Innovation strategies and technology for experience-based tourism ☆

Yeoryios Stamboulis[a,*], Pantoleon Skayannis[b]

[a] *Department of Mechanical and Industrial Engineering, University of Thessaly, Leoforos Athinon, Pedion Areos, 38334 Volos, Greece*
[b] *Department of Planning and Regional Development, University of Thessaly, Leoforos Athinon, Pedion Areos, 38334 Volos, Greece*

Abstract

Tourism is undergoing significant change and facing new challenges—that call for new perspectives. At least two dimensions of the change can be identified:

- new forms of tourism, characterized by the tendency to depart from mass tourism;
- the diffusion of information and communication technologies, with a pervasive effect on the creation, production and consumption of the tourist product.

The limited success of most attempts to exploit produced windows of opportunity indicates that we are facing a pre-paradigmatic phase of transition. Innovative attempts gain new strategic value when viewed from a perspective that values experience as an important new attribute. Such a perspective has significant consequences for the growth of destination strategies, policies, and the integration of the information-society dimension.
© 2003 Published by Elsevier Science Ltd.

Keywords: Experience tourism; Innovation; Strategy; Information and communication technologies

1. Introduction

Being part of the service sector, tourism has inevitably been associated with developments in new technologies and refreshed by organizational and structural innovations. There has been a trend to flexibilization of the tourist product by a form of customization, despite the pressure from tourist operators who still advocate packages of mass tourism.

The trends towards 'advanced' facets of the service 'post-industrial' (information) society—customization, flexibilization—render knowledge the new decisive

competitiveness factor. Inescapably, this leads to the consideration of learning as a dynamic capability. In the competitive landscape of tourism, any location or business aiming to do better than others, should become either a learning region or a learning industry. Even more, emerging alternative tourism has to engage the element of culture, which gains in importance and has to be continuously transformed.

Thus, a principal dimension of innovation in 'new tourism' emerges along the culture—knowledge dipole. However, the main effort for change in tourism (both on policy and management) has concentrated until now on the exploitation of information and communication technologies (ICTs) in a defensive manner and with limited transformative effect, as a means for cost cutting and accelerating transactions and information exchange. Two core questions emerge: first how can culture, knowledge and innovation foster new tourism? And second, how might this be related to new technology?

Recent changes in the tourist industry are summarized in Section 2, stressing the fact that new forms of tourism gradually emerge in the place of conventional tourism. In Section 3, it is demonstrated that ICT-based innovation may have sustainable competitive effect only

*Corresponding author. Tel.: +30-4210-74336; fax: +30-4210-74059.

E-mail addresses: ystambou@mie.uth.gr (Y. Stamboulis), leonska @prd.uth.gr (P. Skayannis).

when it is integrated within a knowledge-creating strategy, focused on the accumulation of intelligence on tourists, destinations and providers. Section 4 suggests that the emergence of new tourism—as well as innovation in the tourist product itself—can be considered under a new framework of analysis that distinguishes experience as a distinct value attribute. The implications of this approach for the understanding of production, restructuring and change in tourism are outlined in Section 5. In Section 6, suggestions are put forward for the development of experience-focused strategies and the opportunities emerging for the exploitation of ICTs. The paper concludes suggesting that the articulation of experience-staging strategies may generate new windows of opportunity for the creation of interactive learning processes that take advantage of ICTs in a way that is substantially beneficial for destinations.

2. Conventional tourism in trouble

The tourism industry is undergoing significant restructuring. The combination of mass and conventional tourism has so far formed the major part of the organized tourist business, with non-mass alternative tourism having the smaller part of the pie. Mass tourism may, under certain conditions, be alternative, as conventional tourism may be non-mass or individualized. The term 'conventional' refers to the type of activities the tourists follow (for instance the '4Ss', i.e. sea, sun, sand, sex), while the term 'mass' predominantly refers to numbers of tourists. The term 'conventional' is relative, as tourist tastes tend to differentiate and converge to certain standards and directions. What by most is now accepted as alternative tourism has progressively developed many trends related to special interests, i.e. special tourist tastes, or certain broader 'tourist ideologies' that have evolved, such as chick tourism or ecotourism. Evidence that alternative, or thematic, tourism has gained pace, comes from a broad international experience (Skayannis, 1999).

