Strategic positioning and performance of winter destinations

Ruggero Sainaghi

Ruggero Sainaghi is a Researcher at the Istituto di Economia e Marketing, IULM University, Milan, Italy.

Abstract

Purpose – *This paper seeks to demonstrate the critical importance of the destination's decisions made in relation to market positioning in understanding the competitive performance achieved by local businesses.*

Design/methodology/approach – *The aim of the empirical research was to check the following hypotheses: clear positioning on longer-stay customers makes it more likely that the conduct of ski corporations and hotel businesses will complement each other; clear positioning on longer-stay customers improves the competitive performance of ski corporations; and clear positioning on longer-stay customers improves the competitive performance of tourist hospitality businesses. The multiple case study methodology was adopted as a means of refuting or confirming these hypotheses, with the use of a combination of qualitative and quantitative data, although giving greater weight to the quantitative sources.*

Findings – *Two dimensions are of decisive importance: the commercial mix of customers attracted to the destination (distinguishing between day-trippers and longer-stay customers), and the structural mix of plant capacity and high turnover tourist accommodation facilities.*

Originality/value – *The case studies chosen have made it possible to test three hypotheses according to which a clear positioning on longer-stay customers: increases the extent to which the behaviour of ski corporations and hotel structures complement each other; improves the competitive performance of the ski corporations; and improves the competitive performance of the businesses offering tourist accommodation.*

Keywords *Tourism, Competitive advantage, Market position, Business performance*

Paper type *Research paper*

1. Introduction

European snow tourism, after a long development stage (Cockerell, 1988, 1994; Spring, 1998), is subject to increasing competition. It is indeed, a market characterised by low growth rates (Fredman and Heberlein, 2003) and it has been faced with continuing expansion of supply driven both by the creation of new destinations and by the growth in available resources at those already in existence (Hudson, 2000; Flagestad and Hope, 2001; Gaido, 1998). In this context many destination operators (businesses, associations, DMOs) are undecided as to the strategy to be adopted to maintain or increase their own market share and above all, as to how to create a sustainable competitive advantage (Porter, 1985, 1991).

The issue is of great importance because the already delicate economic-financial equilibrium of the ski corporations is being further eroded by the new rules of the game. Indeed, there are many causes which have contributed to a significant increase in operational costs and investments – reduction in snowfall (Wall, 1992; Perry, 2000; Agnew and Viner, 2001; Scott *et al.*, 2002) and the consequent development of planned snow making (Scott *et al.*, 2003, 2005), the increased investment costs for modern transport, the growing staff and energy costs and the increased cost of maintaining ski run safety and

environmental integrity (Hudson and Miller, 2005) including minimising the risks of avalanches (Peters and Pikkemar, 2005). At the same time there is also reduced room for manoeuvre in terms of real prices, the two factors combining to reduce the profitability of invested capital.

Other contributors to the debate have emphasised how these challenges are difficult to meet, with some exceptions, by recourse to business competition strategies alone, rather requiring an appropriate strategy at the destination level (Ritchie and Crouch, 2000; Ritchie and Ritchie, 1999; Go and Govers, 2000). Such a strategy requires the combined efforts of public and private players, with the role of the DMOs having particular importance (Dredge, 2006; Blain *et al.*, 2005; Bieger, 1997, 1998).

Nonetheless, the formulation and implementation of a deliberate destination strategy (Mintzberg, 1978; Mintzberg and Waters, 1985) appears to be difficult to achieve, above all in view of the complex and multi-sector form taken not only by local skiing facilities and services (Burkart and Medlik, 1974; Leiper, 1979, 1990; Smith, 1988, 1991, 1998), but above all by the hospitality facilities. This is typical of a community model that is often characterised by a degree of friction between the different local players (Sheehan and Ritchie, 2005; Sainaghi, 2003), particularly between ski corporations, the tourist hospitality businesses and local councils (responsible for the planning use of the land).

These conflicts and the inevitable divisions arising from them in many cases impede concentration on a destination strategy with action plans based more on short-term policies and tactics, unable to create or consolidate the foundations of a competitive advantage.

This takes this debate forward and, starting from empirical evidence, is concentrated on the links existing between a winter destination's competitive position and the performance of the ski corporations and the tourist hospitality firms.

The article's gap, identified on the basis of previous studies, explains how the typical fragmented structure of European winter destinations makes difficult to manage two essential strategic levers, represented by the structural balances between ski-lift capacity and the availability of high-turnover hospitality facilities, and the destination commercial mix, with particular attention to the division between flows originating from daily and multi-day ski passes, tends to give rise to a positioning characterised by low-level and unsustainable performance which is also hard to sustain.

