Cluster-Based Development in the Tourism Industry: Putting Practice into Theory

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Tourism is one of the world’s largest and fastest growing industries. Industrial cluster theory is perhaps the leading model for economic development today. Despite this, the academic literature of industrial cluster theory has paid relatively little attention to the tourism industry. Meanwhile, practitioners of tourism development are experimenting with the cluster concept across the US and around the world, in innovative but generally isolated and unsystematic applications. This paper brings together academic cluster research and practitioner experience to provide a theoretical framework for cluster-based tourism development. This theoretical framework, in turn, provides a basis for recommendations on the effective application of tourism clustering in professional development practice.

Introduction
Most readers of this journal—scholars and practitioners alike—will be abundantly familiar with modern industrial cluster theory. As codified and widely popularized in Michael Porter’s classic 1990 text The Comparative Advantage of Nations, “clustering” reigns as perhaps the preeminent paradigm today for regional economic development (ED). Since 1990, researchers and practitioners alike have applied cluster theory to industrial sectors ranging from high technology (Paytas, Gradeck, & Andrews, 2004) to forest products (Vitamo, 2001) to wine (Miller & Evans, 2000), across the United States and around the world.

Tourism ranks as one of the world’s largest and fastest growing industries. The tourism industry provides the major source of employment for many US communities and the major source of both jobs and export earnings for many countries. Nevertheless, tourism receives only very brief mention in Porter’s original 1990 text and little subsequent attention in the extensive ED research literature concerned with cluster theory. The tourism research literature also fails to address cluster theory in a significant manner.
Meanwhile, the practical application of the cluster concept in tourism development runs far ahead of the formal research literature, theory, and evaluation. In recent years, practitioners in places as diverse as Arizona, South Africa, and a Costa Rican rain forest preserve have based their tourism development initiatives expressly and explicitly upon cluster theory.

This paper analyzes the work of these practitioners in tourism clustering and links this body of applied experience to the broader ED and cluster-related literature. Toward that end, we address the following questions: Can cluster theory be appropriately applied to the development of a tourism industry? If so, in what ways does clustering in the tourism industry compare to other industries such as manufacturing, and how is it distinctive? What is the most appropriate framework for the analysis of tourism clustering? What does a cluster perspective suggest for practice, research, and education in tourism industry development?

The paper begins, first, by briefly reviewing the research literature on industrial cluster development. Second, the paper critically assesses the practitioner documentation that applies the clustering concept to professional tourism development. Third, the paper concludes with some recommendations for cluster-based tourism development in practice, research, and education.

The Cluster Model in Modern ED Practice and Research
The modern era of ED has been classified into three evolutionary “waves” (Bradshaw & Blakely, 1999). The first of these waves emphasized industrial incentives, industrial revenue bonding, and other forms of “smokestack chasing.” Second wave ED focused on stimulating entrepreneurship, utilizing tools such as industrial incubators, research parks, private venture capital, and workforce training. The “third wave” of ED practice now seeks to link the motives driving private firms with the nurturing influence of their greater geographic environment. The industrial cluster’s role in fostering global competitiveness for industries in particular places plays a central role in this approach.

Porter (2000) offers a succinct definition of such industrial clusters as “… a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities” (p. 15). Most researchers and practitioners of ED will be amply familiar with the cluster concept in general and Porter’s work in particular. Interested readers not familiar with this material are referred to the original (1990) text, or Porter’s later summaries of his theory of national competitive advantage (1998) and extensions specific to ED (2000).

The most effective exposition of Porter’s original concept is through his now-classic graphic device of the “diamond.” The four critical “facets” of this diamond, or components of an effective industrial cluster, consist of (1) firm strategy, structure, and rivalry; (2) demand conditions; (3) related and supporting industries; and (4) factor or input conditions. Other components include chance and government influences. Arrows connect the diamond’s facets, thereby emphasizing
the dynamic nature of their interrelationships. Porter suggests the terminology of “clustering,” implying a continuously evolving and dynamic process, rather than the more static noun of “cluster.” This emphasis becomes important when distinguishing between “mature” clusters and “emerging” clusters that may contain only fragments of an idealized industrial cluster (Held, 1996; Clancy, O’Malley, & O’Connell, 2001).