According to Green and Chalip (1998) 'anecdotal data indicate that tourists' desire to watch or to do sport while traveling, has increased substantially in recent years'. Ritchie (1998) refers to the increasing bicycle tourism providing evidence from New Zealand. This 'active lifestyles' trend is not only related to sports. Ecotourism—underpinned by the contemporary environmental problems—experienced a growth of demand that ran ahead of the supply of its products (Diamantis, 1998). This seems to apply not only to pristine areas but also to areas that look natural and are aesthetically pleasing (Chirgwin & Hughes, 1997). Pleasure, in some cases, becomes the primary issue. As argued by Ryan, Hughes and Chirgwin in relation with the Fogg Dam,

(Northern Territory, Australia) 'ecotourism is a hedonistic experience rather than concerned with learning' (Ryan, Hughes, & Chirgwin, 2000). So, the concept of ecotourism is quite broad (Hvenegaard & Dearden, 1998), but the link to conservation and local development is obvious.

Alternative tourist activity is sometimes related to individual traveling. Lew (1998) presents evidence of an increase in the numbers of non-group or Free and Independent Travelers (FITs). This trend of tourists' self-perception as travelers, rather than as tourists, has led to the emergence of specialized tourist agencies promoting a form of 'benign tourism' that 'encourages greater responsibility and sensitivity to host community needs among travelers' (Kelly, 1997).

Mass conventional tourism is different from the majority of service industries in the sense that it is based on material provisions: food, shelter and natural settings form the basis of traditional tourist industry, sometimes supplemented by historical heritage (also in its material form). Intensive exploitation of the resources a destination may enjoy leads to saturation, environmental degradation, stress on infrastructures and ultimately the deterioration of the services provided.

The determinants of tourism, be it the product, the producer, the consumer, or the location, undergo significant transformations. Meethan (1998) argues that, in the era of 'post-tourism', traditional tourist destinations must restructure or face decline, particularly domestic-dependent coastal resort tourism. Change occurs at at least three levels.

(a) The tastes of tourists (the consumers of the tourist product) change in different directions. This, of course does not involve 'all' tourists. The majority still seek the consumption of the '4Ss', but the numbers of those in search of 'something different' is growing. A growing number of new operators specialize in alternative tourism or offer thematic packages, and an increasing number of operators include such options as part of their traditional packages. The profile of the tourists changes accordingly. While tourists who still prefer mass tourism are predominantly lower income, those opting for alternative experiences are mostly in higher income (or higher spending) brackets. So tourism, by this classification, is somehow class determined (leaving aside the very high-income groups that have always been non-mass and semi-conventional).

(b) There has been a change in the mode of supply of tourism locations and attractions. Destinations are undergoing changes resulting from complex processes. Tourists discover new locations and activities, which eventually become fashionable, subsequently organized, and then market their

product themselves so as to either meet or to generate new demand. Consequently, they are obliged to enter into a world of intensified competition.

(c) There is a change in the providers of both the final product and the intermediate products in an effort to capture new product markets and customers arising from the transformation of the tourist business.

These three levels of change put the conventional tourism paradigm in crisis—as all service sector industries follows the paradigmatic changes in the general economy: the trend towards flexibilization, originating from mass production, rapid tertiarization of western economies and the informationalization of society. However, the new trends in tourism have to be defined even more clearly.

3. ICTs as an innovation factor: knowledge-based entrepreneurship

At company level, ICTs provide significant opportunities for internal re-engineering (back-office systems, reservation systems, etc.) and e-business (B2B and B2C). At the industry level, the combination of technical change[1] with telecommunication deregulation has resulted in the decline of information processing and transmission costs (Kyriakou, 1996). As a result, tourist enterprises (across the tourism value chain) have easier access to large amounts of information. The main objective has been the exploitation of this accumulated information: integration of information from a wide spectrum of suppliers; development of customer databases; matching of information for the delivery of personalized services; cost and time savings.

