents	119	
Banks	69	
Agents /Advisory services	69	
Telephone call centres	61	
Property administrators	28	
Vehicle rental	18	
Other Services	13	

Source: Benidorm City Council (2012)

Table 2: Activity supply and concentration indices

	Benidorm	Province of Alicante	Valencian Community
Industrial activity index	1.47	6.30	6.24
Construction activity index	9.93	8.85	7.50
Wholesale commerce activity index	1.42	3.63	3.72
Retail commerce activity index	30.73	16.32	15.75
Restaurant and bar activity index	17.36	6.28	5.40
Hotel activity index	1.77	0.18	0.14

Own preparation based on Anuario La Caixa (2013) and IVE

4. OUTLINING A TOURISM CLUSTER IN BENIDORM

4.1Methodology

In order to determine the characteristics of Benidorm as a tourism cluster or, if applicable, as a potential cluster, a questionnaire has been prepared and administered which has been designed to include the different aspects highlighted by the literature for these entities. The questionnaire, assessed after an initial pilot phase by means of in-depth interviews, is structured in four separate blocks (Appendix I). The first block analyses the perception of the agents regarding the level of competition in the destination, identifies the activities that lead the cluster and establishes the competitive position of Benidorm compared to its main competitors. A second block investigates the degree of interrelation that exists between the different agents (key players/stakeholders) that configure the cluster. The degree of both vertical and horizontal integration of the cluster are analysed via the study of the market relationships configured between the companies of the destination, as well as the formal and informal relationships of collaboration (non-market) between them. A third block is dedicated to the study of the behaviour of the cluster in terms of innovation, with special emphasis on the types of business innovation introduced; magnitude and dimension of the innovation; motivation and standards for collaboration between agents; origin of the ideas (internal/external sources); main barriers that hinder the innovation processes. Finally, a last block tries to identify the actions that, in the opinion of those surveyed, could contribute to improving the competitive position of Benidorm as a tourist destination.

As can be appreciated, the questionnaire is semi-structured. It includes closed questions to be answered with dichotomous responses or answers with Likert type scales which concentrate on essential aspects of the theory, with the aim of contrasting/enriching these by means of open questions that incorporate the personal evaluation of those surveyed. Regarding the method of administration, the questionnaires have been filled in by means of a combination of personal interviews and self-administration online using *Qualtrics* software. Using this software is a method with both advantages (efficiencies of time and cost) and disadvantages (such as low response rate and, at a certain point, survey fatigue). When the stage of online fatigue was reached, the study proceeded with the administration of the questionnaire through personal interviews. The interviews allowed the interviewers to note and collect different nuances which it was not possible to detect in the self-administered questionnaires, which allows the inference of some biases which will be explained later.

The main tourism business associations of the destination, which provided details of their members, collaborated regarding the administration of both the questionnaire and the interviews. These include the Asociación Empresarial Hostelera de Benidorm y la Costa Blanca, HOSBEC (Hotel and Catering Business Association of Benidorm and the Costa Blanca) which incorporates companies from multiple sectors of activity, although with a clear predominance of companies from the hotel sector. Sector-based associations also collaborated (tourist apartments, camp sites, young tourism entrepreneurs, commerce) as did other organizations (city council and mixed public-private body for the promotion of Benidorm).

With regard to the entrepreneurial composition of the sample, although an attempt has been made to include all the companies of the sector, the study has concentrated especially on those that form part of some association, owing to which the highest response rate has been obtained from companies of the hotel sector which is symptomatic of their weight within the economic sector of the destination and highlights a greater involvement in terms of participation. The results, therefore, incorporate to a greater extent the opinion of this group.

Field work is ongoing, one hundred and three questionnaires having been completed to date. The exact composition of the sample and the technical specifications for the survey are detailed in tables 3 and 4. The main results obtained to date are detailed in the next section. The majority are managers or directors and proprietors of the establishments, the average age of those interviewed being 47.

Table 3: Sample and technical specifications of the survey

Universe	Entrepreneurs of different tourism subsectors of Benidorm
Estimated population	10,241 activities
Sample size	103 surveys
Confidence level	95%
Sampling error	+- 9.60 for p=q=50%
Field work	September 2013 – February 2014 -Surveys completed via in-depth interviews: 31 -Surveys completed via Qualtrics software: 72

Table 4: Sectorial composition of the sample

Sector of activity	Number	%
Hotels	39	37
Apartments	8	7.70
Restaurants	7	6.79
Theme parks and other leisure centres	7	6.79
Camping	4	3.88
Firm associations/Tourism Foundation	4	3.88
Others	34	33

