



BLUTOURSYSTEM

Joint report on Business Ecosystem
gaps and needs and potentials

December 2018

Document references

deliverable: D 3.2.3 Joint report on Business Ecosystem gaps and needs and potentials

Credits

edited by: Veneto Region

elaborated by: Project Manager

contributor: University of Venice Ca Foscari

checked and reviews by: QPM

approved by: Steering Committee

Scope:

The scope of this document is to highlight the importance of an innovation in the process and the product and understand how new business ecosystem can arise in the cross border destination “Adriatic”. The participation and involvement of stakeholders is determining multiplier effect and stimulating the shift from a problem of “own business” maximization to a problem of maximization of benefits for the whole business ecosystem.

This deliverable 3.2.3 represents an input for 3.3 and WP4 activities.

For public dissemination: Yes

Sommario

How new business ecosystem can arise in the cross border destination “Adriatic” ...	4
Gaps and needs from the stakeholders’ point of view	7
How overpassing the identified gaps to develop a sustainable tourism in the Destination Adriatic: the role of training and participation	9
References	12
Annexes	12

How new business ecosystem can arise in the cross border destination “Adriatic”

The production process can be defined as the *sequence of intermediate stages, which transform a raw material or a semi finished product into a final product for end or intermediate use*, such as the production of the final product by the enterprises. Therefore, the supply chain is a *series of technical transformation operations, which occurs from upstream to downstream*. Some supply chain examples are: cars, glasses, shoes, etc....

For the enterprises, a **company ecosystem** is the network of organisations – including providers, suppliers, clients, competitors, governmental agencies and so on – involved in the product or specific service supply through cooperation and competition.

In tourism sector, the varied complex aggregated of activities and actors that distribute the offer of a territory – the territorial ecosystem – represents a constitutive factor of the destination concept (a complex of products, services and attractions). In the community destination, these activities are realized by different and independent enterprises specialised in one, or few, products and services of the tourist production process, which take part in the territory and constitute the tourist supply chain.

Therefore, **the tourist supply chain** can be defined as the set of the economic activities which produces goods and services for satisfy the tourism demand.

The tourist enterprises constitute the tourist supply chain or, in other words, the way through which goods and services come to users.

The experience made by the tourist come from the combination of the work of every actor of the supply chain. It is heterogeneous and composed by different elements. Despite of this, the stay is perceived from the tourist as a unique thing. Here is it, the touristic product become global.

The strong link among the tourist services lead to cooperation and integration efforts among public and private actors aimed at gaining a competitive advantage compared to other tourist destination. Every factor should play in synergy: the human factor (locals and human resources of the enterprises), the geographical one (the tourist destination which attracts tourists for its environmental features but even the transit areas crossed to reach it) and industrial one (all the touristic enterprises involved in the touristic process).

Play the system means realise synergies among all the different part of the offer both horizontally (among operators of the same place) and vertically (among the different actors of the supply chain).

It is necessary to foster the market realising a network of services, which is able to react efficiently to the demand requests. This is possible with a local and “Adriatic” coordination and shared grounds related to the management capacity of the process and product innovation in order that all the linked services generate added value to the touristic destination.

Gaps and needs from a technical point of view

The aspects which characterise the tourist supply chain can be summarised as follows:

- Availability in all stages of the supply chain to have relations with the end user. Normally the upstream components sell their services exclusively to other actors of the supply chain (producers of the various components for cars). While, in tourism, it is usual that every company sells directly to the tourist. The owner of a hotel sells directly to the tourist despite having relations with the T.O. and travel agencies.
- System complexity. The components of the supply chain are heterogeneous, which are distinguished by type, organisation, products offered and role assumed. In addition, the relationships among the various components are complex and variable.
- Asymmetries in the speed of growth of the various elements. In some areas there are strong growth percentages corresponding to a slowness of adjustment by other components of the supply chain. Example: growth of low-cost flights, growth of smaller airports, but only a few destinations have consequently adapted the services.
- Conflict between the parties, due to the heterogeneity and diversity of the components of the supply chain. It manifests itself in many areas, for example between tour operators and travel agencies, due to the tendency to disintermediation, as well as among tourists and the locals of the destination.
- External environment influence. Each supply chain element interacts with the external environment and it is strongly influenced by this. An example could be the consequences of the internet diffusion for intermediaries: from the changes in the behaviours and needs of tourists, to the changes in the offer in order to adapt to the new demand needs (such as the weather conditions, the bird flu, tsunami, attacks, etc.). Any element of the supply chain is in stable conditions. Each one of them is constantly evolving and remodelling according to the external environment changes.
- Supply rigidity. This feature concerns especially the tourism companies characterised by high investments in capital assets. For instance, the business hotel offer is inflexible because the rooms number is always the same in both high and low season, as well as the seats number of an airplane.

The spread of Internet use and the rise of the so-called "sharing economy" or collaborative economy have completely revolutionized the tourism industry. The "disintermediation" phenomenon and the "new intermediation" one made even more directly the relationship among producers of tourist services and end users.

Gaps and needs from the stakeholders' point of view

Gaps and needs perceived by the actors of the cross - border area have been highlighted through the "BLUTOURSYSTEM" questionnaires administered in the second half of 2018.

Gaps and needs perceived by the actors of the target destinations have been highlighted both through the "BLUTOURSYSTEM" questionnaires administered in the second half of 2018 and by comparing the latter with the results of meetings organized by the Veneto Region during the months of May and June 2018, involving tourism stakeholders for the definition of the Strategic Tourism Plan of the Veneto region.

We will list some figures emerged through the interviews and questionnaires administered at transnational level.

