

MARKET SHARE AS A TOURIST DESTINATIONS COMPETITIVENESS MEASURE: SENSE AND LIMITATIONS

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Destination competitiveness can be understood as a general concept that encompasses price differentials coupled with exchange rate movements, productivity levels of various components of the tourist industry and qualitative factors affecting the attractiveness or otherwise of a destination. The competitiveness of an industry is a critical determinant of how well it performs in world markets (Dwyer, Forsyth and Dwyer, 2010).

Competitiveness is a relative and multidimensional concept which can be associated to four different perspectives: comparative advantages or competitiveness through pricing, a strategic or direction perspective, a historical or sociocultural perspective and the development of national competitiveness indicators (Spence & Hazard, 1998). Applied to tourism destinations, competitiveness seems to be linked to the capacity of a destination to provide goods and services that are superior in aspects valued by tourists to those offered by competitor destinations (Dwyer & Kim, 2003).

Destination competitiveness has become an increasingly important issue because competition from emerging tourist destinations and the changing tastes of tourists have challenged tourist destinations (Dwyer, Forsyth & Dwyer, 2010). Many studies (see, for example, Enright & Newton, 2004; Kozak & Rimmington, 1999; Perles, Ramón & Sevilla, 2011) have attempted to measure the competitiveness of tourist destinations. Nowadays, the Tourism and Travel Competitiveness Index (TTCI) of World Economic Forum is the most popular destination competitiveness indicator. The TTCI aims to measure the factors and policies that make it attractive to develop the Tourism & Travel sector in different countries. This index is based on three broad categories of variables that facilitate or drive Tourism and Travel competitiveness. These categories are summarized into the three subindexes of the Index: (1) the Tourism and Travel regulatory framework subindex; (2) the Travel and Tourism business environment and infrastructure subindex; and (3) the Tourism and Travel human, cultural, and natural resources subindex. Finally, each of

these three subindexes is composed in turn by a number of pillars of Tourism and Travel competitiveness, of which are 14 in all (WEF, 2013).

Nevertheless, according to Omerzel and Mihalic (2008), there is no optimal and universal model of competitiveness that can be applied to all destinations, nor is there a generally accepted measurement of competitiveness. In this context, Mazanec, Wöber and Zins (2007) pointed out the need to take steps to transform purely defining models and systems into truly explanatory models from an analytical point of view.

In the absence of generally accepted measurements, each author has operationalized the measurement of competitiveness in terms of its subject matter. For example, d'Hautesserre (2000) defined the competitiveness of a tourist destination as its capacity to maintain its position (market share) or to improve its share over time, and the author determined the success of a destination by evaluating its direct performance in the markets through a market share analysis.

However, the use of market share as an indicator of competitiveness has not been exempt from debate. Some authors, such as d'Hautesserre (2000), Craigwell, Worrell and Smith (2006) and Mazanec, Wöber and Zins (2007), have regarded this variable as a direct measurement of competitiveness and have incorporated it into their studies on its own or together with other elements constituting latent variables. Other authors, however, e.g., Cracolici, Nijkamp and Rietveld (2006), Crouch and Ritchie (1999), Dwyer, Forsyth and Dwyer (2010) and Enright and Newton (2004), have considered market share to be a measurement of revealed competitiveness or of the final historical results of underlying competitive activity (in prices, differentiation or other elements).

In two recent papers Perles and Ramón (2013) and Perles et al (2013) analyze world market share (in terms of visitor arrivals or revenues) but this measure was not considered a true indicator of the competitiveness of a tourist destination but rather an indicator of international tourism success. In fact, the relationship between international tourist arrivals of a destination and its competitiveness measured by its Travel and Tourism Competitiveness Index (TTCI) value is nonlinear (World Economic Forum, 2013). It may be that not all improvements in competitiveness for a destination are translated into an increase of its market share. But the inverse is almost certainly true. Increases in market share should come from competitive gains in prices, quality or any other determinant of it. This is clearly seen in terms of rank position, where there is a positive association between the position in the competitiveness index ranking and the position in the market share ranking. In any event, a reduction in market share does not necessarily imply a decrease in levels of development or the health of a tourist destination (Vanhove, 2011).

Hence the use of competitiveness in tourism is subject to a widespread controversy, especially in those cases where goes together to the territorial analysis. This is because the goals of maximization of this variable by policy-makers, can lead to growth policies that jeopardize the economic and environmental sustainability of a resource-limited destinations.

This paper discusses the use, validity and limitations of the market share as an indicator of competitiveness in tourism. After examining the existing relationships between market shares and tourism competitiveness indicators as TTCI, GDP per capita and HDI for a set of 93 countries, the main conclusion obtained is that market shares can be claimed as an

acceptable proxy of tourism destinations competitiveness in empirical applications, when other measures are not available. The reasons are: First, market share is the main indicator existing on market performance and shows positive correlations of 0.7 with TTCI. Second, market shares present positive relationships (around 0.55) with the level of development of tourist destinations. And third, long series of data are available for market shares, which do not occur for modern competitiveness indicators as TTCI.

The greater relationship existing between the TTCI and the levels of development of a destination, than the existing one between market shares and these last indicators is derived from the variables included in the TTCI. Thus, infrastructure and environmental variables as dioxide emissions are highly correlated with GDP per capita or HDI. Meanwhile, the market share, which focuses on demand aspects of tourism, is not able by itself to collect the wide variety of aspects involved in the development of tourist destinations. But in contrast, market share is very easy to calculate and is widely available for an extended period of time.

This study has two limitations. First, it focuses exclusively on cross-sectional data. For future research, the generalization of this kind of analysis to a broader set of data (using appropriate econometric techniques such as dynamic panel data or structural equation modelling) could offer further valuable insights, especially with regard to the effects of market shares variations on competitiveness indicators. Second, the study focuses entirely on an indirect measure of tourism competitiveness; 'market share'. Interesting findings would also result from an analysis of a combination of this variable with other direct competitiveness measures such as relative prices or other composite indicators of competitiveness for which historical data are available.

In any case, this research shows the usefulness of market shares as a proxy of the competitiveness on tourism destinations, at least in historical empirical analysis. This approach represents an advance forcing us to reflect on the theoretical prejudice that many authors report on this indicator. Of course, this theoretical implication, cannot serve to justify the implementation of tourism policies focused exclusively on objectives of growing market shares from a practical point of view. Nowadays, the literature agrees that policy should seek to achieve a balanced, inclusive and sustainable development of tourist destinations. And this ultimate goal cannot be achieved with only a policy focused exclusively on market share.

