Observatório de
Inovação do Turismo
Revista Acadêmica

Competition amongst visitor attractions

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Abstract

This article discusses the nature of competition in the attraction sector along the lines of the traditional structure, conduct and performance paradigm of market economics. At the same time attention is drawn to more recent ideas concerning 'contestable' markets and the relevance of game theory when conditions of market rivalry exist. To clarify issues the nature of attractions is outlined, before examining price and non-price competitive behaviour. The dominant theme is the pattern of ownership, which allows the co-existence of several market structures at any one time, from monopoly to monopolistic competition, and dictates conduct and performance. The term 'Aristopoly' is used to embrace this phenomenon. The concluding discussion draws these aspects together to reflect on the character of successful attractions.

Key Words: visitor attractions, market structure, competition, ownership.

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1. Introduction

The taxonomy of markets within the discipline of economics depends on the number of firms or businesses in the marketplace and the nature of the product offer, whether it is uniform or differentiated, the latter enabling the supplier to brand the product so as to encourage customer loyalty. In turn, the market structure influences how the enterprise conducts itself through its pricing strategy in the narrow sense, to non-price competition in the broader sense, namely promotion, mergers, acquisitions and alliances, and innovative development. Creating barriers to entry allows firms to charge high prices and reap excess profits, but may do nothing to aid performance in terms of efficiency. This is known as the structure, conduct and performance paradigm in business economics and describes the processes whereby the market achieves equilibrium. In modern economies the market conduct of businesses is hedged about with legal requirements and codes of good practice, in recognition that firms can influence market structure through, say, acquisitions or anti-competitive strategies. The wisdom in economics is that competition is better than the exercise of monopoly power. Firms should provide consumers with goods and services that meet their demands at the lowest possible prices. Hence, the presumption of the law is against anti-competitive practices, save where they can be shown to improve production or distribution, or result in technical progress. Governments do not condemn monopolies per se, for recognising that profits are an incentive to innovate, and as such innovation promotes economic development and growth, most countries have patent laws to allow businesses to exploit the profit potential of new ideas. It is the abuse of monopoly power that they legislate against.

2. The nature of visitor attractions

A visitor attraction may be broadly defined as a focus for amusement, recreation and, in part, educational activity undertaken by both day and stay visitors that is frequently shared with the local resident population. Within any society, the range of visitor attractions is extensive - every municipality and rural district boasts at least one attraction, adding to its appeal as a destination. Thus the market structure may be considered as competition amongst the many, which is near to the economist's ideal of perfect with a large number of sellers who exert negligible influence on price. On the other hand, there are numerous variations in terms of the product concept or creativity of the design and its appeal, which may be termed the 'imagescape' to match the term 'imagineers' used by the Disney Corporation to describe its designers (Kirsner 1988). This concept is based on the fact that all attractions, in some part, measure their performance by the number of visitors, for which the output is the visitor experience. To enhance the latter, the modern approach is to place tangible objects, say, a thrill ride or a collection of artefacts, within the context of a specific theme or image in a particular setting or environment; hence the word 'imagescape'.

The accepted thesis in the 'post-Fordist' society is that to retain market position, suppliers should no longer sell goods with attached services but rather services with attached goods, so that each customer receives a bespoke package (Pine and Gilmore, 1999). Figure 1 presents an abstract construction of an attraction product where the core is the imagescape, the purpose of which is to convey the essence of the visitor experience to the potential market. To complete the attraction product, the core is surrounded by commodities and services such as retailing, catering, cloakrooms, first aid, special needs access, internal transport and car parking, as well as an augmented imagescape designed to ensure that all customer experiential requirements are met, for example, visitor orientation, queue entertainment, complaints handling, puppet characters, shows, presentations, and so on. The object is to generate memorable mood benefits for the visitor, and in consequence attachment. It is commonly argued that 'word-of-mouth' recommendation is the best promotion of all and a well known tag line in the amusement business is: 'If I have a good experience I will tell ten people; if I have a bad one, I will tell fifty!'

The right imagescape portrays, through the functional aspect of theming, all four realms of the visitor experience, namely, entertainment, education (which have been combined in the word 'edutainment'), aesthetics and escapism. Because only then does a location become a distinctive place to stage an experience, which is what is embodied in truly successful visitor attractions, be they theme parks in the private domain or heritage attractions in the non-commercial sector. As indicated in Table 1, the range of imagescape themes for visitor attractions is beyond doubt extensive, but quintessentially there is very little new in what draws visitors: the main attractions are still the wonders of the natural and physical world and the endeavours of human society, including, but to a much smaller extent, dark subjects that deal with what are considered to be behaviour inversions, such as the grim consequences of war (Smith, 1998), crime and punishment (Foley and Lennon, 1996), and the erotic.

The acceptance of the content and style of production of the imagescape is determined by fashion, which has its own dynamic that is born out of the spirit of enquiry and competition within society to alter its patterns of consumption and value systems. Thus animals in captivity in the form of zoos or safari parks are no longer acceptable to many people and there is a marked decline of interest in static attractions and object-oriented museums, unless they are national collections or they are best presented in this way, as for example jewellery. Fashion exists and is encouraged in the branding of everything that is purchased; if it were not so the world would be cluttered with masses of still usable commodities and there would be little change in the nature of service provision. The closer the intrinsic qualities of the product, the more importance becomes branding to define market position. Undoubtedly, the Disney brand gives the corporation substantial market power even though the technology of most amusement rides are available to everyone.