4.2Findings

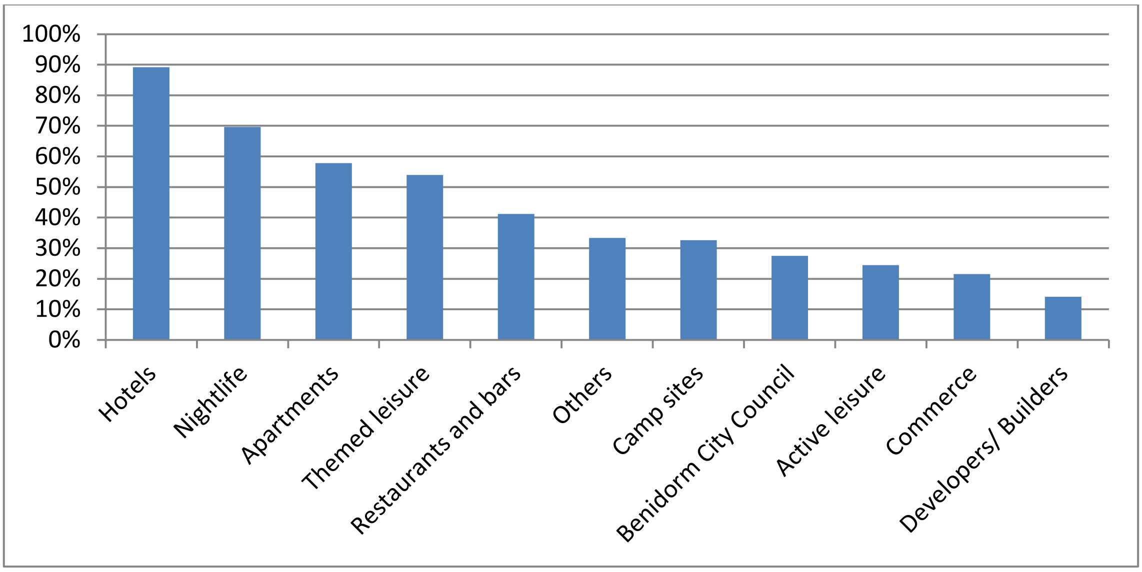
Competitive characterization of the cluster/Competitiveness elements of the potential cluster

Regarding the competitive characterization of the cluster, analysed in the first block of questions which enquires regarding the perception of the agents regarding he level of competition that exists in the destination, the identification of the activities that lead the cluster, and the competitive position of Benidorm compared to its main competitors, the following is observed. In the first place, the agents favourably assess the large concentration of activities offered by the destination. In second place, they consider that the hotel and nightlife sectors are the most influential of the destination, this being understood as the capacity to lead or influence in the decisions adopted regarding the destination. In third place, they identify the Balearic Islands and Turkey as the main competitor destinations. Finally, there is no general agreement regarding the better or worse capacity of Benidorm for adaptation to market changes compared to these competitors.

In fact, 92% of those interviewed consider that the business concentration favours Benidorm as a tourist destination as a whole and 85% consider that it benefits their own company. The diversity of activities that makes the destination more attractive to tourists, and the incentive for improvement deriving from the competition that exists, are the main reasons for this consideration. The few negative answers are based on the criticisms of unfair competition and the price war deriving from such competition.

The perception of those interviewed confirms that the hotel and nightlife sector exert the most influence on the destination. Restaurant activities, of which the destination has a large number, are not considered to be a very influential element of the destination, which could be related with the fact that Benidorm does not stand out for its gastronomic offer, which is of a standard quality. This indicates that quantity and capacity of influence are not related variables. Furthermore, the role played by other agents such as real estate developers/builders, is not appreciated by those surveyed as being influential, which differentiates Benidorm from other destinations in the area where residential tourism plays a leading role in their development model. However, this result could be related with the economic situation in which this survey is carried out, which is not at all favourable for the real estate sector. Among the business related variables it was considered desirable to introduce a different variable such as the Benidorm City Council, as a public body with the capacity to influence the competitive success of the destination although the scarce consideration given to it as such by the entrepreneurs is surprising. The option “others” allows those interviewed to incorporate their perception regarding other agents not considered on the list provided which may even be agents from outside the destination (for example, tour operators). In this respect, only two of those interviewed mentioned travel agencies and tour operators as being influential in the destination, which shows that primarily at least, those surveyed perceive that the future of the destination is controlled by its own internal agents.