If the ability to stimulate a dynamic literature represents one key criterion of a robust theory, then Porter’s 1990 The Competitive Advantage of Nations has been resoundingly successful. Subsequent literature applies the cluster concept to a wide variety of industries and locations, and across a wide variety of regional scales (Enright, 1993). It has further stimulated numerous critiques and challenges to Porter’s original conceptualization (e.g. Clancy, O’Malley, & O’Connell, 2001).

Much of the continuing cluster research also concerns itself with operationalizing Porter’s general concepts and developing more rigorous analytical methodologies. Perhaps uncharacteristically for the social sciences, there is fairly wide agreement on the need to incorporate both quantitative and qualitative analysis and to use both approaches in practical application (Held, 1996; Austrian, 2000). Much of the quantitative analysis identifies potential industrial clusters in particular regions (Rey and Mattheis, 2000; Hill and Brennan, 2000; Held 2004). The qualitative research focuses on what has been termed “cluster mapping,” or the graphic representation of economic linkages within a cluster.

Applying the Cluster Model to the Tourism Industry
Tourism represents one of the world’s largest and fastest growing industries. The US travel and tourism industry accounts for over 6.5 million jobs, or 4.7 percent of the nation’s total employment, with a total of over 16 million jobs created directly and indirectly (World Travel & Tourism Council, 2004a). This industry accounts for an estimated $483 billion dollars in direct economic activity, or 4.1 percent of total US GDP (World Travel & Tourism Council, 2004a). Worldwide, employment estimates for the tourism industry exceed 210 million jobs in 2004, accounting for nearly $1.3 trillion dollars in export value (World Travel & Tourism Council, 2004b). At minimum, tourism constitutes one of the largest, fastest growing, most dynamic and economically important industries, both nationally and globally. In the case of many developing countries—for example, throughout much of the Caribbean—tourism stands as the most important or even dominant employer and source of foreign exchange earnings (Gollub, Hosier, & Woo, n.d., ca. 2002). For many economically stagnant US communities, tourism increasingly provides an industry of last resort.

Porter’s 1990 book discusses service industries extensively, emphasizing that the theory should apply to both services and goods manufacturing. However, only one sentence in Porter’s 855 page tome (1990, p. 256) addresses the tourism industry explicitly. Subsequently, the extensive ED literature devoted to cluster theory makes little mention of tourism. Porter (2000) and others (Barkley & Henry, 2001) mention tourism clusters, but do
not elaborate on the concept.


Conceptually, does it even make sense to treat tourism as an industry within the context of cluster theory? This application at least possesses some intuitive appeal. The basic phenomena of concentrated development patterns are familiar in the tourism industry. For example, tourism development clearly concentrates around attractions such as the Great Smoky Mountains, or around common themes such as gaming in Las Vegas or family tourism activities in Orlando. At the same time, applying this concept to tourism creates some significant conceptual challenges, or at least requires a different approach from the manner in which it is applied to manufacturing industries. For example, as Gollub, Hosier, & Woo (n.d., ca. 2002) note, “Consumers of tourism must ‘come to the factory’ (the region) where tourism goods and services are produced. The buyer must purchase and consume a set of individual ‘products and services’ that add up to the composite outcome of a ‘visit’” (p. 11).

ED practitioners primarily have taken the lead in applying the cluster concept to the development of the tourism industry. Unfortunately, many of these efforts are not well documented, are not widely disseminated or publicly available, nor do they cross-reference one another or the research literature. Further, much of the innovative work on tourism clusters has been international in nature, thereby often making it unfamiliar to North American practitioners.