Buhalis (1998) argued that the diffusion of ICT-based interaction should result in the reduction of transaction costs, leading to a process of disintermediation. Destinations and service providers are able to interact directly with customers, while new types of Internet-based intermediaries emerge (cybermediaries). They focus on the combination of interactive e-services (with customers and providers) with the integration of information on providers and customers. Kanellou (2000a, b) questions the assumption that restructuring will result in the elimination of intermediaries. Such a deterministic view on disintermediation is based on a flawed assumption on the nature of firms as information-processing organizations. The role of intermediaries has always been matching available service to individual needs, i.e. to accumulate knowledge and transform it into 'speciali-

zed…'intelligence' about suppliers and (or for) customers' (Kanellou, 2000a). As the accumulation and processing of information has become less costly, their added value structure has evolved: less information processing and more 'generating 'actionable knowledge'. The role of intelligence-based intermediaries is to empower customers in order to meet individual interests' (Kanellou, 2000a). This argument is supported by the reluctance of customers to substitute INTERNET-based services for the intimate interaction with travel agents, and by the dominance (in the 'marketspace') of cybermediaries that rely on the experience (and reputation) of established tourism and travel operators (Kanellou, 2000b).

The ability to build and sustain trust-based relations with customers and to gain reputation and credibility is critical in the new power relationships. Intermediaries embark on a virtuous spiral, where interaction with consumers results in the accumulation of knowledge, which materializes in better content integration (as opposed to information processing), further enhancing trust and reputation (Fig. 1).

This process of interactive learning (Lundvall, 1992, pp. 25, 26), coupled with the proliferation of destinations and services, shifts the center of gravity and the power balance across the tourism 'supply chain', from the provider–intermediary relationship to the intermediary–customer relationship.

The main source of competitive advantage emanates from this knowledge-creation process and in the ability of intermediaries to articulate and continuously upgrade distinctive competencies and capabilities. Such capabilities and competencies are built through the development of organizational routines, which act as repositories for firm-specific knowledge (Dosi & Coriat, 1994) and their combination with complementary assets (Teece, 1987). Routines are constructed through the interaction of agents in the context of technical knowledge (both tacit and codified; Nonaka, 1991). They are embedded in concrete social and production relations (Granovetter, 1985). Their evolution occurs in a
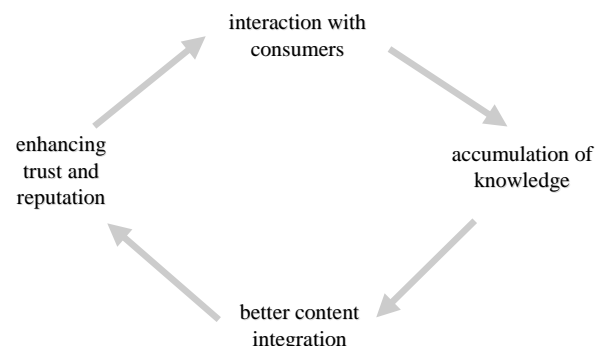
---

[1] The most important changes that have occurred have been computer reservation systems (CRSs), global distribution systems (GDSs) and, during the last decade, the INTERNET.

Fig. 1. The virtuous cycle of user-based interactive learning.

dynamic interplay with the social context, neither determined by it nor determining it.

In the tourism industry, interactions with customers have provided the interface at which strategies and innovation processes have evolved. Furthermore, they have been mutually supporting the trust-based relationships that make investment in innovation sustainable. This trust has developed based on mass marketing mechanisms, brand names and the exploitation of complementary assets. Hence, the exploitation of ICTs has occurred along path-dependent trajectories on the basis of the specific capabilities and complementary assets, which have underpinned competitiveness.

Destinations and providers have been at a considerable disadvantage, which has resulted in pressure to lower prices while enhancing content (in terms of service provision) and differentiation-specialization. Their ICT strategy has focused on the relay of information to the final consumer (or inevitably to intermediaries) rather than to the creation of customer-focused content. They should develop their own content-based interaction with customers, possibly enabling them to establish their own learning cycles and develop sustainable distinctive competitive advantage. Their innovation strategy will be more customer-oriented and less risky (in the long term).

In the case of intermediaries, this content-specific interaction has been integrated with their overall strategy in specific ways. Kanellou (2000a) notes that different strategies have been employed to enter the 'cyber-market' of tourist services. She adopts a conceptual framework—suggested by Rayport and Sviokla (1994)—that emphasizes the possibility for cybermediaries to deconstruct the functions that lead to value creation and realization, and to choose their specific entry and operation modes. According to Rayport and Sviokla, the transition from the marketplace to 'marketspace' or 'cyber-market' enables the modularization of content (the service or product), context (in which the transactions occur), and infrastructure. Firms may choose to invest in any or all of these elements.