Graph 1: Highly or Very Influential Agents/Sectors



In order to establish a frame of reference in which to analyse the competitive position of the tourist destination, the interviewees were questioned about the main competitors of Benidorm. The results coincide with those obtained from other secondary sources. Thus, with regard to national destinations, the Balearic Islands (especially Majorca) are perceived as the main competitor destination of Benidorm, followed by the Costa del Sol and the Canary Islands. With regard to international destinations, Turkey is considered to be the main competitor, followed by Greece, the Caribbean, Tunisia and Egypt. With regard to the competitive effort compared to these destinations, opinion is quite divided, since a practically equal share of those asked consider that the market adaptation of Benidorm compared to said destinations is better (35%), equal (37%) or worse (27%). As strong points of Benidorm those surveyed indicated the diversification of supply, the modernization effort carried out in the hotels and the greater capacity and speed of reaction in adjusting prices and technologies, owing to which the quality-price relationship of the product is considered to be adequate. Another aspect that is very positively valued is safety (especially compared with the current situation in North Africa) and the experience or know-how of a destination that is one of the most consolidated on an international scale. All of this results in a high rate of loyalty of the customers and makes it possible to speak of a destination with a high capacity for resilience. On the other hand, the weak points in relationship with the competitors include, with regard to the product-market: the continuity of the tourism product (with little capacity to contribute innovations), a larger fixed cost structure, the need to improve the urban landscape of certain areas of the city and its own infrastructures (gas supply, wi-fi, physical communications networks, etc.), as well as the image of the leisure area (especially where British tourists are concentrated). The tour operators and the considerable power they continue to have for price negotiation, bringing down the prices of the entrepreneurs, according to some opinions, have a damaging effect on the reduction of quality and business results, in accordance with that noted in the previous section. Likewise, the trend for the implementation of the “all inclusive” package model reduces the capacity of the independent establishments for negotiation. Finally, the scarcity of an interesting commercial offer that contributes authenticity and prestige to the destination and, in general, the consideration of low-quality mass tourism that makes it necessary to market at low prices are also aspects that are negatively considered.

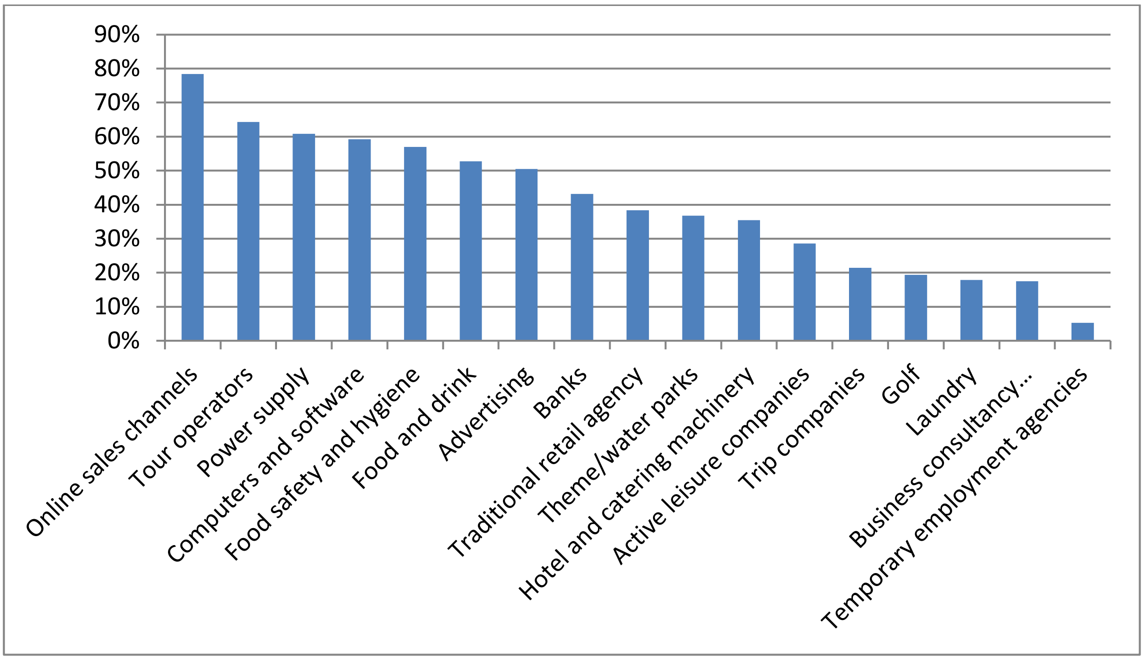
As for the role played by the Administration, criticism is made of matters related with the promotion of tourism and the lack of a policy that would provide real added value to the destination, inflexibilities in the legislation and the need to update the basic transport infrastructures. In general, what is considered to be lacking is the existence of cohesive planning for the destination and the formulation of mechanisms that would allow innovation processes in the destination.

Degree of interrelation between the different elements that configure the potential cluster

The second block of questions attempts to establish the degree of vertical and horizontal business integration, as well as the formal and informal collaboration relationships between the different elements of the cluster.

The objective of the first question is to detect the market relationships, determining, within the business value chain, which relationships with suppliers are determining factors for the profitability of the tourism companies of Benidorm. As can be appreciated in Graph 2, marketing channels (on-line sales and tour operators) are the suppliers that have the greatest impact on the profitability of the tourism businesses of Benidorm. Power supply companies, information technology suppliers, food safety and hygiene advisors, food and drink suppliers and advertising companies are also perceived as important suppliers for the companies. The typical deviations in the responses (with values of around 1.30) reflect that the degree of consensus is quite extensive. Therefore, these would be the connected and supporting activities of the cluster with the greatest relevance. However, the reliability of these answers is open to doubt, since in the personal interviews it was detected that those surveyed tended to grant importance according to general relevance or relevance for the destination and not so much for the profitability of their own business.