The business concept of branding is a subset of a more general feature of visitor attractions identified by MacCannell (1989), in which the intrinsic value is functionally related to increasing the level of attraction differentiation through signs and symbols (semiotic separation) and the content of the imagescape, which he interprets as the sacralization process. The apex of this process is when the attraction turns into a point of pilgrimage for visitors: a tourist 'must see'. For example, amongst LEGO enthusiasts, a trip to Legoland in Denmark, which is the home of LEGO, has infinitely more prestige than a trip to similar parks in America, England and Germany. Though, as Seaton (1999) observes from the historical study of the Waterloo campaign, sacralization is never complete, since it too is subject to changing fashions and values with time, so that it is no longer appropriate to look at the Waterloo battlefield in strident partisan terms.

3. Price competition

There are two aspects to consider under price competition: the first is the economists' approach to strategic pricing, which is the setting of regular or published price panels that signal market structures and organisational policy in terms of profit/sales yield over the next three to five years. Such panels make a statement about 'value for money', determine long run revenue flows, and affect the success (profitability) of the business, including surpluses for re-investment.

The second is tactical pricing, which is the operational basis upon which business is done within the various market segments and is associated with discounting for last minute sales, though the latter has more to do with the accommodation and transport sectors, than attractions. There is little evidence, in the main to support last minute discounting as a way to draw in new visitors, for what matters is the expectation and delivery of a 'good day out', which implies that the price elasticity of demand for attractions tends to be inelastic over the relevant range. Nevertheless there are a number of tactical adjustments that can be made to the basic pricing strategy in order to fill in quiet periods, encourage repeat visits (for example, seasonal passes) and convey improved value to the market. Some of these are psychological, for example, the tactic in charm pricing is to set the prices just below round figures, so that the first digit read is below the planned price.

3.1 Monopolistic markets

The sheer variety of imagescapes and the number of attractions suggests that the market as a whole falls into Chamberlain's definition (1933) of monopolistic competition. This is similar to perfect competition in which many firms compete and entry and exit is relatively easy, but each is protected by a differentiated product and, in the case of service products, geographical location, for unlike commodities, the imagescape of an attraction has to be consumed at the place of production, which highlights the importance of market boundaries or catchment areas. For example, major cultural attractions in world-class cities have a market that spans the entire globe, which is technically infinite in size, as there is always a new generation of potential visitors coming along.

The behaviour of firms under monopolistic competition is illustrated in Figure 2. There is normally not one admission charge, but a standard price panel of admission rates that reflect corporate strategies, such as maximisation of profitability or growth, as well as communicating chosen positioning and the imagescape to target market segments, through expectations about the value of the experience. The generic market segments for attractions are: local residents, same day visitors, domestic and foreign tourists travelling independently, and groups, which include coach parties, schools, and people using the facilities for meetings and conferences. Usually, price panels offer concessions from the full adult rate for children, seniors and groups, with inclusive family tickets for attractions focussing on that market.

Suppose the attraction under consideration has positioned itself with a price panel for different categories of visitors set around a high adult admission charge at P1, facing a demand schedule dfirm (representing willingness to pay, which is the market's perceptions of value for money), and sees an opportunity to increase visitor numbers to V2 by reducing the adult price to P2 (and other prices in the panel in a proportionate manner), thereby improving earnings and profitability. However, this action is based solely on the loyalty of the attraction's customers and does not take account of the reactions of competitors. If competitors follow suit with price cuts and new product offers to recapture lost trade, the effect is to erode the short-term market gains made, by driving V2 backwards towards V3. The demand schedule Dmarket traces out the market share position of the attraction, when the reactions of competitors to its pricing strategy are taken into account. In Chamberlain's model no one firm will be faced with this situation alone, as there are a multitude of businesses with broadly similar demand and cost functions. With free entry and exit, long run equilibrium will be achieved when potential gains have been competed away and firms are only making normal profits. If this is at P2, then the frequency by which price panels change will stabilize, giving the attraction a market share of V3 visitors, which it will attempt to hold by encouraging brand loyalty through a variety of non-price tactics, say, raising promotional expenditure, augmenting the imagescape by staging events, or price reductions disguised as extra product benefits, such as free rides at certain times, 'two-for-the-price-of-one' offers, local residents' vouchers, and temporary concessions for people who are unemployed or students. Where attractions are clustered together, as in cities, thus facing a similar catchment population, they may offer multiple ticketing or an 'all-in-one' pass. The latter are often scheduled in a way that few visitors take up every offer, so it is a way of generating more revenue from a marginal increase in visitor numbers.

3.2 Oligopoly and monopoly

Chamberlain was criticized for the myopia of business behaviour in focusing on dfirm rather than the market share curve Dmarket, and plainly, the fewer the number of competitors the less likely is it that firms can proceed with a pricing strategy that does not take account of its rivals, thus Robinson (1950), when discussing imperfect competition, took it for granted that a firm's market conduct would be governed by Dmarket rather than dfirm. However, on a global scale, the term monopolistic competition has general applicability, since there are many similar attractions and some 70 per cent of attractions draw in less than 200,000 visitors per annum. The evidence from developed tourist destinations has shown that the growth in the number of attractions has exceeded the increase in leisure expenditure, thus diluting market share in the myopic manner indicated by Chamberlain as they compete for both leisure time and spend.

But, there is a further complication in that commerciality and consumer choice are rather modern concepts for visitors attractions, in the sense that the majority of today's attractions were not originally brought into existence for tourist purposes. At a base level, it is possible to group attractions into those that are gifts of nature and those that are man-made. The former include the landscape, climate, vegetation, forests and wildlife that may require inputs of infrastructure and management in order to use them for tourism purposes, as well as to protect the resource from environmental damage, for example, parks, ski resorts and game reserves. Man-made attractions are principally the products of the historical development of countries and civilizations (Richards, 1994), but also include artificially created popular entertainments, such as wax museums, amusement parks and performing arts venues. Cultural and heritage attractions are constrained by their location and authenticity (Wanhill, 2000), in that the intrinsic value is dissipated in reproductions and alterations in their cultural capital stock are, in the main, irreversible. By cultural capital stock is meant tangible or intangible assets that hold cultural value, irrespective of any economic value they may possess. The development process in terms of imagescape creation is therefore a gradation from a situation of no adaptation of natural or cultural resources for visitors (but rather controlled management) to visitor attractions that are fashioned for purpose, the latter being in the minority. The bulk of attractions would then be spread out between these two polar cases, which is very different from the normal production economics upon which the classification of markets is based.