This analysis opens new avenues of inquiry. It raises questions about the nature (ontology) of content supplied through cyberspace, as well as the actual tourist product itself. The content of 'new tourism' is distinct from the combination of alternative and non-mass (or individualized) tourism, as a new element—namely experience, comes into the picture.

4. Experience as a new framework in tourism

Analysts (Kyriakou, 1996; Kanellou, 2000a) agree that the response of destinations has to focus on the enrichment of content of tourist services in combination with strategies of differentiation and customization.

However, the nature of content is not a closed issue. A strategy of intensification of 'conventional' services does not offer significant possibilities for differentiation.

Up to now, tourism has principally been concerned with visiting, seeing, and living in a different mode of life. The new element—experience—adds a somehow comprehensive living adventure to the short time the tourist spends in his destination. In a way, everything is experience: even the 4S model is experience, and is different from the everyday experience of tourists back in their home countries. So in what sense is the element of experience 'new'?

The novelty lies in the fact that 'experience' is designed, intentionally produced (staged), organized, foreseen, calculated, priced, and (often explicitly) charged for; it is a core strategic concern as a new value attribute (Pine II & Gilmore, 1998). If the capitalist mode of production produces goods and services, which via the market mechanism become commodities, to be sold, then 'experience', is a new de-materialized commodity that generates increasing returns. The distinction of experience as a separate, valuable commodity offers new perspectives for analysis and strategizing. It establishes a new strategy paradigm of 'new tourism' and creates important opportunities with respect to ICTs.

According to Pine II and Gilmore (1998), the realms of experience may be categorized along two dimensions, ranging from passive to active participation and from absorption to immersion, creating four quadrants where different types of experiences could be placed (Fig. 2).

- Entertainment involves passive participation and absorption of customers' attendance, as in the case of music concerts.
- Education involves active participation and absorption of the customer, such as in sports practice or seminars.
- Escapist experience involves active participation of customers immersed in it, as in the participation in religious ceremonies or destinations (e.g. Agio Oros), working holidays and involvement in projects of NGOs, or even mass tourism in exotic destinations.
- Aesthetic experience occurs when customers are immersed passively in the experience—in sightseeing, trekking, swimming holidays, etc.

In an experience-based exchange the tourist enters into a multifaceted interaction with the actors and the setting of a narrative staged by the local community. Each individual experience is articulated through the four realms in a unique way. A destination should deliver experiences that encompass all four realms, although different points of emphasis may occur. Pine II and Gilmore (1998, p. 102) argue that 'Generally, we find that the richest experiences—just as going to Disney World or gambling in a Las Vegas casino—encompass
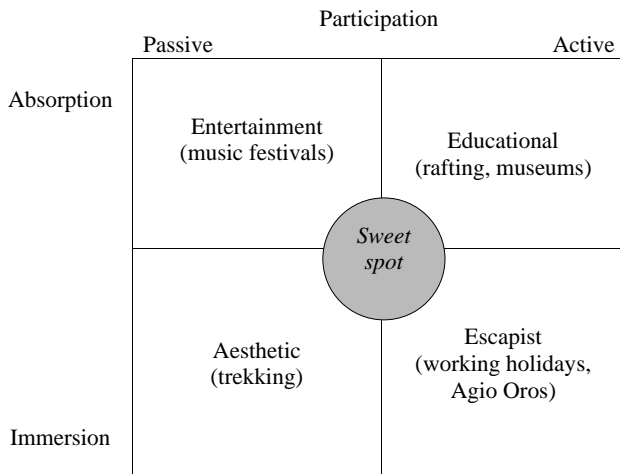
Source: adapted from Pine and Gilmore (1998)

Fig. 2. The realms of experience realization.