Graph 2: Highly Influential or Very Influential Suppliers



Regarding the existence of a goal shared by the different participating agents as a characteristic element of a cluster, the result obtained does not strongly support the consideration of Benidorm as such. In fact, the majority response is the predominance of an individual attitude of each subsector. Conversely, a high percentage of entrepreneurs are in agreement regarding the affirmation of the existence of a goal shared by all the entrepreneurs, which points to a certain polarization between the opinions of those interviewed. This polarization is reinforced when they are asked about the degree of collaboration by the companies of the destination, the entrepreneurs giving this item a mid-range value (a mean of 2.76 out of 5 with deviation of 0.97). In relationship with the local administration, those interviewed were especially critical of the role it plays and they highlighted the inexistence of goals shared by the administration and the entrepreneurs.

In short, it appears that if it were possible to find a way of making the interests of the Administration and the entrepreneurs converge, the functioning of Benidorm – at least with regard to goals – could well resemble that described by the literature for clusters. Finally, with the objective of confirming the perceptions of the entrepreneurs, they were asked about the associations or collaboration initiatives of which they form part. The fact that HOSBEC (the hotel and catering sector employers' organization) is the most repeated option shows the extraordinary weight of the hotel sector in the sample.

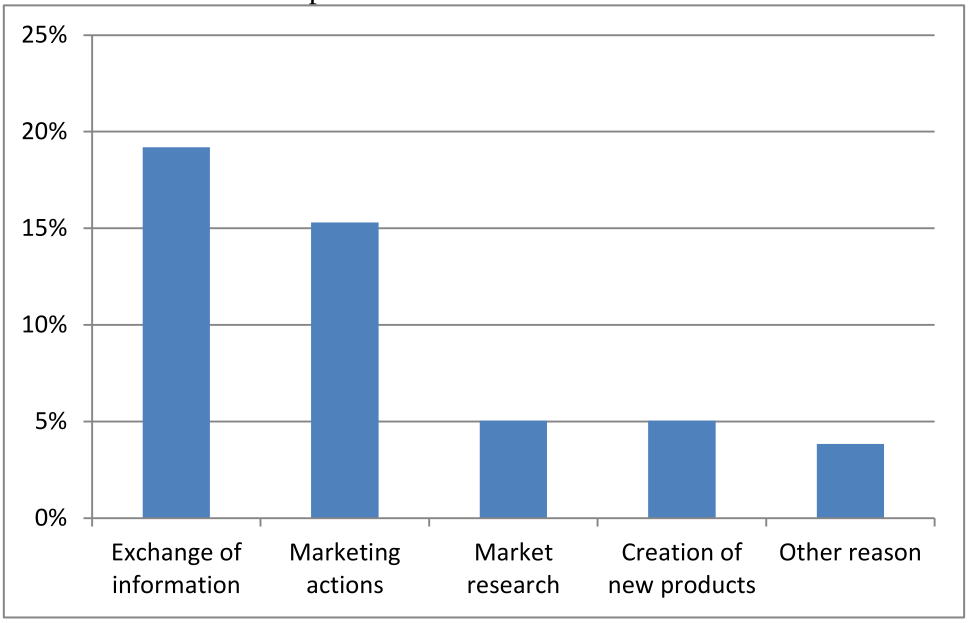
Table 5: Existence of a goal shared by the different agents of Benidorm

	Agree or strongly agree
The tourism entrepreneurs have a shared goal for Benidorm	50%
The local tourism Administration has clear objectives for the destination	24%
The local Administration and the entrepreneurs cooperate to attain a shared goal	34%
Each subsector has its own interests and does not safeguard the joint interests of the destination	63%

Regarding the motives for business collaboration, the survey shows that the exchange of information and joint marketing initiatives are the main reasons for this. However, the reliability of said answers should once again be treated with caution, since the perception of the interviewers in the personalized surveys and the actual knowledge by the researchers of the dynamics of the destination do not allow corroboration of the fact that information flows freely between the different agents. In this respect, the exchange of information and its weight in the responses of those surveyed would be facilitated by the fact that they nearly all belong to the same association and the low level of commitment presented by the information exchanged, which may be considered more as an informal exchange between managers/directors with a certain personal and professional affinity. However, all the evidence points towards a considerable secrecy with regard to relevant information (prices and characteristics of the services).

Other essential aspects for the competitiveness of the destination, such as market research or the creation of new products, barely motivate the collaboration of the entrepreneurs. With regard to the role of the Associations, they play a leading role in the exchange of information (75%), market research (64%) and marketing actions (58%), but a much more minor role in the creation of new products (37%). The lack of trust owing to the high degree of imitation (57%) is the main barrier to collaboration, followed by the lack of institutional leadership (55%) and the existence of previous negative experiences or failed attempts (25%).

Graph 3: Reasons for collaboration



In any case, the analysis of the open questions reveals that the entrepreneurs are aware of the existence of possibilities for cooperation in joint promotion, creation of tourism packages, organization of a calendar of events, investment in technology, among others. Some proposals also point towards the need for cooperation in order to share information regarding profitability and the establishment of minimum prices in order to avoid the price wars that compromise the viability of companies in the destination. And above all, those interviewed state the need to establish channels for cooperation with the public sector to improve the promotional actions of the destination in an environment that demands greater efficiency, to improve citizen safety and to renew the urban environment which they consider to be in need of considerable improvement.