In the literature review (section 2), the paper explores the characteristics of community model (section 2.1) and identifies two central actors in determining commercial mix and structural balances internal to the destination (section 2.2). In the methodology section (section 3) three hypothesis are listed and a multiple case study is designed. Based especially on quantitative evidences, the paper proposes some results (section 3) in term of strategic positioning of a winter destination (section 4.1), links between commercial mix on the one hand and size of accommodation and ski plants on the other (section 4.2), the relationship between destination strategy and performance of ski corporations (section 4.3) and the hotel sector (section 4.4). The conclusion (section 5) proposes some practical implications and some limitations of the study.

2. Background

2.1 European winter destinations

The literature has, over time, defined the concept of ''destination'' as both a system of attractions and the geographic area that encompasses them, identified on the basis of the range of needs of intermediate or final customers (Leiper, 1979, 1995; Bieger, 1997; Smith, 1988).

In the European context, winter destinations operate principally in the Alpine region, serving a target customer group interested in sport, skiing being of particular importance. For this reason Bieger (1997) refers specifically to ''winter *sports* destination'' (emphasis added).

Snow tourism can be seen as a special form of the more general ''mountaineering'' phenomenon (Mitchell, 1983; Beedie and Hudson, 2003; Pomfret, 2006).

Alpine destinations display the characteristics typical of the community model (Kaspar, 1995; Bodega *et al.*, 2004). It is a model with a fragmented supply side, centred on independent SMEs ''operating in a decentralised way and where no unit has any dominant administrative power or dominant ownership within the destination'' (Flagestad and Hope, 2001, p. 452). This fragmentation is reflected in the structural complexity of the strategic positioning sought by local businesses and by potentially conflicting views of the course the destination should take in its future development (Buhalis, 2000; Williams *et al.*, 2004; Needham and Rollins, 2005). On the other hand, one often finds a sense of shared values at these destinations, an indispensable point of departure for any dialogue between operators. Precisely such characteristics have leaded a number of authors to describe ''community based'' destinations as ''social networks'' (Price *et al.*, 1997; Godde *et al.*, 2000) or ''tourist districts'' (Dredge, 1999; Sainaghi, 2004, 2006).

To understand the relationship between strategy and performance it is necessary to consider the implications of structural supply fragmentation.

2.2 Winter destinations' strategy and performance

Of the many types of businesses operating within a winter destination, this article concentrates on ski corporations and tourist accommodation businesses. This choice is linked, on the one hand, to the central importance of ski services in the choices made by *winter* customers, and on the other hand by the importance that the hospitality sector has in attracting the end customer. Indeed, anticipating some of the empirical evidence to be presented in more complete form later in the paper, the most interesting customer demand for Alpine destinations is represented by skiers staying a number of nights as opposed to day-trippers – hence the concentration on the dual elements of accommodation and ski corporation. The accommodation structures are primarily responsible for shaping the destination's commercial mix rather than the businesses operating the ski-plant. In the case studies examined there is a clear orientation towards the individual customer, representing about 75 per cent of total flows. This value is substantially in line with the results of Williams and Dossa (1998), where the percentage is 78.5 per cent.

The other local businesses, the so-called ''local tourism organisations'' (LTOs) are restaurants, entertainment, transport and banking services, public services and so on. While playing an important role in the completion of the global product required by the end customer and hence in laying down the conditions for the consolidation of loyalty and word-of-mouth circuits (Molteni and Sainaghi, 1997), they rarely offer services that can be described as core (Normann, 1984) or capable of determining the customer's choice at the moment of purchase.

Concentration on ski corporations and the tourist accommodation sector highlights an imbalance in the cost structure towards fixed costs (staff, energy and amortisation) combined with a high level of invested capital. These conditions make the management of the operating leverage particularly important (Van Horne, 1968; Weston and Brigham, 1971), given that marginal cost is almost negligible (above all in the case of ski corporations).

The dynamic management of two pivotal elements is thus important for the destination:

1. the management of the commercial mix in order to optimise sales volumes; and
2. the infrastructural balance between high turnover guest beds and the hourly capacity of functional plant given the high degree of interdependence between the two sectors.

With reference to the *mix selection* aimed at by the destination (whether deliberately or emergent), while accepting a degree of polarisation and simplification of the data, what appears to be of particular importance is the destination's positioning with regard to customer segments represented by day-trippers and tourists (Crompton, 1959; Leiper, 1979; Smith, 1988, 1999; Hunt and Layne, 1991). This means that focussing on short-term custom will tend to optimise volumes during holidays (typically weekends, Christmas,

Carnival and Easter) while also laying the foundations for reduced levels of operation in the destination during weekdays. Furthermore, these flows tend to fluctuate widely depending on climatic conditions, with sharp falls in numbers during bad weather. In contrast, concentration on longer stay custom (ideally weekly) reduces the variation in flows between weekdays and holidays. Furthermore, the greater complexity of the needs of the long-stay customer has important knock-on effects for the other businesses operating in the destination (LTOs). This customer segment is less sensitive to deteriorating weather conditions because of the increased length of stay, and tends to be prepared to accept the risk of bad weather. A person buying a multi-day ski pass tends to be prepared to pay for the service even on those days when he or she is not actually able to ski.