The Internet makes a large and growing number of professional reports on tourism clustering available, and these reports reflect applications that span the globe from Australia (Enright & Roberts, 2001) to Chile (Canales, 2001) to Alberta (2004). Four such reports are especially rigorous in their research, systematic in their methodology, and thorough in their documentation:

- Arizona (Arizona Department of Commerce [ADOC], prepared by Applied Development Economics, 2001)

- Costa Rica’s Monteverde rain forest region (Acuña, Villalobos, & Ruiz, 2000)

- South Africa: studies at both the national and local levels (South African National Economic Development and Labour Council [SANEDLC], prepared by the Cluster Consortium, 1999)


These four also represent a great
diversity in geographic focus, regional scale, level of development and topical emphasis.

Porter’s (1990) original diamond diagram (Figure 1) provides the framework for the following analysis. This diagram provides the most standard, widely-recognized and time-tested structure for industrial clusters. This model also has been thoroughly vetted and expanded upon in both the literature and professional practice. As a result, one conceptual test of a functional tourism cluster is whether or not the facets of the diamond possess meaningful and robust equivalents in the tourism industry.

We begin our analysis with some initial considerations for cluster research and development, and then proceed through the individual facets of the cluster diamond.

Initial considerations. As a foundation for analysis and development of an industrial cluster, initial considerations include the most appropriate geographic scale of analysis, specific industrial focus, and methodology for analysis.

What is the most appropriate geographic scale of analysis? Porter focused originally almost exclusively at the national level, but the work of tourism development practitioners reflects a much wider range of clustering scales. The Arizona study (ADOC, 2001) focuses its data presentation, analysis, and policy recommendations primarily on the state level, even though many of the study’s recommendations involve actions and policies necessary at the local scale. The Costa Rica study relates specifically to one particular ecosystem of the country—the region centered on the Monteverde National Rain Forest Biological Reserve—with some analysis of the study region within Costa Rica’s larger national ecotourism cluster.

The South Africa case study—the most ambitious of any of these documented studies—focuses primarily on the national scale. Much of the study—from initial data collection to analysis to final recommendations—addresses tourism development planning and policies at the national level. However, the South Africa study also singles out four specific local regions for more detailed study, albeit in a generally less thorough manner. Furthermore, the South African study ultimately and emphatically concludes that the local level represents the most effective scale for clustering.

“There is little doubt… that a key finding from this project is that clustering from a tourism perspective will be most effective… when focused on locally controlled clusters” (SANEDLC, 1999, p. 124). The report elaborates on this conclusion:

Local level clustering seemed to bring a more immediate sense of clear personal benefit for the participants, which acted as a powerful motivating force to continue working…. At a local level, there are certain actions that small groups of individuals can take that add value or change something immediately. People feel and are empowered to make an immediate and measurable difference to their own situations…. The focus at a local level was very much
Figure 1: The cluster diamond, adapted by the authors to the tourism industry (based on Porter 1990)
more on the real and practical
short, medium and long-term
benefits that could be derived
for the members of the
cluster. Getting to “action”
on tasks is far quicker and so
are positive results.
(SANEDLC, 1999, p. 127)

Research work by Grado, et al. (1997)
and Michael (2003) further confirms this
assessment. The study by Grado, et al.
(1997) of clustered antique
establishments in rural Pennsylvania
towns estimates that tourist expenditures
may result in economic multipliers
higher than three.

With regard to industry specification,
there is a tendency to treat tourism as a
single, homogeneous category. “Third
wave” principles of practice, however,
call for a much more closely targeted
approach to practice and research in
tourism, as in any other industry. More
detailed classifications of tourism tend to
be non-standardized, often overlapping,
and subject to expansion along with new
industry trends. Tourism subcategories
include sun and sand, convention and
other business travel, all-inclusive, free
and independent traveler, cruise ship,
eco-, adventure, cultural, heritage,
educational, health or spa, urban, agri- or
industrial tourism, and sex (Henthorne &
Miller, 2003). These subcategories may
in turn be even further subdivided.
Ecotourism, for example, can span an
almost meaningless spectrum of tourism
establishments, from five-star hotels that
recycle paper products to small
mountain biking tour operators. Some
bifurcate this spectrum into “hard
ecotourism” (e.g., hiking) vs. “soft
ecotourism” (e.g., a lounge chair
overlooking natural landscape).

