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Original Citation

McCamley, Claire and Gilmore, Audrey (2017) Exploring entrepreneurial networking: a case study of coepetition in heritage tourism marketing. In: Global Research Symposium on Marketing and Entrepreneurship, 8th-10th August 2017, San Francisco, USA. (Unpublished)

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Exploring entrepreneurial networking: a case study of coopetition in heritage tourism marketing

Introduction

Within regional economies SMEs represent the majority of tourism business and are central to the provision of tourism products and services. Often tourism is used as a tool for economic development to help promote an area, to improve the look and feel of the area or to deal with social problems. SMEs and social enterprises are often deeply ingrained within their local communities (Anderson, 2000), and are rich sources of information and potentially value-adding activities. Many SME entrepreneurs recognise that by working collaboratively they can create more value, and a better tourist product, which is beneficial to a range of stakeholders (McCamley and Gilmore, 2016), within a regional heritage setting. This paper explores the role played by entrepreneurial networks in a heritage tourism setting and the role played by them in the context of coopetition.

Tourism marketing requires engagement between a range of stakeholders, including small businesses in order to provide a suitable tourist experience to potential and actual tourists (Panyik et al 2011). In heritage tourism areas, small businesses tend to be the most prominent business unit (Berg, Syrjala and Laaksonen, 2014). In addition, it is usually the owner/manager who directs, controls and manages the business, thus the role of the owner/manager, or indeed entrepreneur becomes a key factor in tourism development. Entrepreneurs recognise the synergies that can be achieved through working cooperatively. Furthermore, tourism entrepreneurs do not usually operate independently, but collaborate with others in their network (Lemmetyinen, 2009). Such networks provide a valuable resource for creating and providing entrepreneurs with innovative cooperative opportunities (Novelli et al. 2006), despite competitiveness between businesses.

Literature review

Tourism provides a unique context with which to examine the function and purpose of entrepreneurial networks as a catalyst through which small businesses work together in a cooperative manner, to achieve destination synergies. Such networking activity may enhance the tourist destination itself making the entire region more competitive, rather than solely putting the business in a position of advantage. Indeed, given the characteristics and interdependent nature of the tourism industry, most businesses in a specific region will engage in some level of cooperative activity in order to enhance their mutual areas, for example engaging in joint promotional activities, or in product development in order to create mutual value (Bonel, Pellizari and Rocco, 2008). It is beneficial to all businesses involved to work together to provide a positive image of the area and to enhance the offering (Kylanen and Mariani, 2012). However, many of these businesses are likely to be competing for the same customers, therefore they also operate in a competitive manner.

The benefits of cooperation for tourism are well documented (Panyik et al, 2011). Fundamentally, cooperation contributes towards sustainability as one of its core tenants (Donohoe, 2012). In addition, many of the challenges associated with tourism development can be dealt with through taking a cooperative, or indeed collaborative approach (Wray, 2011). Many of the core strategic functions of heritage tourism marketing fundamentally require cooperation. For example achieving a mutual strategic orientation and consensus for tourism development requires agreement between the range of relevant stakeholders in order for it to be achievable and acceptable. However, given that many small businesses will be operating in the same location competition will also exist, thus this paper explores how heritage tourism can benefit from coopetition.

The concept of coopetition stems from the idea that businesses can operate both cooperatively and competitively within an industry (Bengtsson and Johansson, 2014). Bengtsson and Kock (2003) define coopetition as, “a dyadic relationship...established, for example, when two competitors cooperate with each other in a strategic alliance for product development and at the same time compete with each other in the marketing of the products”. Competition and cooperation can coexist as concepts and the process of coopetition includes both value creation and value appropriation as firms compete (value appropriation) in some respects but cooperate (value creation) in others (Ritala and Tidström, 2014). It is a “cooperative approach between competitors that can create benefits for the whole market” (Della Corte and Aria, 2016, p. 525). To a large extent, SMEs in a tourism context arguably practise coopetition, rather than competition. “The term coopetition encompasses the simultaneous use of collaboration and competition in order to achieve better collective and individual results,” (Czernek and Czakon 2016, p. 381). The rationale for this, from a tourism perspective, is that if the collective is better (the destination), then the individual business will be better (Kylanen and Mariani, 2012).

A further aspect to consider is whether coopetition is restricted to businesses; indeed in the heritage tourism context, there are a range of environmental and community stakeholders which contribute to the development tourism offering, and who may not compete in economic terms, but who are active participants in the heritage tourism system. Thus economic return is not always the main objective for some tourism operators. SMEs operating in the tourism industry will inevitably be interdependent with other regional tourism stakeholders (Czakon and Czernek, 2016). The levels of interdependency may be subject to many factors, such as the level of tourism infrastructure in the area, levels of tourism experience, entrepreneurial knowledge, the political environment, and the desire to collaborate in order to achieve synergies for the benefit of the destination (Kylanen and Mariani, 2012). The nature of interdependency will be dependent on several factors and will ultimately be context specific; and will influence levels of and attitudes towards coopetition (operating both collaboratively while in a competitive environment).

Methodology

This aim of this study was to investigate the nature of coopetition within two developing heritage tourism regions (in Northern Ireland); the underlying reasons and motivations for coopetition, the nature of the relation itself, and the outputs of such behaviours. A qualitative case study approach is employed to facilitate exploration of the heterogenous and diverse nature of tourism (Xiao and Smith 2006, Nunkoo, 2015; Wilson, Nielson and Buultjens 2009), as well as the complexities of entrepreneurial behaviour in this context. Observation studies, documentary analysis of site masterplans and in-depth interviews with key stakeholders were carried out in the two heritage tourism regions.

Key Findings / Contribution / Conclusions

The findings indicated that when tourism stakeholders engage in co-opetition, they do so to improve the development of their local destination and indeed their own businesses. Coopetition is used as a means of developing opportunities and producing valuable products and services for the tourism industry, thereby improving not only their own business but the competitiveness of their area in general. Specifically, businesses were found to engage in competition in order to develop tourism infrastructure, such as visitor and information centres, develop joint promotional campaigns at local level and share entrepreneurial learning and competencies in order to access resources. Businesses were focused on improving their regions and understood the value of engaging in coopetition and they did not consider the competitive aspect to be a limiting factor.

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