Source: adapted from Rayport and Sviokla (1994)

Fig. 3. Reconstruction of the tourist product value.

aspects of all four realms, forming a 'sweet spot' around the area where the spectament'. It is then an issue of customization, how each destination may meet as wide a diversity of needs and tastes as possible (Fig. 3).
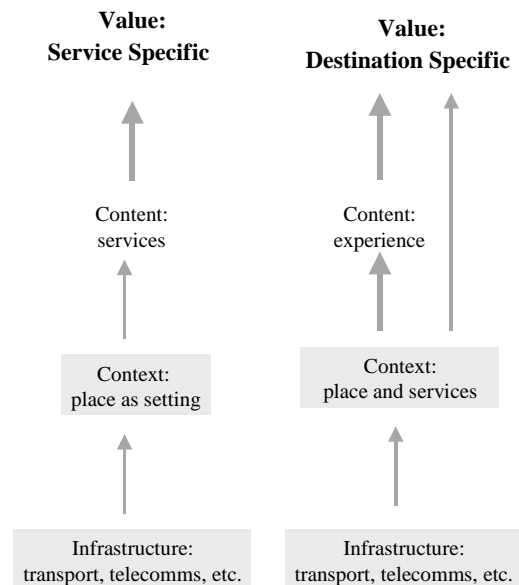
Tourism, of course, is not confined to 'exotic destinations'. The US and the UK, for instance, are major tourist destinations both for external and internal tourism. Similarly, in Greece an important share of the tourist business concerns internal tourism, which should be added to the 11 million tourists arriving in the country each year.[2] Box 1 summarizes cases of (unintentional) attempts at new—experience-based—tourism.

5. Production and restructuring processes in new tourism

As a new commodity in the tourism production process, experience should be studied separately. The question is—how experience is becoming a commodity, i.e. how is it realized in the market?

In the case of experience creation the roles of infrastructure, context and content shift. Infrastructure includes not just technical and organizational arrangements that enable the delivery of products and services, but also those elements that contribute to the enactment of experience (food and lodging facilities and logistics, access). Context consists of the services that make the customer access to the experience possible (provision of shelter and hospitality, cuisine, natural spots, environmental, historical and social identity). Content is the experience created by the interaction of travelers with various elements of the destination. The distinction between content and context is one of strategic

importance. Experience has always existed in destinations. It was considered however as context rather than content. It was taken for granted—a by-product—rather than innovated (created and developed).

This strategy has a clear implication for the investment and marketing processes. Experience involves the creation of a myth, a narrative over a text of signs. This is a knowledge-intensive process that is neglected if the focus lies on service-provision. Knowledge must be created and utilized in the production process with respect to the generation of the theme, the technologies involved and the customer's anticipated interests and tastes. As in the case of information and service provision, 'intelligence' is a critical factor for competitive success—in this case assuming a more active role, and not limited to exploring travelers' tastes and matching them to available supply. The task is to inform and steer the innovation process that leads to the creation of new themes of experience. It is developed through interactive learning, which involves the production *filière* of the destination rather than excluding it as in the case of conventional tourism.

Another implication concerns the innovative potential for destinations that built experience-based strategies. The renovation of the setting, the renewal of the myth, depends on less inflexible elements than in conventional tourism: experience-based tourism seeks to exploit intangible assets in contrast to the materially based conventional tourism that exploits inflexible assets such as nature and infrastructures. As in any innovation process, path dependencies (institutional, technological and cognitive) are very important: myths and narratives

---

[2] For the year 1999 (National Tourism Organisation: http://www.gnto.gr).

Box 1
Experience bearing destination attempts in Greece

The Ardas festival
The village of Kastanies, near the border with Turkey and Bulgaria has, with government support, established an annual festival set on the banks of river Ardas. The event has evolved into a point of reference for youth from most Balkan countries. Besides the main attraction, which is music (rock, hip-hop, ethnic, traditional, etc.), it includes a variety of athletic, social cultural and political activities. The social clubs of Kastanies, together with other local clubs, have developed activities and events that bring people closed to local custom and tradition and in touch with the immediate natural environment: farming and food exhibitions, traditional dances, nest building etc. (http://www.ardas.gr).

Alonnisos sea park
The sea park of Alonnisos is an Aegean Sea reserve primarily concerning the Mediterranean seal monachus–monachus. Fishing and other intrusive activities are prohibited, but some tourist visits are allowed. However, there has been strong opposition from local fishing communities. As the years have passed though, the rest of the community has come to feel more comfortable with the project (http://www.geocities.com/oceanis_gr/park.htm).