From the above, it follows that within the widespread number of permutations of visitor attractions in terms of imagescape, ownership and type, it is possible to layer the attraction market into segments that range from the broad perspective of monopolistic competition arising from many small and similar enterprises, through oligopoly (competition amongst the few) to monopoly generated from attractions that offer a unique selling proposition and limited capacity, making them a tourist 'must see'. Thus, there is only one: group of Pyramids at Giza, Taj Mahal, Sydney Opera House, Statue of Liberty, Buckingham Place, Eiffel Tower and so on. Like national museums, attractions of this kind are capable of drawing in large numbers of visitors and are in a position to elevate admission charges to premium rates, but as many of them are the legacy of the nation, it is morally questionable whether people should pay for access to their own heritage. Over time a consensus emerges in any country about the greatest attractions being national assets and therefore being protected via public ownership, whereby they are styled as 'public' goods, because consumption is considered socially desirable. Such publicly owned attractions may receive all or a substantial part of their funds from general taxation, either directly or via grant-in-aid from quasi-public bodies that are given responsibility for their care. But this does necessarily imply an agreement on the amount of money given. Thus an almost continual political debate goes on about the level of charging versus direct funding for national museums, palaces, galleries, churches and cathedrals, and natural resources, such as national/country parks, forests, botanic gardens and designated areas of outstanding landscape value. Recent experience in the UK, with the re-election of a Labour Government in 2001, has been to reverse the policy of charging for admission to national museums.

Between the monopoly of publicly owned attractions and the monopolistic competition of the myriad of small ones, lies oligopoly, which is a market structure that holds a small number of sellers and entry of new competitors is not easy because of the sheer size of the enterprises involved. A good example here is the major theme park chains, such as Walt Disney Attractions, Six Flags Inc., Cedar Fair Ltd. and Paramount Parks, where the level of investment required to obtain entry is a deterrent; for example, Universal Studios' Spiderman Ride cost some $200 million. Because there are relatively few sellers, one firm's market strategy in terms of sales and pricing must account for others, particularly when the product is fairly homogeneous. In these circumstances there is a natural tendency for firms to collude over pricing and markets shares. Such practices are made illegal in modern economies as they are seen as exploitative of the consumer. Instead, what may occur is implicit price leadership by which others follow the strategies of the dominant firm.

In the early days of Central Florida at Orlando (Braun et al, 1992; 2003) Walt Disney World (WDW) was the dominant firm and ruled the market with its own pricing strategy, with a competitive fringe of price followers. Competing parks used price discounting to compensate for Disney's financial advantage and brand name. This was changed in the 1990s when Anheuser Busch carried out a series of acquisitions to complete a successful horizontal merger of WDW's three largest rivals, Busch Gardens, Sea World and Cypress

Gardens, and brought in its financial resources to develop the parks. Next, the entry of Universal Studios, with its considerable investment strength and strong imagescapes from its films, enabled it to challenge the WDW premium pricing strategy. The result was that the followership relationship broke down and more collusive parallel pricing behaviour took place, in which the major players matched each other, but not in a price war, but rather in tacit agreement to changing market conditions and cost inflation. This is termed 'barometric' price leadership as market dominance does not exist, but other parks follow the pricing decision of the one that best reflects market forces, their needs and aspirations. In actions of this kind, businesses are explicitly recognising their interdependence to ensure profitability of the group. The result was that the growth rate in admission prices slowed considerably, price panels converged and the frequency by which they were changed fell. Markets become 'contestable' (Baumol et al. 1982) when potential competition from new entrants forces existing attractions to limit prices and engage in non-price competition. Thus behaviour in contestable markets is not determined by market structure, as in the traditional structure, conduct and performance paradigm, but rather through the need to deter rivals.

Theories of pricing strategies under oligopolistic market conditions vary from complete naivety where one firm pursues a strategy without taking into consideration the action of its rivals, to gaming behaviour, whereby the firm assesses a set of possible price options against the reactions of its competitors, choosing that which benefits it the most, within the bounds set by the common good. Whereas market structure analysis is particular to the discipline of economics, game theory has more general applicability across the social sciences where there is a need to account for the behaviour of opponents (Fudenberg and Tirole 1991). What is apparent from the example of the Florida theme parks is that under conditions of rivalry between firms, the price panel tends to steady at a level that meets the collective judgement as to what is appropriate for the market and stay there. The oligopoly model, which lends weight to this situation, is shown in Figure 3. At the stabilized adult price of P1 each enterprise faces a kinked demand curve dfirm , whereby any attempt by an attraction to lower prices will be matched by competitors, so that both dfirm and Dmarket coincide (Hall and Hitch, 1939). Below P1 the demand schedule is inelastic so that price-cutting, while growing the market, will result in a reduction in overall revenue. On the other hand, a unilateral move by any one attraction to raise prices (without a group consensus as to changes in market conditions or costs) will not be matched by competitors and the business will lose market share. The demand schedule above P1 is elastic and raising price will cause earnings to fall. Such price stability is an implicit example of cooperative gaming behaviour, though this is not to say that price wars will not breakout from time to time. However, these may only happen when a major innovation gives an enterprise a genuine and sustainable competitive advantage. Such was the case in 1955 when Disneyland was created in Anaheim, California. Built at a cost of some $17 million, it was the largest park investment that had ever been made. As often happens with new ideas, there were many sceptics who were unable to see how breaking an amusement park tradition going back over sixty years could be successful. For instead of the fairground style of a Midway Plaisance from Chicago's Columbian Exposition of 1893, with numerous concessionaires, Disneyland offered five distinct themed areas (Main Street USA, Adventureland, Frontierland, Fantasyland and Tomorrowland) that provided 'guests' with the fantasy of travel to different lands and times, all designed and managed by one organization.

