Tourism Management 65 (2018) 14–28

Contents lists available at ScienceDirect

Tourism Management

journal homepage: www.elsevier.com/locate/tourman

The economics of attitudes: A different approach to utility functions of players in tourism marketing coalitional networks

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HIGHLIGHTS

- Shared attitudes and motivations among actors create a network of interconnected ideas.
- A destination player's network's utility function depends upon the ideas' interconnectedness level in player's network.
- Shapley value solution supports the idea that when distributing the benefits, fairness is sacrificed in favor of stability.
- Free riding is a natural phenomenon in tourism destinations' marketing activities.

ARTICLE INFO

Article history:
Received 17 September 2017
Accepted 21 September 2017

Keywords:
Destination
Collaboration
Free riders
Conflict
Coalitional game
Network theory

ABSTRACT

The foundation of destination collaboration is based on the interdependency of the organizations involved in producing destination products. The high rate of destination collaboration failure underscores the need for conflict studies. Unlike previous studies, which depend solely on the collaboration monetary values, this study proposes a new approach to define its utility functions based on the attitudinal and motivational values. We employ the network theory to define the utility function of four major players and the game theory to examine three distribution solutions of coalitional activities' values. The results support the notion of "free riders" mentioned in collaboration studies and explains why free riding is a natural phenomenon in tourism destinations' marketing activities. The findings suggest that individual entities and hospitality are the two players with the highest admission fee and the least contribution. We suggest the concepts of fairness and stability to be considered in incentive policies to encourage collaboration among higher admission players.

"And if a beach-head of cooperation may push back the jungle of suspicion, let both sides join in creating a new endeavor, not a new balance of power, but a new world of law, [...] And so, my fellow Americans: ask not what your country can do for you-ask what you can do for your country."

President John F. Kennedy, 20 January 1961

1. Introduction

The large numbers of key players in a tourism destination who share public infrastructures and resources with each other along with the industry's fragmented nature necessitate substantial coordination and collaboration in destination marketing (Pansiri, 2013; Wang & Fesenmaier, 2007). Collaboration becomes even more critical when the concept of free-market at a destination level fails due to lack of economies of scale and coordinated governance (Palmer & Bejou, 1995). In addition, the use of knowledge transfer, learning mechanisms, and relative competitiveness require collaboration to assure destination success (See, Pansiri, 2008; Pavlovich, 2014). To date, however, there is no consensus whether competitiveness and competition in general are the major forces triggering or creating barriers to collaborative behaviors among tourism stakeholders. Although a number of scholars argue that

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https://doi.org/10.1016/j.tourman.2017.09.018

facing considerable competition and environmental challenges makes collaboration a necessity for the survival of destinations (Fyall & Leask, 2006), others argue that the competitive nature of destinations is an obstacle to the effective collaboration of tourism businesses (Wang, Hutchinson, Okumus, & Naipaul, 2013).

Studies indicate that integrated delivery systems and collaboration are the best managerial approaches for destination governance (Fyall & Leask, 2006). Individual stakeholders create weak promotional impacts compared to organizations who collaborate with each other since the collaborative organizations can pool more resources to achieve economies of scale, create an effective marketing plan (Palmer & Bejou, 1995), and utilize internal resources efficiently and effectively. In other words, collaboration enables organizations to absorb innovations which leads to higher survival rates, and hence generates considerable benefits for all parties by exploiting partners' resources (Zach, 2012). Accordingly, as Yi, Lee, and Dubinsky (2010, p. 250) indicate that "co-marketing alliances provide a way to develop new offerings using successful brands as signals of quality and image", destination marketing organizations (DMOs) rely heavily on collaboration when developing an amalgam of complex products in accordance with their overall destination marketing objectives.

Depending on the stakeholders' motives and goals, their alliances to promote a tourism destination can take social, economic, or strategic forms (Wang & Xiang, 2007). While successful destination alliances enhance the capacity of meeting and accomplishing goals synergistically (Jetter & Chen, 2012), the competition among the stakeholders can make collaborative arrangements fragile (Wang, 2008). The challenge for organizations, accordingly, is to encourage a relationship-oriented mindset rather than a profit-driven mindset among the destinations' stakeholders (Jetter & Chen, 2012). The situation, additionally, can get even more complicated when stakeholders have different mindsets, and their attitudes toward collaboration as well as their expectations concerning the outcomes become inevitably heterogeneous which results in stakeholders' non-equal contributions. This matter specifically holds true for those who are in "honeypots" in which stakeholders who do not see the necessity for additional contributions due to their stable market become free riders (Palmer & Bejou, 1995). Previous research indicates that about 70% of marketing alliances fail due to relational conflicts (Yi et al., 2010).