Innovation in the potential tourism cluster

As has been seen from the theoretical point of view, membership of a cluster should promote higher levels of innovation, fundamentally as a result of cooperation. Thus, it is presupposed that the competitiveness of Benidorm is due in part to the existence of innovative companies, able to adapt to a changing environment and to introduce new developments of different types (product/service, process, marketing, etc.). In this respect, the following aspects have been analysed: types of business innovation introduced; magnitude and dimension of the innovation; motivation and standards for collaboration between agents; origin of the ideas (internal/external sources); main barriers that hinder innovation processes.

With regard to the innovations incorporated by the companies during the last three years, the introduction of new products and services (83%) and the introduction of tools to improve the marketing of the service (81%) are the main aspects highlighted by those interviewed. Innovation in new market segments (66%) or tools for better service provision (63%), obtain lower percentages.

Examples of the introduction of new products vary according to the subsectors of tourism activity. Mention is made of the incorporation of improvements to products in order to convert them to the "premium" or VIP category (transport service, personalization of services, etc.), the incorporation of the "all inclusive" concept, the renewal of elements (furniture, etc.) – although the consideration of this example as innovation is open to doubt – and the incorporation of technology (especially the implementation of wi-fi networks) are the most frequently mentioned. Also worthy of note are products related with health tourism that incorporate health services – operations, dialysis, etc. – with traditional tourism services, the creation of products that integrate establishments outside the destination (in inland areas of the province) in order to complement the offer.[2] And lastly, the transformation of some establishments in theme hotels.

Regarding the incorporation of new markets there is also a wide diversity of actions according to the interests of each establishment, but there are two main strategies. A first option is related with the opening of new markets according to the geographical origin of the demand, such as Russia and other Eastern European countries or Nordic countries. Likewise, attempts can be seen to recruit new niche markets or customer types such as the gay segment (*gay-friendly* establishments), reorientation of establishments as "adults only" or aimed at sports teams (cycling, football, etc.).

Regarding tools to improve provision of the service, the great majority refer to new information technology and web systems (both hardware – tablets, etc. – and especially software for stock control, CRM systems, competitive intelligence systems, etc.). Somewhat less mention is made of the incorporation of quality systems or balanced scorecards or the training of personnel. Apart from these more or less common elements, there is a wide variety of themes according to the activity such as the incorporation of specialized machinery – e.g. brachytherapy in the health product – investments to improve the energy efficiency of the establishments – biomass boilers – and some innovations in the financing of the services – e.g.: personalized credit cards to consume on credit. The improvements in the marketing of the services are centred mainly on on-line sales channels (reservation platforms and social networks). All of these innovations are confirmed when the entrepreneurs are asked about specific innovative actions that they have taken during the last five years, since those mentioned are also along the same lines as those described here.

[2] This is the case of Hoteles Poseidón, which has purchased various hotels in inland areas of the province in order to create new products in these destinations (wine tourism, routes etc.).

Table 6: Reasons for innovation

Statistic	Innovation to open new markets	Innovation to increase the number of clients	Innovation to reduce costs/increase profit (improve the profitability of the company)	Innovation to improve client satisfaction	Innovation to improve the company's image
Median	3.47	2.70	2.93	2.08	3.82
Standard deviation	1.31	1.30	1.39	1.21	1.21

Own preparation based on the survey. Rank 1-5 (1)most important, (5) less important

The reasons that justify innovation are basically the improvement of the client satisfaction (rank 2 out of 5) and the innovation to reduce cost or increase profit (2.93). Benidorm is a destination with high levels of loyalty and it is therefore presupposed that the client shows reasonable rates of satisfaction. Therefore, the innovation efforts are oriented towards improving the image of the company via the introduction of new products/services as well as the diversification of the demand.