Market positioning levels cut across all
these subcategories and can make a large
difference in a region’s tourism
development economic impact: five star
resort development vs. backpacker-
oriented adventure tourism, for example.
Not only will the direct expenditures of
the five-star tourist be larger, but so will
the multiplier impacts of the industry:
construction investment, training
requirements; quality of services,
equipment, and manufactured inputs
such as food products or linens.

The Arizona cluster study includes
ecotourism, cultural and heritage-based
tourism (e.g., the state’s Native
American population), recreational
tourism (e.g., baseball spring training)
and theme tourism (e.g., unique city
experiences such as Scottsdale). The
Arizona study also emphasizes the
potential for tapping international
markets in all these categories. In
contrast, the Costa Rica study focuses
almost exclusively on ecotourism and its
related (mainly quite small) industries.
The South Africa study particularly
specifies eco- and heritage tourism. In
addition, the South Africa report
identifies a number of specific issues
intended to cut across all industrial and
geographic of clustering. These include
“… issues of Black Economic
Empowerment (BEE), small, medium
and microenterprise… development,
human resources matters, [and] tourism
investment…” (SANDEL, 1999, p. 30).

In terms of methodology, practitioners’
studies often incorporate both
quantitative and qualitative analysis.
The Arizona study represents perhaps the richest of these reports with regard to quantitative data presentation and analysis (ADOC, 2001, appendices A-D).

Qualitative rigor in all the reports includes extensive interviews and cluster mapping. Reflecting the clustering literature as a whole, however, these practitioners’ tourism cluster maps do not represent one standardized approach. Even though they represent many common elements and concepts, they are grouped into a variety of different headings and interrelationships.

In relation to methodology, all of the available practitioners’ studies place great emphasis on the process followed in the course of the clustering study—and particularly on the depth and breadth of regional stakeholder participation. The South Africa study, for example, organizes over 650 study participants (“tourism stakeholders or potential stakeholders”) into a complex series of working groups. These working groups focus on clustering at the national and local levels, as well as particular cross-cutting themes (e.g., cultural tourism) and issues (e.g., economic empowerment of the country’s black population).

The Costa Rica study includes an extensive interview process that incorporates the views of regional businesspeople, the regional labor force, and other “key actors.” Extensive tabulations present the data disaggregated by the various constituencies concerned. The Arizona study also includes “executive interviews and a survey of tourism firms,” and Appendix B of the report includes a list of “persons interviewed”.

The strong emphases on methodology, process, and participation are consistent with the general clustering literature as valuable ends in themselves: to encourage greater regional cooperation, promote the formation of horizontal linkages, identify shared interests even among rival firms, and facilitate dialogue among interested parties. Such widespread participation may be particularly important in tourism, given the tourism industry’s high-profile and often publicly sensitive nature. A tourism industry cannot be readily hidden away in an industrial park or commercial district. Instead, a tourism industry often utilizes—and sometimes put at risk—a region’s most public and perhaps most prized resources.

Firm strategy, structure, and rivalry. Porter does not suggest particular “starting point” among the diamond diagram’s individual facets. Instead he, and subsequent authors, emphasize that clusters evolve (or, presumably, develop) from a strength originating within any of the facets. Our own analysis begins with the north facet of the diagram: “Firm Strategy, Structure, and Rivalry.”

We begin with this facet to emphasize the importance of staying focused on the industry of tourism development, and particularly on basic or exporting firms. Tourism development may be motivated for a number of reasons, including local pride in historic, scenic, environmental, or cultural assets. While this is admirable and may complement ED initiatives, it is not to be confused with ED itself. In cluster maps available in practitioner studies, in contrast, the attractions themselves are generally
central to these diagrams. We believe this can be misleading. The focus for economic developers should remain fixed on the tourism industry itself.