SMART: path walks in Pelion
SMART was an international project undertaken by the University of Thessaly, Greece, along with several local inhabitants. Part of the project was concerned with the re-discovery of old mountain pathways in Pelion, and the attempt to incorporate them into local tourism packages. After an experimental phase guided by the University, some operators successfully included such activities in their programs. In one instance, the path hosts local coffee shops to offer tourists breakfast featuring local products (Loukissas and Skayannis, 2001).

Agro-tourism in Greece
Agro-tourism was a concept based on integrating the provision of tourism with every day life in the rural areas. Tourists were meant to live with local families and participate in agricultural activities. In Greece, the idea did not generally prove successful. Local families were not prepared to host such activities. Finally, agro-tourism resulted into either eco-tourism (in the best of cases) or into simply letting rooms in small hostels financed through government programs.

Dadia
Dadia is a pristine forest officially protected, since 1980, as one of the most important wild bird refuges in Europe, hosting the four species of European vultures, the black stork, aquilla pomarina, and another 213 species of birds, 36 mammal and 40 reptile and amphibian species. The information center has been organized by WWF. Next to the forest there is an ecotourist center and lodge. The project has provided jobs and revitalized the neighboring village of Dadia; it is widely accepted by local people (see also http://www.ecoclub.com/dadia).

have to be constructive through a maze of continuity and discontinuity, built on the capabilities and competences of social agents.

A destination may serve as the locus for multiple experience settings. In this sense, the destination would construct distinctive combinations of infrastructure, context and content. The danger of inconsistency increases, as different actors (or elements of context or infrastructure) within a destination may be incompatible within any distinct experience myth.

In an analogy with technological innovation success, a significant factor of success should be the robustness of the ensemble of destination and associated myths. This robustness relates to the 'static' as well as the 'dynamic' compatibility of the complete set of experiences produced within a locality. Dynamic robustness refers both to the individual evolution of distinctive experiences and to the evolution of the destination as a whole. In this respect, infrastructure and context elements should abide by the myth(s) related to the experiences. It would prove extremely inappropriate, for instance, if an olive-oil extraction facility were to pollute a rafting site with its effluent.

The question of experience is related to the creation of a 'myth' (an organized, designed, experience and an accompanying narrative), in which the tourist will express the wish to live. This myth is known to the tourists beforehand and becomes a reason for their choice of destination. During their stay, tourists expect to live the myth and after they go back home the myth has to remain alive. Feedback by the suppliers is expected from the tourists. This whole enterprise obviously requires the close collaboration of the tour operators with the local (host) community. It is evident that the provision of hotel rooms, breakfasts, amenities and accompanying services, plus the 4Ss, and some trivial sightseeing, is not the objective of the experience concept. More is needed here. Experience tourism presupposes a degree of (active) participation by the tourists, which has to be provoked (i.e. animation plays an important role), and active participation of a whole local community (however defined: strictly locally or sectorally, professionally, or in the tourist business).

To comment on the latter, the local community and each individual involved have to play their own role complying with the myth offered—it is rather like a play where the community is a theatre. To stage the play, community members have to study their roles, and so have to understand, agree, and gain knowledge which comes through continuous learning. In addition, the process must have the ability to continue; the play has to change over time, i.e. it is dynamic. This requires a

significant degree of flexibility and adaptability of all actors on the supply side, together with continuous investment.

The change requirement presupposes the experience of the community itself embedded in concrete social relations. The continuous evolution of a destination is a complex process that will always present challenges for consistency, consensus, saturation and allocation of resources and return on investment. The investment factor is significant, as individual, collective and public investments combine to lead to the emergence of synergies that affect the overall attractiveness and competitiveness of the destination. Change will have to be based on and combined with a consensus in vision building that requires trust-enhancing institutions and mechanisms, which are mutually supported with inter-active learning mechanisms.

6. Strategy and technology for experience-based tourism

In order to be 'consumed', experience has to be 'produced'. The process of commodification of experi-ence involves the continuous production of new experience narratives articulated with the four realms outlined above.[3] Experience emerges from the interac-tion between destinations and tourists—with destina-tions as 'theaters' at which experience takes place, and tourists as 'actors' who have to play their own role (depending on the extend of their immersion). Having been informed about their anticipated experiences, they have frequently studied their role before, and marketing has aroused their excitement and expectations.