Since relational conflicts are the main reasons of marketing collaboration failures (Yi et al., 2010), relational theories, compared to other theories, should be able to provide a better explanation of the mechanism of collaboration complexities of behavioral conflicts in destination marketing (Fyall, Garrod, & Wang, 2012). Therefore, by using coalitional game and network theories, this study aims to investigate a DMO-facilitated collaborative experience of industry stakeholders in an established destination. There are few tourism-related game theory studies which mostly have utilized the monetary values approach (Yang, Huang, Song, & Liang, 2009). The present study, however, proposes a new approach to define the *utility* functions ("A mathematical function which ranks alternatives according to their utility to an individual" (Utility function, n.d.)) of collaboration based on the attitudinal and motivational values and to examine the value distribution system. This approach, compared to monetary approach, in the context of relational conflicts, is more effective because relational conflicts are closely related to attitudes and motivations. The purpose of the current study, therefore, is twofold. First, from a methodological perspective, we quantify the transferable value of the attitudinal and motivational constructs. Second, we examine the distribution (allocation) of gains among the players resulting from the coalitional shared values.

2. Literature review

2.1. Definitions

In collaboration terminology, the following terms are usually used interchangeably: joint ventures, consolidations, networks, partnerships, coalitions, collaborations, alliances, consortiums, associations, conglomerates, councils, task forces, and groups (Park, Lehto, & Morrison, 2008). Collaboration is defined as "a process in which two or more individuals possessing complementary skills and attributes interact to create a shared meaning or understanding that could not have been created without the other individual" (Jetter & Chen, 2012, p. 132). The complementary nature of the collaboration, shared meaning, and interdependency of the individuals are the three major elements of the above definition. Also, Jetter and Chen (2012, p. 132) define strategic alliances as "purposive, inter-organizational relationships, in which the organizations share similar goals, strive for mutual benefits, and have an understanding of a high level of mutual dependence". Apart from the similarity between these two definitions, the second definition assigns concepts such as shared goal and mutual benefits to the collaboration literature.

2.2. Conflicts

As previously stated, behavioral conflicts are major reasons as to why marketing collaborations fail. Conflicts are rooted in many different concepts such as motivation, goals, roles, perceptions, mutual trust, competition, and environmental uncertainties (Wang & Xiang, 2007; Yi et al., 2010). Wang and Fesenmaier (2007) identify five general categories of motivations to enter an alliance relationship: (1) strategy-related, (2) transaction cost-related, (3) learning-related, (4) cluster competitiveness, and (5) community responsibility. Later, they combine these five general categories and introduce three broad categories of transaction cost-oriented, strategy-oriented, and learning-oriented (Wang et al., 2013). Other studies also report similar motivation categories with regard to collaboration (e.g., Naipaul, Wang, & Okumus, 2009). In general, gaining access to critical external resources, rapid technical changes, financial difficulties, risk reduction, and rapid entrance to the market are major reasons for entering an alliance relationship (Wang & Fesenmaier, 2007). Lack of consensus, however, in terms of motivations can create systematic behavioral conflicts and malfunctions in marketing collaborations, and previous studies show that collaboration would not succeed if players stay within their narrow territorial self-interests (Wang et al., 2013).

Previous studies underline the concept of mutual trust as the facilitator of collaboration (Wang et al., 2013) since differences in goals, roles, and perceptions can create conflicts (Yi et al., 2010). When goal incongruity occurs, two or more partners with different and perhaps opposing goals engage in a behavior that leads to conflicts and dissatisfaction. Generally speaking, source of behavioral conflicts can be divided into two categories: composite conflicts and component conflicts. Composite conflicts can arise due to goal incongruity, domain dissensus, and/or perceptual differences (Yi et al., 2010). Component conflicts, on the other hand, can arise due to differences in attitudinal factors such as role expectations, perceptions, and communications, as well as differences in structural factors such as goal divergence, drive for autonomy, and competition for scarce resources (Yi et al., 2010). Composite conflicts increase the degree of the conflict caused by the component conflicts. Environmental uncertainty, furthermore, is an important factor in both composite and component conflicts (Yi et al., 2010). Environmental uncertainty as the result of imperfect information situations in collaborations (i.e., when one player does not provide