For example, outstanding natural resources such as the Great Smoky Mountains are important tourism attractions, but do not in themselves constitute an industry. The industry begins, in this case, with the establishment of the Great Smoky Mountains National Park. The park serves to conserve this resource for sustainable tourism development, develop the resource for tourism (with roadways, visitors centers, trails, and campgrounds) and establish itself as a significant basic or “export” industry per se (through visitors fees, salaries, and contracts). Surrounding this “core industry,” then, are other closely related basic industries such as hotels—especially those hotels that effectively capitalize on their proximity to the park, as well as the general Americana or “country” theme that the region inspires. Linkages to other related, basic industries such as restaurants, entertainment attractions, souvenir shops, and tours further multiply or add economic value.

What, then, should be the appropriate unit of analysis upon which to build a tourism cluster? An automotive cluster, for example, is fairly clearly based on factories that build automobiles. What is the equivalent of a “tourism factory”? Often the hotel industry receives the central focus, but this also may be misleading. The Arizona study determines that the broad category of “lodging” accounts for only 29 percent of employment within the state’s tourism industrial cluster (ADOC, 2001, p. 7).

By contrast, “Food and beverage services” account for 47 percent of the state’s tourism industrial cluster (ADOC, 2001, p. 7). For this reason, the focus should include any “basic” industry within a tourist cluster. For instance, any enterprise that directly brings in new money from outside the community. Such basic tourism industries may include local restaurants, attractions such as theme parks or casinos, tour operators or guides, bars, souvenir vendors, other retail attractions such as outlet malls, and spas and other forms of health tourism.

Practitioners’ reports commonly categorize ecotourism, culture and heritage tourism, recreational sports, or theme destinations as “export products” or “final exports.” Instead, these categories should be considered competitive “firm strategies” for tourism development, consistent with Porter’s terminology. That is, what makes Arizona’s hotels and other export tourism products competitive among national and international tourists? These are competitive to the extent that they can capitalize on a strategy such as ecotourism—which, in turn, builds upon Arizona’s undeniably world-class resources for tourism such as the Grand Canyon or Sonoran desert climate. The Northeast Brazil study emphasizes three even more specific (and enticing) examples of such strategies: “Sun, Sea, and Sex,” “Historic Heart of Brazil,” and “The Living Culture of Brazil” (Gollub, Hosier, & Woo, n.d., ca. 2002, p. 46).

In short, the list of core cluster enterprises should include any basic economic activity related to tourism—essentially any enterprise that sells goods or services directly to an out-of-
town tourist. Broadening the focus of core activities carries other benefits for ED analysis. Many localities depend heavily upon “day tourism.” Cruise ship destinations in Alaska, Hawaii, and the Caribbean are among the many important examples.

The north facet of Figure 1 also illustrates the vital importance, in Porter’s perspective, both of industrial strategy and of rivalry among local industries to build global competitiveness. Porter (1985) specifies three major strategies for maintaining competitive advantage over rivals: lower cost, product differentiation from that of competitors, or a focus on a particular specialty market. This third strategy may, in turn, be subdivided into two strategies for creating a competitive position within a specialty market—lower cost or differentiation. Figure 1 includes examples of destinations—in the US and the Caribbean—that target these four quadrants of Porter’s strategic matrix.

Rivalry occurs largely among competing destinations targeting the same quadrant of the matrix. Should a budget-minded family in the US South, for example, travel this year to Panama City Beach or Pigeon Forge for vacation? Or, on a global scale, should they dig a little deeper into the vacation fund for that bargain resort advertised in the Dominican Republic?

**Demand conditions.** Sophisticated and demanding purchasers of a firm’s product or service drive demand conditions, which in turn encourage firms to produce increasingly superior products (Figure 1, east facet). Porter emphasizes specifically the importance of demanding local customers, who can stimulate a local product or service to become globally competitive.

This facet represents one significant way in which tourism may be exceptional among clustered industries. By its nature and almost by definition, locals tend not to purchase many of their own home tourism industry’s products. Even sophisticated and demanding customers of tourism products may be largely unfamiliar with their own local products, such as local hotels. Further, many regions most in need of tourism-based ED, whether developing countries or rural US locations, lack a significant local base of sophisticated and demanding tourists. Many of the low-income citizens in these regions simply lack experience with tourism of any sort, let alone the specialized or upper-tier tourism development often most sought-after for economic growth.