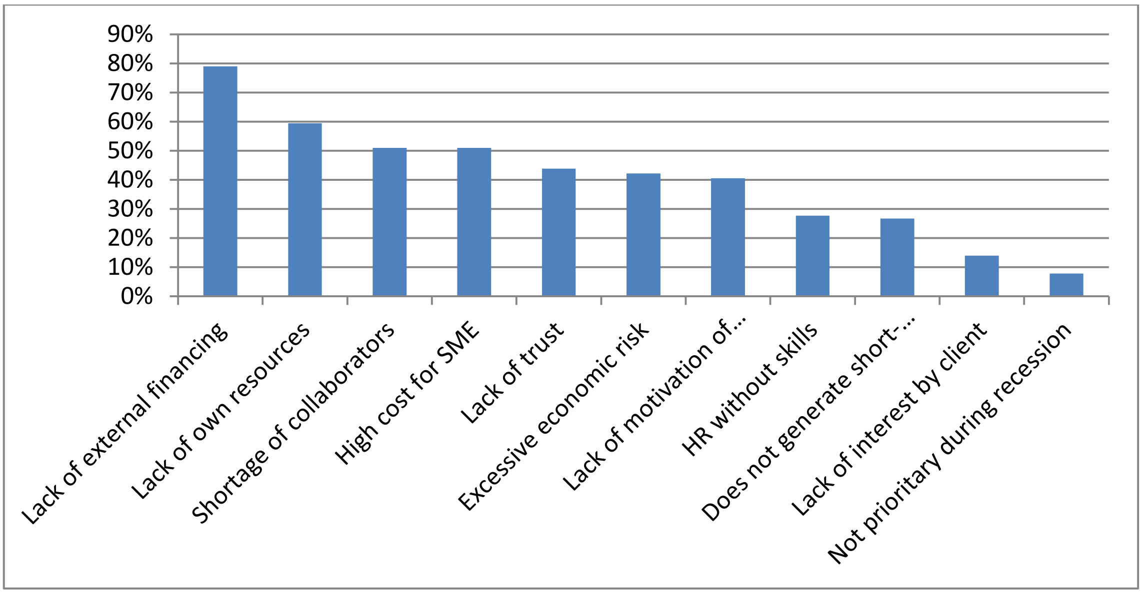
With regard to the agents with whom they cooperate in order to generate innovation (table 7), most cooperation takes place with the clients themselves (86%) in order to offer a product that is better adapted to their needs and with the suppliers (61%), who usually offer new products frequently , followed far behind by complementary companies (34%). A striking aspect is the very low level of collaboration with knowledge-generating institutions such as universities or centres specialized in innovation and tourism such as that based in Benidorm (Invattur) since barely 3% of those interviewed indicate that they cooperate with such centres to generate important changes in their company.

Table 7: Agents with whom cooperation is undertaken to make the innovation

With the clients themselves	86%
With suppliers	61%
With complementary companies	34%
With consultancy companies	19%
With competing companies	16%
With technological and innovation centres	15%
Others	8%
None	7%
With the university	3%

The main obstacles to innovation are basically the lack of financing, both external and internal. This is followed at some distance by the difficulty in finding collaborators, the high cost that innovation represents for small companies, the lack of trust in the possible collaborators, the economic risk perceived by the entrepreneurs and the lack of motivation of the employees.

Graph 4: Barriers to innovation



Proposals for improvement in competitiveness based on innovation

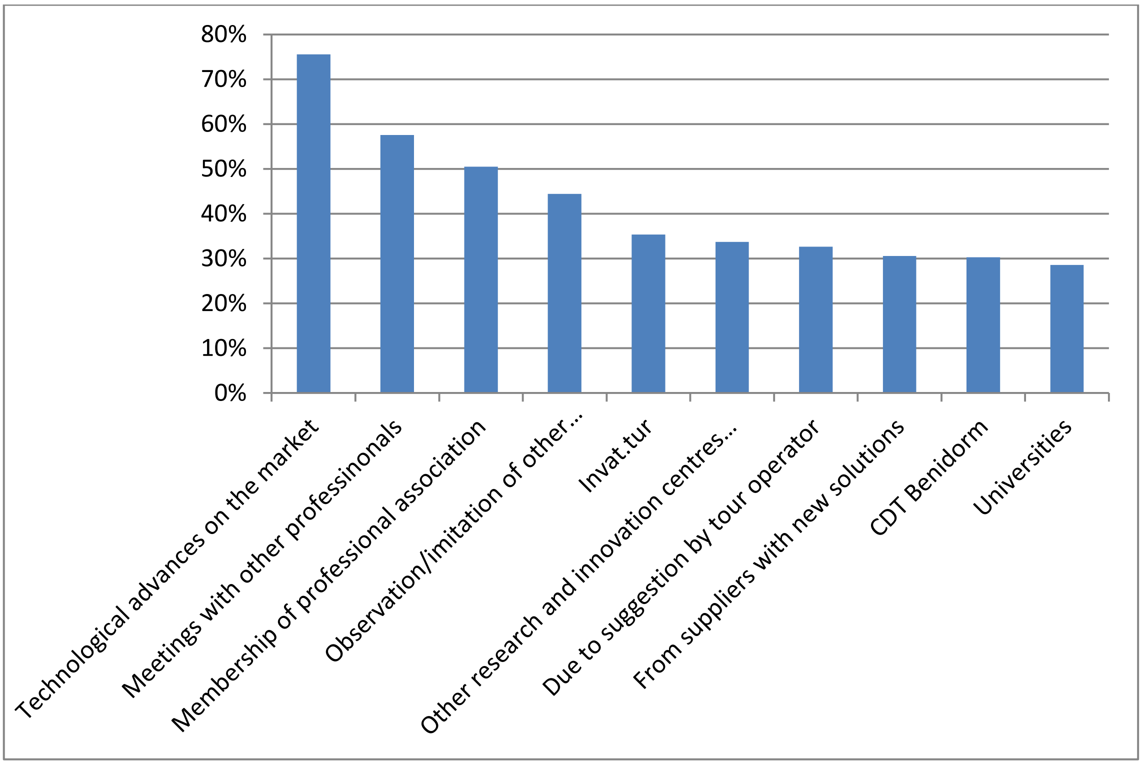
Linked to the barriers detected in the previous block, are the actions proposed to foster the competitiveness of Benidorm as a tourist destination through innovation. In this respect, very varied proposals are included which range from the improvement of the financing conditions for innovation (preferential loans and favourable taxation treatment for innovation) to the improvement of the urban environment of Benidorm (pavements, streets, lighting, etc.), passing through the improvement to transport infrastructures to make the destination more accessible, adjustments to regulations to make environmental protection and safety compatible with the recreational use of the resources (especially the beaches), and a long etcetera.