3.3 Ownership

It should now be apparent that the extent of the attraction sector allows for all the three forms of market structure discussed above to co-exist. The general picture is one of many small attractions, with relatively few large 'aristocratic' attractions that are either owned by the public sector or in the hands of large corporations. The term 'Aristopoly' should reasonably encapsulate this kind of market structure in which price setting and therefore overall competition is heavily influenced by ownership patterns, as shown in Table 2.

Because of their cultural and historical legacy, a great many visitor attractions are not commercially owned. They belong to central government or quasi-public bodies, which are at an 'arm's length' from the government (in the case of natural resources, collections and monuments of national significance), local authorities and voluntary bodies in the form of charitable trusts, which have to be incorporated, and a variety of clubs and societies that are usually unincorporated. These are generally classified as not-for-profit organizations, as they often have many non-financial objectives that govern market conduct and price setting. To illustrate this, one of the problems concerning the provision of outdoor areas for leisure purposes on a large scale is that these areas are rarely commercially viable in terms of the investment costs and operating expenditure necessary to establish and maintain them. The reasons for this lie in their periodic use (weekends and holidays) and the political and administrative difficulties of establishing private markets in what are perceived by the public as gifts of nature. Frequently, it is not realistically possible to exclude individuals from consumption once provision has been made. Hence, private markets for these facilities would quickly disintegrate because the optimal strategy for the individual consumer is to wait until someone else pays for the recreation area and then to reap the benefits for nothing, which is termed 'free riding' in economic analysis.

Yet there are considerable social benefits to be enjoyed by the population from the availability of recreational amenities and in the control of land use to prevent unsightly development spoiling the beauty of the landscape. Economists ascribe the term 'market failure' to situations of this kind and in such circumstances it is common for the state to make the necessary provision of these public or collective goods. Thus some 85 per cent of outdoor recreation areas in the USA are owned by the Federal Government, with the object of encouraging consumption and protecting the resource for the enjoyment of future generations. The recognition of this principle in the USA goes back to 1872 with the enactment of the Yellowstone National Park. In Britain, planning and development for tourism purposes is largely a post-1945 phenomenon, commencing with the National Parks and Access to the Countryside Act in 1949, though it was not until the 1960s that positive action in the field of tourism and recreation provision really got going.

Figure 4 examines the normative economics of the appropriate pricing rules that may be followed. As before, dfirm is the demand schedule and market economics dictate that private operators should attempt to optimize profitability, which is achieved by equating marginal revenue (MR) to marginal cost (MC), setting an adult admission rate of P1 and attracting V1 visitors- pricing according to 'what the market will bear', although, as discussed above contestable market conditions may give rise to limits on the price level. The public sector, which has the interest of the economy at large, is faced with two economically efficient choices: free at the point of use, which results in a demand level of V4, or setting admission equal to MC, implying a charge P2 for V2 visitors. The former typically applies to outdoor recreation areas or for attractions whose consumption the state wishes to encourage, while the latter is appropriate for state museums, where exclusion from consumption is possible. Equating P2 to MC is the optimal pricing rule that would be obtained under perfect competition and represents the most efficient us of economic resources, for the price level is both lower and output greater than under monopolistic competition. Figure 4 depicts MC lying above AC, but it is common in attractions for MC to be small and lying below AC, which implies that even if governments charge for admission to public museums, they will still have to be subsidized directly from taxation if they are to survive.

On the other hand, many museums and events have arisen out of the collections or interests of a group of enthusiasts who come together to provide for themselves and others collective goods and services which are unlikely to have any widespread commercial appeal (market failure) and are equally unlikely to be of sufficient importance to attract central provision by the state. These organizations are, in economic terms, 'clubs', and because they normally have non-profit aims, they are entitled to claim the status of charities for tax purposes. However, in contrast to the public sector, they are not able to raise funds from taxation and so in the long run must cover their costs out of income. Yet, unlike the private commercial sector, their income is not made up solely from admission charges and visitor spending inside the attraction. Membership fees, gifts, grants from public bodies (both at national and international level) and charities, and bequests often take on a far greater significance in the income statement. As a consequence, recruiting new members to share the collective experience is a priority task for these organizations and policies may vary from 'members only' to differential charges for admission of members and non-members. The appropriate policy for the voluntary sector, if it wants to distribute maximum benefits to its members, while being mindful of its not-for-profit charitable objectives, is one of average cost pricing, setting a price P3 to generate V3 users. Generally, such operators tend to be 'fix-price' organizations, in that should demand increase in circumstances of limited capacity, they will accumulate waiting lists for membership and extend facilities, rather than seek monopoly rents by raising dues. The optimum sized club is at the lowest point on the AC curve, so in Figure 4 it could be that membership will be restricted to V5, which is off the demand curve, and so V3-V5 will be the waiting list for potential members, who may be allowed to attend as non-members. One of the most well known examples of an economic club in the UK is the National Trust, which was started in 1895, with the object of protecting places of historic and natural significance for the nation. The Trust maintains a wide range of historic properties, parks and woodlands, and is an institutional model that has been copied elsewhere. Acquisition has normally been via bequests from previous owners together with substantial endowments that provide the economic foundations for the organization. Given the breadth of its facilities, with the potential of taking on more, it has a policy of expanding membership, since its objective, as any other club, is to encourage consumption amongst like-minded persons. However, it is also careful to hedge the demand risk by receiving income form a variety of sources, namely, admission charges from non-members, shops and catering, grants and donations, sponsorship, events and services rendered, for example, lecture programmes. On the cost side, like other voluntary societies, the Trust benefits from some labour inputs and materials being provided free of charge.