Important exceptions exist however, as a tourism destination may have sophisticated and demanding local customers of an outstanding and distinctive local cuisine, or cultural attributes such as music or historic preservation. New Orleans, for example, traditionally has enjoyed locally-driven advantages in all these counts, and these locally-driven advantages, in turn, have provided much of the city’s basic tourism industry appeal. The unique nature of these locally-driven characteristics, in turn, will be instrumental in driving the redevelopment of New Orleans’ tourism industry in the wake of the Hurricane Katrina disaster.

**Related and supporting industries.** This component (the south facet of Figure 1)
emphasizes industrial linkages or purchases among local industries. These are core concepts of regional ED, including local export (or basic) industries, their linkages to other local (or non-basic) industries, the resulting economic multiplier effect of these linkages, and the economic leakages that result from inadequate local linkages. Researchers apply these familiar economic analysis techniques to the tourism industry, including economic base (Gibson, 1981) and input-output (Fleisher & Freeman, 1997) analyses—in locations as widely diverse as rural Arizona (Gibson, 2004) and Mexico’s Yucatán region (Torres, 2002, 2003). Porter (1985) employs similar concepts in his terminology of industrial “value chains.”

Examples in the tourism industry include local purchases of food items by restaurants, or local hotel purchases of furniture, linens, towels, or cleaning supplies. These types of purchases are termed “backward” linkages, which provide inputs into the basic tourism industry. The State of Mississippi, for example, has encouraged the state’s casino resorts to analyze their purchasing patterns and increase their purchases of locally manufactured goods (Floyd, 2004). Linkages can also include purchases of locally offered services such as marketing, accounting, legal, training, and maintenance.

Attention to these linkages serves at least two important goals in ED practice: (1) broadening and strengthening support for the basic core industry and (2) reducing economic leakage within the region. In the first case, Porter (2000) and the tourism practitioners stress that the core industry’s competitiveness depends not just upon the existence of support industries, but also the quality of these industries. For example, luxury hotels depend upon comparable quality in other local amenities including food and beverage, transportation services, shopping, and entertainment.

Economic leakage is a notorious concern in tourism-dependent regions—particularly those in developing countries or regions of the US with emerging tourism industries, where leakage factors commonly exceed 70 percent (Pérez-Ducy, 2001). Researchers of the emerging Cuban tourism industry in the early 1990s suggest that the country was actually forced to import more than one dollar’s worth of goods and services for every dollar tourists spent in the local economy (Durán, A., Cuba Ministry of Tourism, personal interview, 2002; Miller and Henthorne, 1997).

Unlike many other industries, tourism generates relatively few, if any, true “forward” linkages. Basic tourism purchases generally represent “end uses,” or the final economic activity on Porter’s value chain. In general, hotels, restaurants, bars, etc. sell services directly to tourists as final consumers, but not to other industries as true forward linkages. Some of the practitioners’ tourism cluster maps represent as forward linkages any purchases by tourists subsequent to their arrival in the destination: e.g., tours or restaurant meals. These are more accurately and usefully described as basic industry transactions in themselves. Figure 1 represents some exceptions, for example, a company might contract rooms with a hotel or a restaurant, or consolidators may...
purchase hotel rooms or plane seats for repurchase.

Porter and subsequent authors also emphasize the importance of horizontal, as well as vertical linkages, in cluster formation. According to Held (1996), “… we define horizontal clusters as those whose component industries have a common resource base, but few logical buyer-supplier linkages” (p. 250). Porter does not refer specifically to the tourism industry, but may be appropriately considered in this regard:

The presence of a group of related firms and industries offers efficiencies in joint marketing (e.g., firm referrals, trade fairs, trade magazines, marketing delegations). It also can enhance the reputation of a location in a particular field and makes it more likely that buyers will consider a vendor… based there. Buyers can see multiple firms in a single visit. The presence of multiple sources for a produce or service in a location also can reduce perceived buying risk by offering buyers the potential to multisource or switch vendors if the need arises. (Porter, 2000, p. 22)

Examples of important horizontal linkages include trade organizations devoted to the travel and tourism industry at the level of the locality, state, nation, or international region. The Costa Rica study also suggests the concept of “complementary industries” (Acuña, Villalobos, & Ruiz, 2000). In the case of the Costa Rican Monteverde rainforest region, these include industries that complement the region’s character and image as an ecotourism destination, including farming cooperatives and small-scale organic agriculture. These operations, in turn, provide additional attractions for tourists.