Of course, not all the proposals put forward involve a high degree of innovation. If the proposals made are analysed in detail, those which could be considered in line with a real innovation of the product/destination would be those that seek to increase the degree of collaboration between the agents (this being a very recurrent element) and the implementation of a cluster of new technology companies and strategic management consultancy companies to support the innovation processes of the companies of the destination. Together with these, suggestions that could also be catalogued as innovative would include the proposals for the creation of new infrastructures that would allow improvement of the tourism product (high performance sports installations), the increase in funds available to sector support organizations (Invattur, etc.) and improvements concerned with the training of entrepreneurs and employees.

The introduction of new products (congress tourism, arranging of activities for the marketing of joint packages in health tourism or others, or even the creation of infrastructures such as a ski slope to deseasonalize demand) and the holding of events, are also considered favourably by those interviewed and would be in the category of innovative proposals. Finally, the introduction of more creative marketing of the destination, capable of attracting segments with more purchasing power is also a recurring proposal by those surveyed.

The survey finishes with two final questions which attempt to ascertain the possible sources of ideas for generating innovation. Concerning this point, with regard to the external sources, the technological advances actually observed on the market and meetings with other professionals are the main sources of new ideas for the tourism entrepreneurs of Benidorm. On the other hand they emphasize the minor role played by organizations directly linked with knowledge on the topic of tourism such as the Centro de Desarrollo Turístico (specialized practical training) or the University itself, in this aspect.

Graph 5: External sources of information and knowledge



With regard to internal sources, interaction with the clients themselves is the main way of obtaining information, followed at great distance by the suggestions of the employees. On the other hand, formal market research is a minority practice among the tourism companies of Benidorm.

Table 8: Internal sources of information and knowledge

Communication with clients during their stay (formal/informal channels)	74%
Employees collaborate with new ideas	48%
Direct observation of the client	45%
Formal market research is carried out (what tourists demand in order to offer it to them)	24%
Others	2%

5. CONCLUSIONS

The study has set out to consider the applicability of the cluster concept to Benidorm: a destination on the Mediterranean coast of Spain which has attained a high degree of competitive success with the sun and sand product in which it has specialized. The main result obtained from this research, however, is that this success is not derived from or favoured by the existence of a cluster in the destination, since important elements are present that prevent affirmation of its existence. In Benidorm there is a high degree of concentration of tourism activity which is valued positively by the great majority of the agents interviewed and an activity – hotel accommodation – that leads the way in the destination. In theory both of these elements are characteristics that define clusters. However, it is possible to consider that the positive assessment of the concentration is not due so much to the marked predominance of competition between businesses (which stimulates continuous improvement and innovation) but to the conviction that complementarity between different companies of the value chain benefits the destination. Furthermore, neither cooperation between public or private agents (especially in the areas that really configure the competitive advantage of the destination) nor shared goals, are characteristics that are present in the destination, and both are basic elements for the characterisation of a cluster. In fact, a more exhaustive look reveals the existence of a marked individualism and certain secrecy when it comes to sharing sensitive information.

As Martin & Sunley (2001) state, many clusters are aspirational or the product of wishful thinking and ~~so~~ such is the case of Benidorm -which has ~~certain barriers~~ still to overcome to become a real cluster. Thus, ~~even though~~ the important progresses ~~done~~ made with the creation of a mixed private and public body (Fundación Turisme Benidorm devoted to the promotion of the city) ~~but still~~ the low levels of horizontal cooperation between different subsectors of activity are still of concern. There is still a very fragmented amalgam of firms with a lack of collective vision as those interviewed themselves have revealed. Not only firms ~~do~~ not cooperate among themselves, but also they do not approach in terms of real collaboration ~~to~~ other relevant institutions generators of knowledge and devoted to tourism innovation research located purposely in Benidorm because of its tourism relevance (Invattur)~~,~~ or the university itself.

Specifically, it has been observed that innovation in the destination is not precisely the result of business collaboration (collective learning) between agents, but that it takes place individually, internally within the business unit itself. In fact, the agents with which cooperation takes place are the internal client and the suppliers who offer solutions to the companies, in many cases, of a technological nature. In general, new ideas take shape within the companies based on communication with the client both formally (surveys) and informally (talking to the client), something which is favoured by the high levels of loyalty to the establishments located in the destination.