Thus through pricing policy, the pattern of ownership can alter the financial outcomes of an attraction and the nature of competition. A valid criticism of the not-for-profit sector, whether it is public or voluntary is that it has the inclination to try and do too much, because the management looks to meet perceived needs rather than market demand, the latter being the primary concern of the private sector. To take a simple analogy; if people are asked if they want more of a collective good, then in the absence of a price system, they will surely vote ‘Yes’, putting the onus of the public sector to meet these needs, as there is a political incentive to do so. As an instance of this, with the establishment of the National Lottery in 1993, the UK government set aside a series of funds to disburse some of the proceeds to the arts, sport and cultural heritage (Heritage Lottery Fund), as these causes are normally under-resourced by any government when faced with the competing demands of health, welfare, education and defence. One aspect that is difficult to guard against where public authorities are involved is the danger of project inflation in response to civic pride and the vainglory of politicians, either nationally or locally. There seems to be an implicit belief that winning in the electoral marketplace translates itself into the economic marketplace. This results in an exaggeration of employment creation to obtain development grants, increased complexity, which boosts consultants’ fees, and substantial capital structures to the benefit of the architects. Several Millennium Commission projects in the UK went this way and some had to be closed, for example, the National Centre for Popular Music, Sheffield, the Centre for the Visual Arts, Cardiff and the Earth Centre, Doncaster. Occurrences of this kind rightly raise scorn from commercial operators who argue that if public funding and project inflation results in a situation where there is no relationship between the cost of delivering and what the customer actually pays, then this is a case of predatory pricing (technically defined as the admission charge being below the average variable cost of provision) in an over-supplied market that is likely to harm them commercially. Governments are sensitive to this kind of criticism and, as a rule, avoid trying to compete ‘head on’ with the private sector.

The lesson for the Heritage Lottery Fund and the Millennium Commission from these examples was straightforward: major capital projects should not be undertaken unless their market function is clear, visitor displacement has been considered and a “proper” viability study has been carried out so that the nature of the risks involved are thoroughly understood and accepted. In defence, it is to be noted that market assessment for such unique attractions is notoriously difficult; for example, the estimates of visitor numbers for the Millennium Dome in London ranged between nine and 17 million (National Audit Office, 2000). Twelve million was the figure that the Government was prepared to accept and budget for, on the basis that it was meant to be a public festival, so that everyone who might want to come should be able to do so, but it only realised 6.5 million and was ridiculed by the media because of this. With projects of this kind, there is a need to build up a large database of market trends in different leisure activities, make future change assumptions (predictions) and consider the project in a ‘with and without’ situation. Developing project scenarios so as to give a thorough understanding of what is being proposed and the risks involved are more important than the actual projections, though the latter are required to give dimensions to the project and to assess its impact on the economy.

4. Non-price competition

Aspects of non-price competition have already been mentioned, but while economics tends to concentrate on the commodification of the attraction experience in a price structure that indicates market conditions, the managerial approach is to take a wider look at the operations of the business through the process of benchmarking. The latter is a systematic way of identifying how your business performs against a given reference point, thus enabling management to assess their functioning against that of their competitors and identifying opportunities for improvement.

4.1 Benchmarking

Benchmarking is, in many ways, the practical response to performance or efficiency analysis (Mantilla and James, 1977: Tyrrell and Okrant, 2004) and it is frequently sponsored by national tourist organisations. Table 3, for example, shows the UK national code for good practice. The key emphasis of benchmarking is usually on external comparison, though large corporations are often in a position to make internal comparisons of identical units in different locations. Raising productivity, thus adding value, whether to the business or in extra product benefits for customers, or in a strict commercial sense, improving profitability, is the 'holy grail' of any firm.

There are two aspects of benchmarking to consider: metric, which identifies key indicators of performance to compare against the reference point, both monetary and physical measures; and process, which evaluates the procedures in the operation and management of attractions. In essence, as noted in the definition, the two are virtually inseparable, for it is first necessary to collect the data, before changes can be made to the process.

4.2 Topics for benchmarking

Subject areas that are candidates for benchmarking can be the following:

- Management and financial accounting methods for improving profitability;
- The product, operations and facilities;
- Employment and development of staff, including working conditions and training;
- Quality control systems;
- Health and safety procedures;
- Equal opportunities;
- Empowering staff to involve them directly in the business
- On-site visitor information.

Given the countless number of visitor attractions, the possible range of indicators covering the above topics is enormous, but ultimately it is necessary to fall back on a limited number of generic (common) measures. Indicators will vary according to imagescape, ownership and company culture (private or public), demand patterns, the lifecycle of the attraction, organisational structure (flat or hierarchical), or whether it is local, national, international or multinational. Simple measures of output, while they may be useful for measuring one's own performance over time, are not strictly comparable across organisations. Take retail spend per head for example: attractions that are more adult oriented or attract visitors with a higher level of disposable income, may expect a higher spend than average. One museum may be rich in collections that can be merchandised, while another may have few collections that are suitable for reproduction.