**Factor conditions.** In traditional industrial geography, factor conditions may include raw materials for manufacturing production, or the availability of industrial infrastructure such as rail or port connections. In the “new economy,” physical raw materials play a smaller role in comparison with the growing importance of a highly skilled and specialized labor force. Similarly, traditional infrastructure becomes less important than proximity to airports and access to high-speed Internet connections.

In the modern tourism industry, critical “factors of production” may include an agreeable climate, natural resources and attractions, heritage or cultural assets, distinctive or outstanding cuisines, convenient air and highway access, or cruise ship port facilities. Gollub, Hosier, & Woo (n.d., ca. 2002) also emphasize the importance of factors such as tourism marketing infrastructure and financial institutions that are knowledgeable about the tourism industry’s specialized needs.

Other “raw materials” for a more specialized tourism industry may include intangibles such as the political climate, general culture, or enabling legislation that makes a regional casino gaming industry possible. Other intangible but critical factors of production include
images: e.g., uniqueness, safety, convenience, and either wholesomeness or naughtiness. While New Orleans’ Mardi Gras celebration represents only a short-term event each year, it yields extraordinary value in terms of the city’s tourism images as unique, exciting, and naughty. New York City, on the other hand, achieved significant success in the 1990s by cleaning up its negative images: turning around its image of being dangerous and prohibitively expensive by sanitizing previously notorious areas such as Times Square and reducing tourism taxes.

As in most industries in the new economy, the most important factor of production for the tourism industry is an increasingly skilled labor force. The tourism industry is traditionally thought of as employing largely unskilled or semi-skilled labor, such as cleaning crews or restaurant servers, and characterized by high turnover rates (ADOC, 2001). Increasingly, however, tourism industry competitiveness requires a segment of the labor force that is skilled in various aspects of service—and, as a result, valuable enough to merit retention efforts. Examples include managers with expertise in tourism specialty markets, customer service representatives to visitors from a broad variety of cultures and languages, knowledgeable guides for activities and attractions, personnel trained in health and fitness services, as well as chefs and sommeliers for fine cuisines and wines.

Most, if not all of the tourism industry’s factors of production may be enhanced or developed through ED leadership and business innovation. Even climate can be marginally altered through shade, water “misters,” cold weather walkways, etc. (A domed resort complex including golf course has been proposed for the Tunica gaming region in the Mississippi Delta.) In the west facet of Figure 1, we represent these factors not in terms of their forms as “raw materials,” but rather in terms of agencies, associations, universities, or other organizations that are devoted to either developing or conserving these raw materials. The tourism industry’s raw materials—like those of most other industries—contribute little unless they are developed and conserved in some manner.

The cluster concept provides a strong rationale for private industry to support these sorts of initiatives, out of collective self-interest. Even rival private firms may choose to support public-sector training programs, for example. Similarly, rival tourism enterprises all benefit from the preservation and sustainable development of their region’s shared natural, historical, or cultural resources. As such, they have a common interest in the preservation and development of these common resources. Preservation of New Orleans’ French Quarter architecture represents one of the oldest and most sustained initiatives in the US in this regard, primarily justified by the benefits to the city’s tourism economy (Williams, 1978). Again, post-Katrina, this architectural integrity provides a powerful image of tourism’s survival in New Orleans and seeds for the industry’s rebirth.