The companies of Benidorm are innovative by nature but it is not possible to affirm that they are more innovative due to their collaboration with other companies of the sector. However, it is interesting to note that the existing business concentration fosters observation and imitation of other similar companies located in Benidorm itself. The existence has also been detected of informal professional networks (managers with personal affinity or from the same chain) who exchange information regarding new products they want to introduce, personnel, etc. That is to say, a certain amount of tacit knowledge (Nonaka, 1994) derives from personal contacts and the shared location in the same destination, from belonging to the same business association, etc. This is one of the distinctive characteristics of spatial clusters with a similar economic activity, the opportunities they offer for the transmission of unarticulated, tacit, forms of knowledge between the companies located in them (Bathlet et al., 2004). In any case, the spillovers between managers and learning across firms are difficult to observe and it will require an ad-hoc in-depth study.

More formal meetings with other professionals are also important external sources of knowledge. However, there are elements that act against shared innovation such as the reticence to exchange information (the subject of prices is especially sensitive) and to collaborate on projects that involve such an exchange of information. In fact, opinions have been found against this cultural barrier to cooperation that is characteristic of the destination and they express the need for a change of mentality which could require, in turn, a generational change. Thus, people and firms in Benidorm must learn to trust each other and to share and exchange information.

Regarding the degree of novelty of the innovation, the results obtained allow us to confirm that the companies of Benidorm are innovative by nature, something that leads one to presuppose that this occurs for the reasons argued by Porter that strong competition and rivalry between companies is an important incentive for innovation and product differentiation. Therefore, while it is true that the companies of Benidorm are constantly introducing new developments, these are basically incremental innovations, that is, they basically introduce significant improvements in the product and service. Only on a few occasions have radical innovations been detected, that is, new developments that differ significantly from that previously offered by the company. These results are in consonance with previous studies that have considered business innovation in the tourism sector (Jacob et al., 2003; 2004).

In view of these results it is appropriate to deduce that the competitive success of the destination is justified by consolidated and loyal demand for the destination together with exceptional basic factors (sun and sand) and entrepreneurs for the most part proprietors of their own establishments and with strong local connections, without the need to configure the presence of a cluster.

As the main weaknesses of this study it is appropriate to indicate, in the first place, the absence of a quantitative analysis of the existing market relationships in the destination, for which it would be necessary to process information from an input-output table, a tourism satellite account which is lacking in the destination. This prevents delimitation of the potential cluster with greater precision, owing to which it is necessary to conduct the subsequent qualitative research of the different relationship branches detected. In the absence of this, this analysis could be performed via an exhaustive analysis of the annual accounts and public declarations of an accounting nature made by the companies and which are public in the different registries, or with ad-hoc tools designed to enable the entrepreneurs to note the main business relationships they maintain and their impact on the competitiveness of the companies. But a study on such a scale should be the object of another independent study. Likewise, it would be necessary to increase the sample size, diversifying the activities included in the sample in order to favour the generalization of conclusions.

Regarding the practical implications of this study, they are very relevant. In general terms and as has already been stated, the application of the questionnaire designed here to other tourist destinations would make it possible to confirm the baseline characteristics for the configuration of potential clusters and to establish their relationships with the success achieved by these destinations. Likewise, the application of the questionnaire at different moments in time would allow a monitoring of the evolution of such destinations in cluster terms, detecting the different problems that arise over time.

With regard to the destination analysed, Benidorm itself, clusters are something that can be developed through conscious strategies and especially through the governance challenge (Svensson et al., 2005). Cluster literature emphasizes the importance of governance at local level (Humphrey and Schmitz, 2002). However, governance requires institutional leadership for which the local administration apparently does not seem to be prepared or at least that is the opinion of the entrepreneurs that is observed from the questionnaires. In fact, the inexistence of shared goals and a Strategic Plan in the destination is symptomatic of the existence of ample possibilities for improvement in this respect. Likewise, it is to be expected that not all companies would have a similar degree of involvement and based on similar previous experiences in the analysis of tourism clusters in Spain the figure of a coordinating and motivating body of the cluster is required to emphasize the importance of joint efforts. The study of Benidorm shows that the characteristics mentioned by Porter for the existence of a cluster have not, to date, been a necessary condition in order to achieve the competitive success of the destination. However, the rapid changes that have recently affected the tourism phenomenon, with new changes in demand, the incorporation of new technologies and especially the appearance of new and better competitors, may ultimately impose the need for the increasing incorporation of these elements if consolidated destinations such as Benidorm wish to continue to benefit from a sustainable competitive advantage and thus avoid falling into a phase of decline. This study highlights, with regard to the case of Benidorm, that the establishment of shared goals and the improvement of business cooperation mechanisms for the promotion of innovation, are aspects that should be deliberately privileged.

For all of these reasons, it is appropriate to conclude that the work performed serves to confirm aspects that had already been outlined in previous studies regarding the difficulties posed by the application of the cluster concept to the tourism sector

(Hjalager, 2000) and it allows identification of common barriers such as the lack of cooperative culture and the shortage of confirmed results regarding its benefits in the promotion of innovation.

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