4.3 Process and analysis

The first step in realising the aims of Benchmarking is the drawing up of a detailed questionnaire to tease out the relevant indicators for the topic under consideration, say, for example, a focus on the processes that affect the visitor experience, which is then followed by data collection. Interpretation of the data is undertaken by a 'health' check with an internal (self-appraisal) or external business coach, in order to construct an appropriate action plan. An aid to setting priorities in the plan is a benchmarking chart of the kind shown in Table 4. Aspects that the attraction does particularly well may be designated as product strengths for marketing purposes.

Assistance in drawing up the action plan may be drawn from one-to-one sessions with the business coach and/or 'best' practice workshops. It is to be noted that when these exercises are undertaken as a pooling arrangement amongst a number of attractions, then helpful information may come not only from own results, but also the maximum, minimum and average of the group to which the attraction belongs. To give further context to the implementation of the plan; attraction managers are encouraged to visit each other's facilities and exchange information. The key point is that success is about willingness to learn and change.

4.4 Benefits from benchmarking

There are a number of outputs that may come out of the implementation plan from a Benchmarking exercise:

- Differentiating the product through augmenting the imagescape;
- Raising standards, thereby offering better 'value for money';
- Improvements in the visitor experience via customer care, interpretation and information provision;
- Adding value through a better quality product effectively marketed;
- Development of quality assurance schemes run by associations and/or tourist boards.

The aim of quality schemes run by governments or tourist boards is to help attractions achieve basic standards of good working practice and be credited for this achievement, thereby reducing uncertainty for visitors and increasing the competitive advantage of the destination. Where there are cooperative agreements, exemplars can then be communicated to others through trade association meetings and journals, and similar activities undertaken by the local tourist bureau.

5. Concluding discussion

From the discussion that has taken place, it will be readily appreciated that the ways of classifying and evaluating attractions are immense. Competition in this sector is linked to geographical location, the pattern of ownership and the historical reasons (as most attractions were not originally brought into existence for leisure visitors) and the multiple objectives that beset different ownership structures. The overall situation is one of a whole host of small attractions, with relatively few large ‘aristocratic’ attractions that are either owned by the public sector or in the hands of large corporations. This permits the co-existence of several market structures at any one time, from monopolistic competition, through oligopoly to monopoly. The term ‘Aristopoly’ has been used to embrace this phenomenon.

The majority of attractions are in the not-for-profit sector, but once they have been adapted for visitors, then weight builds up to interpret success in terms of the quality of the experience, visitor numbers (to capture the spillover benefits of visitor expenditure) and so on, where the emphasis on competition has more to do with managerial tools such as Benchmarking. When admission is charged, some level of financial viability is usually stressed, which brings not-for-profit attractions closer to the workings of commercial operators, for whom economic objectives of profitability are normally paramount. However, with public and voluntary attractions it is important to balance outcomes against the priorities assigned to the various objectives and to eliminate, as far as possible, conflicts. Failure to do so is the source of frequent misunderstandings and inappropriate evaluations of such attractions, as in the case of the Millennium Dome cited earlier.

Successful visitor generation requires, in the main, the creation of imagescapes around tangible objects and intangible services, to form experiences that have strong associations with potential customers, enabling value for money to be easily recognised. These may be termed ‘reproductive’ imagescapes, as they evoke known products or events. It is the application of a repertoire of creativity to recognised (commercial) needs and opportunities. They are different, but not too different as to be out of step with fashion and what constitutes ‘good taste’, and are flexible enough to encourage visitors to return. Their delivery requires clear objectives, proven management skills and knowledge of the target audience. On the other hand, avant-garde or ‘anticipatory’ imagescapes, which are about evoking expectations through ‘pure’ creativity, have a high probability of economic failure, both commercially and also in the wider sense of attracting visitor expenditure to an area, particularly if they are not effectively communicated to the general public and allow the media to satirize the project as ersatz and of no substance. History is littered with examples of this kind in one generation that are subsequently judged to have significant cultural value in another. The media critique of the Millennium Dome had echoes in what was said about the construction of the Eiffel Tower for the Paris World's Fair of 1889.

This implies that non-market models of resource allocation are needed for many such attraction developments to occur, which is the rationale for the importance of the not-for-profit sector in cultural activities.

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Figure 1 The attraction product