With reference to accessibility, it can be noted that the data on the services used to reach the destination and locally, and also the ancillary services related to the various types of transport, are considered particularly interesting for the interviewed territorial actors. The results show differences between Italian and Croatian stakeholders just according to the kind of transportation (train, flight, ship etc) and their level of maintenance, but in general the accessibility data are considered important. Particular attention is paid to smart solutions adopted for the mobility in the destination.

The need for training is felt crucial for all levels, lower, middle and senior management levels, with a slight preference on senior level. It is important for transnational stakeholders to maximise the capability to transform destination resources into tourism product even taking into account a diversification of them tailored on specific

needs and services. Networking, creation of relationship, skills as defining and planning shared strategies are felt as pivotal.

With reference to digital competences and innovation stakeholders feel this is a challenging factor for which they need more training.

In general, the data show that actors feel more influenced by local and regional level organizations and less by national or international level both in relation to public institutions and for tourism organizations. But even if local and regional level are perceived more than other levels, LAG5 highlighted that regional DMOs have limited capabilities both at financial and organizational level, which seems to be in line with the abovementioned necessity to improve the capability of creation of relationships, designing and planning strategies.

Among stakeholders addressed, creative and eco-tourism are not differentiated.

From the joint reading of the answers concerning the evaluation of the impact and the influence of the main public and private stakeholders, the impact of public institutions is mainly perceived on sustainability policies even at a transnational level, on infrastructure management with a slight difference from the south adriatic area. The DMOs play an important role, according to the responses, mainly on attractiveness, competitiveness, sustainability and reputation, while the other indicators such as ICT solution , price formulation and creation of physical infrastructure show quite different results. Concerning the Private stakeholders' groups, looking at the data, they are felt as influential on attractiveness and competitiveness on italian side, but less on the croatian area; their impact on price formulation and reputation are felt quite high and similar at cross-border level.

Tourists are co-responsible for reputation.

In general, the need for controlling and monitoring is considered important: on the one hand for training and improving competences and on the other hand for the perceived necessity of cooperation and sharing the process.

The attitude of cooperation is commonly perceived in relation to the fields of Destination Management, creation and promotion of products, while it is less perceived with regard to marketing policies, pricing policies and monitoring process.

How overpassing the identified gaps to develop a sustainable tourism in the Destination Adriatic: the role of training and participation

Considering both technical and stakeholders' gaps and needs, data has highlighted, even if thought different words, one crucial point: **the necessity of cooperation, of creation of relationships, taking into account a complex production process.**

It goes without saying that tourism sector has been having a widespread growth and it has been receiving a strong attention from academic, private businesses as well as from government policy makers as one of the most remarkable economic and social phenomena of the past century.

Travel is much easier today, thanks to the innovations generated by new technologies, which are affecting tourism market both from the demand and supply side. From the demand side, tourism is no more a privilege of few but is considered a basic need, where time constraint is equal to the budget constraint. From supply side, tourism is a set of extremely various choice in terms of new destinations, services and activities.

In this framework it is important to address the issue of defining a tourist destination. While the term is not traditionally a supply side construct, we normally refer to the concept of destination as the place of production of the tourist experience. The idea is that a destination is based on grouping together organizations from different and complementary sectors, both public and private actors, which are dependent upon each other, generating a bundle of multiple products and services in a limited geographical area.

Destination bases its success according to its inter-organizational relationships, as well as for its attractions and critical factors. No single player of a destination is self-sufficient, implying a high level of interdependencies among the plurality of actors. Thus, in order to develop, destinations must be comprehensively governed, managed and coordinated through new form of collaborations.

Helping in re-inventing the structure in terms of collaboration, cooperation and leadership can add value to a destination in terms of growth (arrivals, GDP, unemployment, technology diffusion), innovation and competitiveness.

A governance approach, based on multidimensional approaches as network, cluster and partnership strategy, could play an important role in the development of a destination as an innovative alternative to traditional destination management perspective.

Destinations, both at local or even more at transnational level, are very difficult entities to manage due to the dynamic of interests and benefits sought by stakeholders: although they have numerous linkages and interdependencies, they do not cooperate and they often have radically different development visions but none of them is able (alone) to control the destination.

Improving stakeholders' skills and abilities, through participatory coaching seminars, highlighting the importance of the innovation of the process (abilities to networking for competition) and innovation of the product will help to guide towards a development of the Adriatic destination in a sustainable perspective.

When actors will be able to recognize their need of collaboration and will have improved their capability in the decision making process it will be easier to set a mechanism and a successful strategy of development based on formal and informal networks of relationship among them.

Destination and destination governance are produced through a process of collaboration, cooperation and leadership and through finding a **common understanding and, as a consequence, a common knowledge**. The process requires

learning and training processes and then business model with high tolerance for error.
The target should be an integration of interests and alignment of goals.

In this framework the role of BLUTOURSYSTEM and its training and participatory processes are setting the basis and transferring knowledge to improve skills, abilities and in this way to encourage arrangements among different players to cope with issues and policy and giving them the required support to have a shift from the traditional model of coordination to an innovative and more participatory one.

Taking into consideration the results on stakeholders' gaps and needs, the technical issues, the importance of improving decision making abilities, designing and managing tourism destination and networking it would be relevant and determining to transfer knowledge on:

- the importance of data related to tourism flows, the improvement of the ability to analyze and interpret data;
- the Destination Management skills;
- innovative tools to support the destination: the use of DMS and SCBDS;
- the development of networking skills, with the exchange of good practices;
- the development of the capacity for transforming territorial inputs into outputs that can be placed on the market in the form of themed products - co - designing.

A standard model on training and participatory processes to be applied for each destination does not exist, however the best learning model is the one that can give the most satisfactory results considering the stakeholders involved.

References

- La governance del turismo nell'era del digitale - di S. Marchioro, A. Miotto

Annexes

- Transnational charts (***Attachment***)