Chance and government. “Chance” may include outside inventions, external economic changes, market trends, political events, or other shocks to the industry environment. The individual
firm or destination may not be able to influence such changes, but firms and destinations can capitalize on new opportunities when they present themselves. One major example of “chance” was the global impact of the 9/11 tragedy and the subsequent war on terrorism. Travel, particularly by Americans, suffered in the aftermath, with severe consequences for both international and domestic destinations. Subsequently, however, interest in “Americana”-based tourism surged, due to the perceived relative safety of ground travel in the US and a surging spirit of patriotism.

“Government” can enhance or retard firm competitiveness, in tourism as in any other industry. These roles include the development of appropriate industrial infrastructure, influencing the availability of investment capital and providing education and training opportunities. Gollub, Hosier, & Woo (n.d., ca. 2002) also emphasize government’s role in providing industry information, promoting exports, assuring a legal environment conducive to industry development, and in “…maintaining a favorable climate for tourism trade (e.g., through minimizing crime, promoting health and safety, and maintaining tourism assets)” [p. 39]. Government may also be a significant direct purchaser of tourism goods and services, for example, travel by government or military personnel.

Government can also potentially foster equity among the benefits and costs of tourism development. Government regulation, for example, can be vital in mitigating the impacts of tourism development on local resources (such as beaches). Governments also potentially can address the trade-offs between free enterprise and social mandates such as job creation for disadvantaged populations (SANEDLC, 1999).

Conclusions for Practice, Research, and Education
Industrial cluster theory can provide a meaningful and productive framework for tourism industry analysis and development. Further research in this regard can contribute both to practice and theory, as well as encourage competitive and broad-based tourism development.

A robust theory of cluster-based tourism development suggests many vital roles for the ED practitioner. One of the most important practitioner roles is the familiar one of public communicator and industry advocate. An important first step is to represent tourism as a potential economic-growth and job-creation engine for a country, state, region, or community (ADOC, 2001). Practitioners also can serve as advocates of “third wave” clustering approaches to tourism development by promoting this approach’s many potential benefits. As emphasized by Porter, “[f]or practitioners, the promise of cluster-based approaches lies in their positive-sum view of competition and locational competitiveness coupled with their ability to catalyze constructive actions that span constituencies” (2000, p. 32).

Other practitioner roles include identifying workforce needs for a growing tourism industry cluster, encouraging training programs to meet these needs, and matching tourism industry development with local
workforce skills (Clancy, O’Malley, & O’Connell, 2001). Practitioners can encourage the diversification of, and even productive rivalry within, local tourism attractions (Gollub, Hosier, & Woo, n.d., ca. 2002). They can advocate for both development and conservation of local resources, in the interests of a sustainable tourism industry. In addition to building on local strengths, practitioners can help a community focus on enhancing its weak components within an emerging tourism cluster (Feldman & Francis, 2004).

Researchers, also, can find many important and productive roles within the framework of tourism clustering theory. Among the most important of these, advocated throughout the practitioners’ reports, is filling the critical need for good data and analysis, delivered on a timely basis, in a useful manner, specialized and disaggregated to the level necessary for effective practice (SANEDLC, 1999; Gollub, Hosier, & Woo, n.d., ca. 2002). Like cluster research in general, research on tourism clustering must expand to encompass scenarios outside the classic Porter cluster. The development of emerging or “immature” tourism clusters merits particular research attention, as does the influence of external investors and customers in cluster formation (Clancy, O’Malley, & O’Connell, 2001). Rigorous evaluation and reassessment of cluster strategy is overdue for tourism clusters as for other established industrial clusters.

Gollub, Hosier, & Woo (n.d., ca. 2002) appeal for researchers to “Tell Cluster Success Stories: Produce and communicate cases where cluster strategies have been successfully employed to create sustainable tourism industries, avoiding environmental and other physical asset degradation as the tourism industry expands” (pp. 58-59). In their roles as educators, academics can help address the industry’s education and training needs, from basic workforce to top-level management. The spectrum of tourism-related education may include even introducing awareness of tourism as an industry and career as early as the grade school level (ADOC, 2001).

Overall, we conclude that there is extraordinary opportunity for everyone in the greater ED community to help bring together tourism, our largest industry, with clustering, one of our most promising professional paradigms.

References


South African National Economic Development and Labour Council,