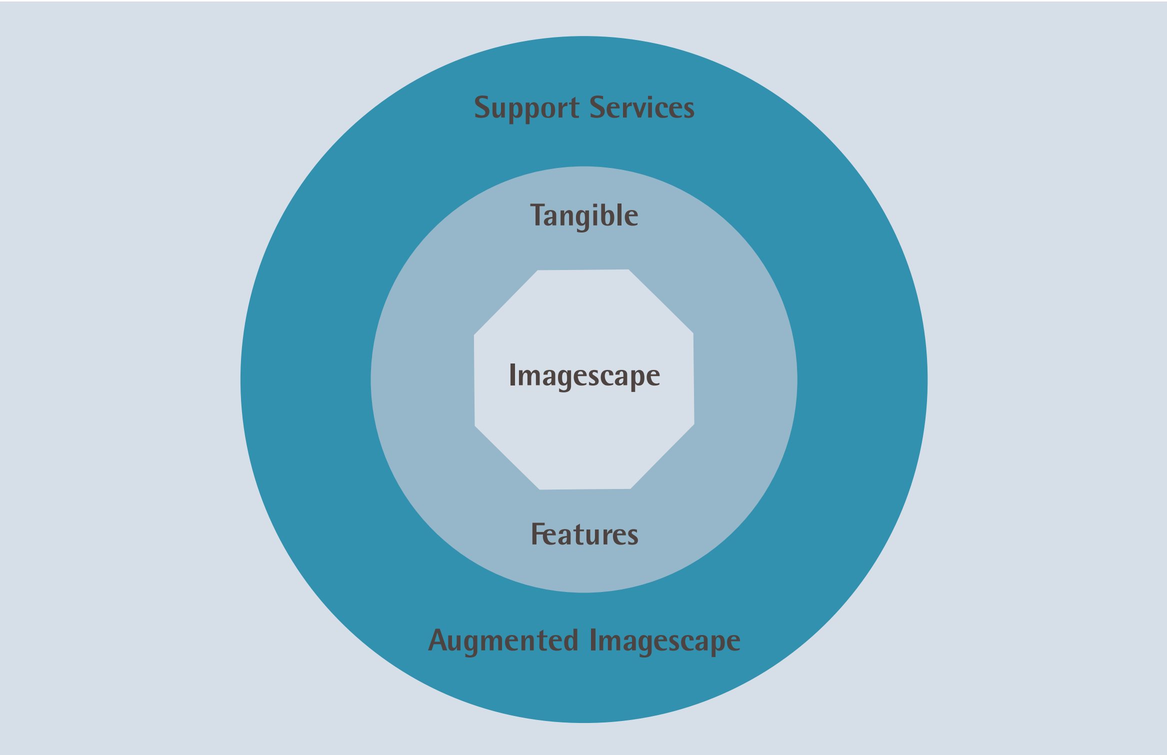

Table 1 The variety of imagescapes

▪ Armed forces	▪ Industry
▪ Art & media	▪ Miscellaneous
▪ Built environment	▪ Myths & fantasy
▪ Childhood	▪ Natural world
▪ Civilisations	▪ Physical world
▪ Dark subjects	▪ Politics
▪ Entertainment	▪ Religion
▪ Famous & notorious	▪ Retailing
▪ Food & drink	▪ Science & discovery
▪ Future	▪ Society & culture
▪ History & heritage	▪ Sport
▪ Hobbies & pastimes	▪ Transport
▪ Human body	▪ War & conflict