Experience themes are articulated in destinations as collective social artifacts. They involve both planned and haphazard elements. Their basis is the interaction among social agents and between society and nature. Tourists may be immersed in, and actively participate in, the myth as it unfolds through the everyday life of local society.

This whole process, compared to the standard production of the conventional tourist product, is new and innovative. It is a highly tacit, knowledge-creating process, based on the interaction between place, theme and tourist. The creation of 'experience texts' on specific 'myths' presupposes the accumulation of detailed information about tourist tastes, preferences and values. The success of narratives depends on the capability to act upon the information accumulated through ICTs and experience, through destination (collective) and provider (individual) intelligence.

The socially produced myth does not have to be confined in space and time. The tourist may go on

interacting with it long after he/she has departed. The reproduction or simulation of experience may result in the extension of the destination–tourist interaction and, vice-versa, the extension of the interaction may result in the re-emergence of experience.

The interaction over the infrastructure of ICTs may involve different contexts: web-sites, discussion groups, news bulletins, e-games, web-cams, newsgroups and so on, are all forms of interaction that may sustain the link between customer and destination. Contact may also be maintained outside the Internet through CD-ROMs, videos, books, and mail. Although not equally inter-active, both modes of interaction have two important functions: attracting feedback from customers, and creating a distinctive sense of involvement and belong-ing. In this way, destinations may achieve the creation of their own virtuous cycle of interactive learning and customer loyalty.

In its developed form, a destination may construct an extended community or group of communities, for which it will serve as a reference point. These commu-nities may serve as extensions of the destination, and become colonies that revive destination-specific events (cultural, environmental, etc.) drawn from the actual experience. An illustrative example may be that of 'Greek evenings' taking place all over Europe. In some cases these events involve mainly expatriates, but frequently (e.g. in Finland), tourists themselves form associations and organize them. Their experiences in Greece form the unifying element. One may find a plethora of events (cultural, political and social) that bring together people with common links to a specific place or with an interest in its development or history.

Even if a destination cannot achieve disintermedia-tion, it must invest in the complementary development of direct interaction with customers. Direct interaction should enhance its ability to create themes and interact with intermediaries, as well as its innovative capability regarding effectiveness and efficiency.

7. Conclusion

The ICTs embody a wide range of opportunities and challenges for all players across the tourism value chain. The main trends until now show that, across this value chain, the major investments have been made in the direction of re-engineering information transactions. Suc-cess in this field has been closely associated with the development of user-related intelligence. Intermediaries have proved more successful than providers in the accumulation of such intelligence. Consequently, they have responded successfully to the threat of disintermediation.

In general, the tourism industry—despite being a service industry—is characterized by the tangible nature of the sources of competitiveness (4Ss, nature, etc.)

---

[3] Pine II and Gilmore (1998) suggest five experience design principles: theme the experience, harmonize experience with positive cues, eliminate negative cues, mix in memorabilia and engage all five senses.

Table 1
Differences between endowment and experience tourism

Area of difference	Endowment tourism	Experience tourism
Strategic intent	Build comparative advantage: cost and differentiation	Build competitive advantage: develop distinctive and non-reproducible myths and knowledge-based product
Competitive edge	Tangible assets	Intangible assets
Focus	Context: infrastructure and endowment-based services	Content: adding value to time spent and experience gained
		Customization: flexibility and need for consistency
Innovation	Improve and change infrastructure and services in order mainly to reduce cost	Re-innovate old myths and invent new ones
		Need for adaptability and robustness
Interaction with tourists	Temporary holiday communities	Destination-embedded community identities
	Cyber-transactions	Extended into cyber communities
ICT strategy	Cyber-markets: exchange of information, pricing and invoicing	Cyberspace: sharing of experience, communication amongst tourists and with destination, provision of supplementary material before and after the visit
Market niches	Price-determined	Experience-theme-determined
Role for destinations	Compete for allocation of market share from intermediaries	Learn from interaction
		Participate in the production of experience themes
		Destinations as theatres of interaction
Spatial characteristics	Reproducibility over space	Space-specific

within it. The digitalization of transactions has been the least tangible facet of the tourism value chain. This is more pertinent to up-and-coming destinations. In this respect, the tourist industry has yet to realize distinctive strategies with respect to the emerging knowledge economy. There is a mismatch between the tangible nature of conventional sources of competitiveness and the intangibility associated with the information and knowledge society.

