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Case study

The effectiveness of regional marketing alliances: A case study of the Atlantic Canada Tourism Partnership 2000–2006

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Abstract

Strategic alliances have become a common strategy in tourism marketing. These alliances take many different forms, and operate with different objectives. Too often, though, alliances are created without realistic expectations, clear operating procedures, or objective criteria by which to evaluate success. This case study reviews a tourism marketing alliance that has been successfully created and operated for a number of years, the Atlantic Canada Tourism Partnership. The partnership brings together the tourism ministries of four Canadian provinces, four industry associations, and the federal government. The basic role of the partnership is to promote Atlantic Canada in the US and selected overseas markets. This case discusses the strategic approach and results of the partnership and concludes with lessons learned from the case study and identification of areas for further improvements in the partnership.

Keywords: Destination marketing; Partnerships; Alliances; DMOs; Co-operation; Atlantic Canada

1. Introduction and objectives

Governments in jurisdictions throughout the world have come to understand the importance of tourism as a source of personal and business wealth, government revenues, and jobs. As a result, many governments now promote public–private sector partnerships to increase destination competitiveness (Ritchie & Ritchie, 2002). As Ritchie and Crouch (2000, p. 1) note, "nations, states, cities, and regional areas now take their role as tourist destinations very seriously, committing considerable effort and funds towards enhancing their tourism image and attractiveness". And, as just suggested, one particular trend in destination marketing has been the move toward the formation of partnerships or alliances,[1] especially strategic alliances. Bécherel and Vellas (1999, p. 17) broadly define alliances as "agreements between two [entities] who may agree to co-operate in a variety of ways". This can include co-operation among two or more provincial, state, or regional governments in the same market in which they both compete individually but also co-operate against other competitors. This paper explores an example of a strategic alliance among two levels of government and the private sector in Atlantic Canada (the four easternmost Canadian provinces).

The objectives of this case study are to:

1. examine a specific alliance, the Atlantic Canada Tourism Partnership (ACTP), in the context of the existing literature on the formation of strategic alliances;
2. describe the motives for its creation as well as its structure;

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[1] Some authors, such as the World Tourism Organization Business Council (UNWTOBC, 2003), make a distinction between these two terms, but they are used interchangeably in this paper.

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3. summarize marketing strategies and tactics for the key international markets targeted by ACTP;
4. examine management, governance, and communication practices and issues; and
5. summarize results of ACTP's activities within the context of its objectives as well as that of the larger Canadian tourism market.

2. Literature review

The value of strategic alliances has been recognized for years. Pearce (1989) and Buhalis (2000) note tourism organizations best achieve their goals when the joint activities of multiple participants are conducted within a formal structure. Bramwell and Lane (2000, pp. 4–5) describe the attainment of mutual benefits through collaboration as "synergistic gains from sharing resources, risks, and rewards, and the prioritization of 'collaborative advantage' rather than individual 'competitive advantage'".

Recognition of the value of collaboration and partnerships has been driven, in part, by declining tourism marketing budgets in many governments. Traditionally, governments were involved in marketing from a perspective that emphasized process and political priorities, with budgets reflecting the relative political power of governmental tourism marketing organizations. However, growing fiscal constraints have forced many governments to cutback on marketing budgets. A common response to declining funds has been for public sector destination marketing organizations (DMOs) to adopt a "corporate model" (Mistilis & Daniele, 2004). This model is characterized by a focus on measuring the return-on-investment (ROI) from marketing expenditures, controlling costs, and increasing efficiency. As Reid (1987) and Palmer and Bejou (1995) have noted, economies of scale can be achieved when tourism organizations work together in a more corporate-like manner. This corporate model relies more on the marketplace rather than on politics to guide market planning and—of particular relevance to this study—typically involves the development of strategic alliances with other organizations (UNWTO, 1996).

Strategic marketing alliances can include a mix of different levels of governments as well as private sector organizations. Partners are involved through financial participation or in-kind contributions. In addition to sharing costs among partners, the private sector brings greater responsiveness to market trends, a willingness to try new tactics as well as to drop those proven to be ineffective, and generally a more entrepreneurial mentality (Marino, 2000; UNWTO, 1996).

Despite the advantages of forming strategic alliances for DMOs, alliances require effort to form and to succeed. Some of the challenges in creating multi-agency public–private sector alliances include: (1) determining the relative levels of partner funding contributions, (2) balancing power and decision-making authority among partners, (3) budgeting for marketing versus other tourism activities such as research and evaluation, and (4) balancing political imperatives with market forces in a more holistic policy context of government–industry interaction. In addition to the need to meet these challenges, the formation of tourism partnerships requires businesses move beyond their normal competitive instincts (UNWTOBC, 2003).

While industry leaders as well as academics recognize that "[t]he development and management of alliances is a critical strategic skill in hospitality and tourism" (Crotts, Buhalis, & March, 2000, p. 1), many alliances are created or managed with inadequate care and thought. As Crotts et al. (2000, p. 3) note, "[m]any reflect a ready–fire–aim approach to relationship development where firms create alliances to meet strategic goals without implementing the appropriate mechanisms to assure relationship survival." The authors identify five questions that should be answered by an organization before it enters into an alliance: (1) Do we want to partner? (2) Do we have the ability to partner? (3) With whom do we partner? (4) How do we partner? (5) How do we sustain and renew a relationship over time? These questions need clear answers before an organization should proceed with an alliance.

Palmer and Bejou (1995) identify four categories of alliance characteristics: (1) coverage, which refers to the functional competencies and geographic extent of the alliance; (2) form, which represents a broad spectrum running from non-equity partnerships (such as licensing arrangements) to joint ventures (shared investment and management); (3) mode, by which Palmer and Bejou mean the intrinsic relationships among members; and (4) motives for creating the alliance. Although no one model of a strategic marketing alliance in tourism works in all situations, most successful alliances share certain common features.

These features include some form of governance such as a steering committee or Secretariat to administer the alliance as well as internal structures to promote communications among partners. The degree of formality will reflect the form of the alliance. Alliances require agreement on objectives to be pursued within the alliance, especially because motives for partnering often vary among the members. Thus, a group culture that places a high priority on seeing that the alliance succeeds is necessary. The range of tourism partnership objectives is quite broad, and is not limited just to marketing. The UNWTOBC (2003) cites six categories of objectives: (1) product development, such as promoting sustainable development and responding to competition; (2) research and technology, such as joint research on common markets; (3) human resources, such as setting service and quality standards; (4) marketing and sales, such as improving awareness of a destination and accessing new markets; (5) infrastructure, such as promoting intermodal transportation linkages; and (6) improved access to financing.