Figure 2 Monopolistic competition

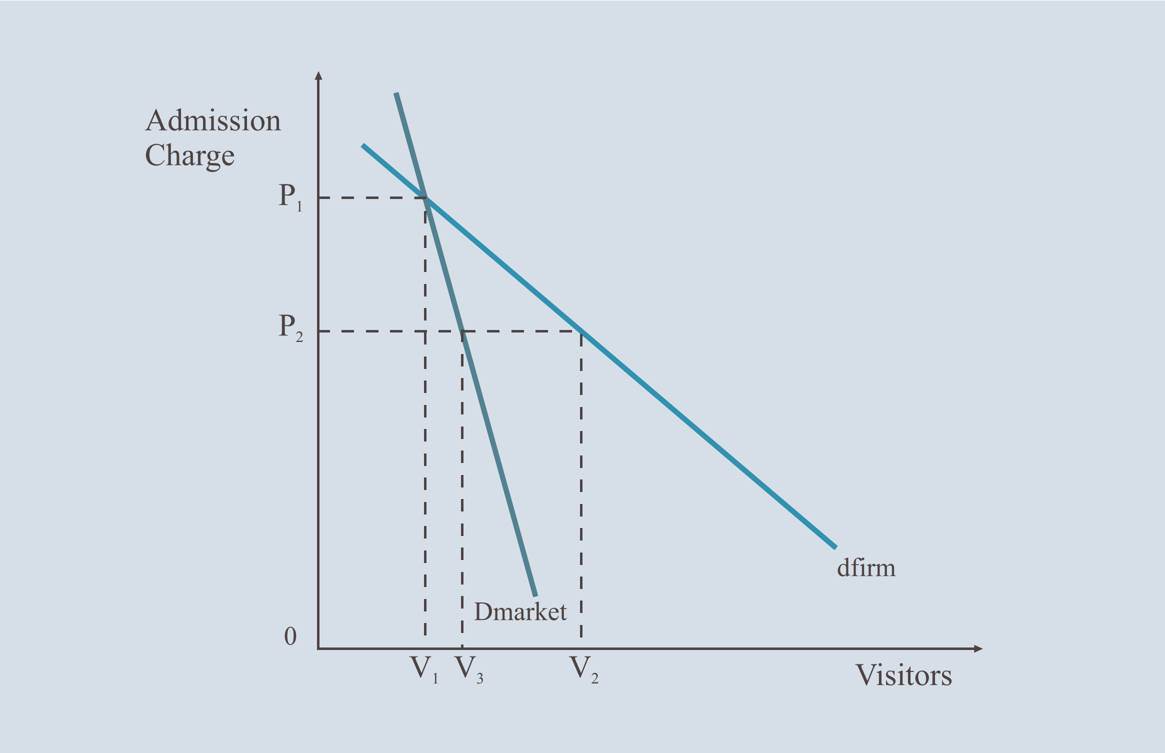

Figure 3 Oligopolistic competition

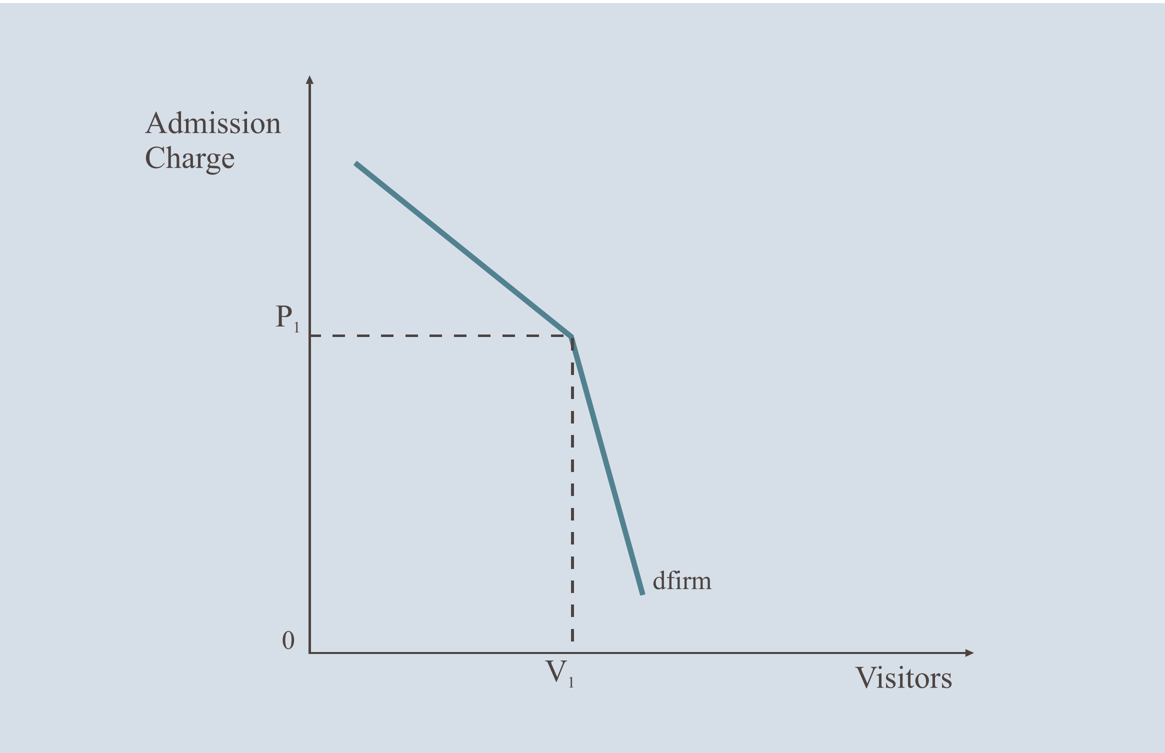

Table 2 Ownership patterns

Public
▪ Central government
▪ Government agencies
▪ Local authorities
▪ State industries
Voluntary organizations
▪ Charitable trusts (incorporated)
▪ Private clubs and associations
Private
▪ Individuals and partnerships
▪ Private companies
▪ Corporations

Figure 4 Pricing rules by ownership

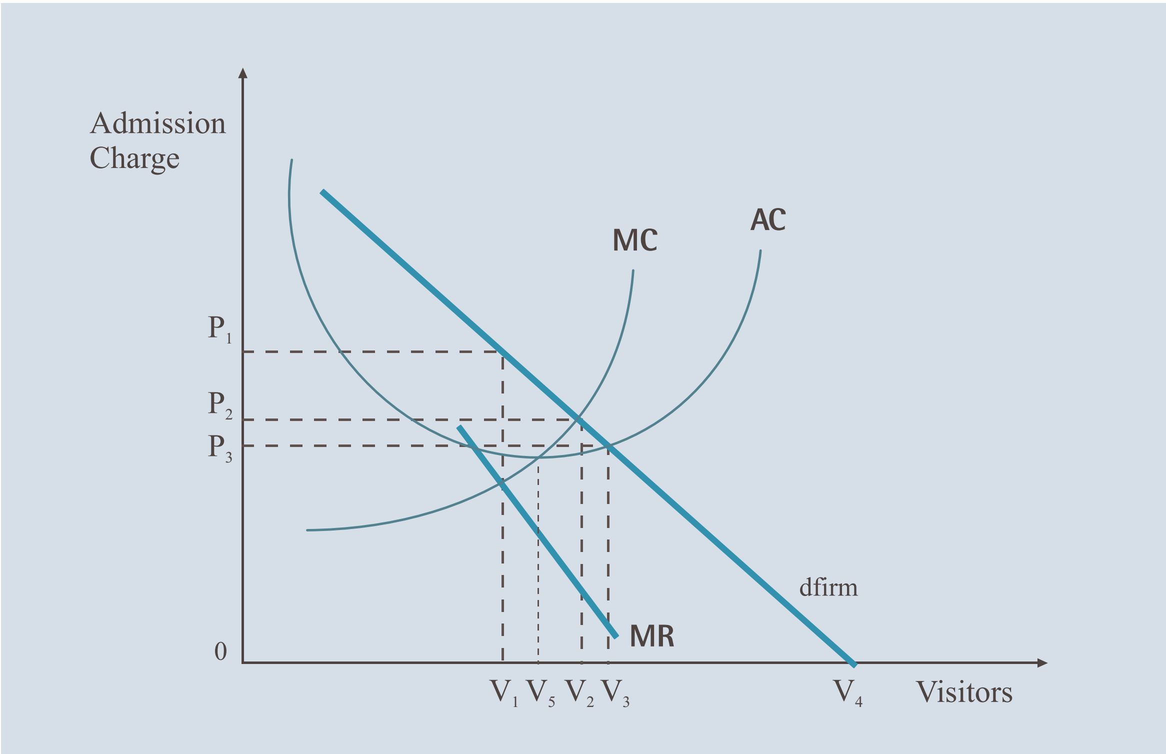

Table 3 UK national code

Good practice for visitor attractions

- Accurate descriptions in all promotional material;
- Charges clearly displayed;
- High standards of customer care, cleanliness, courtesy and maintenance to ensure visitor safety and comfort;
- Provision of toilets, car/coach parking and catering;
- Provide access for disabled and others with special needs;
- Prompt procedures for enquiries, requests, reservations, correspondence and complaints;
- Meet statutory requirements and hold public liability insurance.

Table 4 Benchmarking chart

Action / Weighting	Below Mark	Above Mark
High	Priority task	Product strength
Medium	Improvement needed	Hold this
Low	Low on the agenda	Excessive effort