The shift of orientation towards an experience-centered tourism strategy provides opportunities for such a perspective. The Table 1 summarizes the main differences between endowment-based (conventional or alternative) and experience-based tourism. The accumulated knowledge from interaction with tourists can be incorporated in intelligence. This intelligence is destination-specific and user-oriented, thus providing an intangible (and so less replicable) source of competitive advantage. More accurately, culture becomes a central element of value production in a dynamic interactive way.

At the same time, such a strategy generates opportunities for new 'cyber-spaces' of interaction along the four realms of experience. Thus, it provides a favorable setting for the successful interaction of destinations and tourists in a direct way (with less intermediation), exploiting the potential of an e-learning economy.

References

Buhalis, D. (1998). Strategic use of information technology in the tourism industry. *Tourism Management*, *19*(5), 409–421.

Chirgwin, S., & Hughes, K. (1997). Ecotourism: The participants' perceptions. *The Journal of Tourism Studies*, *8*(2), 2–7.

Diamantis, D. (1998). Consumer behavior and ecotourism products. *Annals of Tourism Research*, *25*(2), 515–528.

Dosi, G., & Coriat, B. (1994). Learning how to govern and learning how to solve problems: On the co-evolution of competences, conflicts and organizational routines. *Paper presented at the Prince Bertil symposium*, Stockholm School of Economics, June.

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, *91*(3), 481–510.

Green, C., & Chalip, L. (1998). Sport tourism as the celebration of subculture. *Annals of Tourism Research*, *25*(2), 275–291.

Hvenegaard, G., & Dearden, Ph. (1998). Ecotourism versus tourism in a Thai national park. *Annals of Tourism Research*, *25*(3), 700–720.

Kanellou, D. (2000a). *From information to 'actionable' knowledge: The power of intermediaries in travel and tourism distribution channels*. IPTS report, Vol. 48, October, http://www.jrc.es/pages/f-report.en.html (accessed November 2000).

Kanellou, D. (2000b). *Intermediaries in distribution channels: changing sources of power and control*. SPRU, Mimeo.

Kelly, I. (1997b). Study tours: A model for benign tourism? *The Journal of Tourism Studies*, *8*(1), 42–51.

Kyriakou, D. (1996). *Content vs distribution: The medium loses to the message*. IPTS Report, Vol. 1, February, http://www.jrc.es/pages/f-report.en.html (accessed November 2000).

Lew, A. (1998). Ecotourism trends. *Annals of Tourism Research*, *25*(3), 742–746.

Loukissas, P., & Skayannis, P. (2001). Tourism and environment: Sustainable development in the Mediterranean countries. In P. Loukissas, L. Leontidou, & G. Apostolopoulos (Eds.), *Mediterranean tourism*. London: Routledge.

Lundvall, B.-A. (Ed.) (1992). *National systems of innovation: Towards a theory of innovation and interactive Learning*. London: Pinter Publishers.

Meethan, K. (1998). New tourism for old? Policy developments in Cornwall and Devon. *Tourism Management*, *19*(6), 583–593.

Nonaka, I. (1991). The knowledge-creating company. *Harvard Business Review*, *69*(6), 96–104.

Pine II, J. B., & Gilmore, J. H. (1998). Welcome to the experience economy. *Harvard Business Review*, *76*(4), 97–105.

Rayport, J. F., & Sviokla, J. J. (1994). Managing in the marketspace. *Harvard Business Review*, *72*(6), 141–150.

Ritchie, B. (1998). Bicycle Tourism in the South Island of New Zealand: Planning and management issues. *Tourism Management*, *19*(6), 567–582.

Ryan, C., Hughes, K., & Chirgwin, S. (2000). The Gaze, spectacle and ecotourism. *Annals of Tourism Research*, *27*(1), 148–163.

Skayannis, P. (1999). Planning tourism, development and the environmental protection in the coastal area of Magnesia: local interests and expectations. *Association of European schools of planning annual conference*. Bergen, 7–10 July.

Teece, D. J. (1987). Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy. In D. J. Teece (Ed.), *The Competitive challenge: Strategies for industrial innovation and renewal* (pp. 185–219). Ballinger: Cambridge MA.