With reference to the *structural balances internal to the destination*, the ratio between the ski-plant's hourly capacity and the availability of high-turnover bed-spaces is of central importance. It is obvious that where the ratio is too high with respect to hourly capacity, the insufficient accommodation means that short-stay customers are sought to fill the capacity, while when the ratio is too low the destination risks offering reduced skiing capacity with long queues at the ski-lifts or too many people on the runs.

Therefore, to explore the relationship between strategy and performance, it is necessary to understand the actual positioning of the destination with regard to these two variables.

3. Methodology

The aim of the empirical research has been to test the following hypotheses: clear positioning on longer-stay customers:

H1. . . . makes it more likely that the conduct of ski corporations and hotel businesses will compliment each other;

H2. . . . improves the competitive performance of the ski corporations; and

H3. . . . improves the competitive performance of tourism hospitality businesses.

The multiple case study methodology (Yin, 1981, 1984; Eisenhardt, 1989; Langley, 1999) was adopted as a means of testing these hypotheses, with the use of a combination of qualitative and quantitative data (Jick, 1979), although giving greater weight to the quantitative sources.

The sample is made up of nine ski resorts forming part of the Valtellina, an Italian Alpine region specialising in mountain tourism, and winter tourism in particular. The Skiing World Championships were held there in 1985 and 2005 as well as a number of races in the World Cup and the Ski World Final (march 2008).

The importance of the cases is essentially to be put in relation to the differences of the resorts in the following characteristics:

- the size of the resort (Table I);
- the winter customer target group served (Table II);
- their respective distances from their demand catchment areas; and
- their mix of available accommodation.

All the destinations have a high degree of community participation in tourism planning and management (Gunn, 1972, 1988; Murphy, 1985; Inskeep, 1991, 1994; Williams and Gill, 1991; Simmons, 1994; Nyaupane *et al.*, 2006).

The geographic positioning reflects a better proximity to the catchment area for Madesimo, Gerola, Valmalenco, Teglio and Aprica, easily reachable in particular for clients coming from Milan. The other locations are farther, either in terms of kilometres or, primarily, in terms of time. The geographic positioning has got some implications on the mix per nationality: locations closest to Milan tends to present a stronger weight of Italians, while the ones that are furthest are opened to international custom, with the partial exception of Valmalenco.

Table I Sample description

2004/2005	*Teglio*	*Gerola*	*Chiesa V.*	*Valdidentro*	*Madesimo*[a]	*Bormio*[b]	*Aprica*	*Livigno*	*Valfurva*	*Valtellina*
Hotels										
Number of hotels	6	4	33	19	31	63	22	105	31	277
Hotel beds	370	130	1,466	1,072	1,712	3,628	1,223	5,011	1,883	14,242
Significance of holiday homes	Low	Low	High	High	High	High	High	Low	High	–
Ski corporations										
Number of tickets	1,713	18,317	117,251	15,556	–	123,486	101,233	233,849	42,628	609,691
Passages	20,654	–	1,460,697	715,850	–	3,044,238	2,659,264	12,112,527	1,549,950	19,992,576
First entries	1,713	20,870	171,465	64,539	–	315,753	195,655	922,290	108,667	1,690,572

Notes: [a]Madesimo and Campodolcino; [b]Bormio and Valdisotto

Table II Commercial mix

2004/2005	*Teglio*	*Gerola*	*Chiesa V.*	*Valdidentro*	*Madesimo*[a]	*Bormio*[b]	*Aprica*	*Livigno*	*Valfurva*
Hotel overnights									
Percentage of Italians	83	59	49	50	69	56	74	38	59
Percentage of foreigners	17	41	51	50	31	44	26	62	41
Total	100	100	100	100	100	100	100	100	100
Ski demand (first entries)									
Percentage of day tickets	100	67	57	32	60	23	34	11	6
Percentage of multi-day tickets	0	10	24	33	25	47	51	82	71
Percentage of season tickets	0	22	19	35	15	30	15	7	23
Total (per cent)	100	100	100	100	100	100	100	100	100
Percentage individual	100	100	71	81	70	73	66	73	68
Percentage agency and TO	0	0	29	19	30	27	34	27	32
Total (per cent)	100	100	100	100	100	100	100	100	100

Notes: [a]Madesimo and Campodolcino. Figures estimated based on direct interviews with ski corporation management. [b]Bormio and Valdisotto. Excluding first entries recorded on 2004/2005 ski passes given free of charge to World Cup volunteers

Furthermore, destinations closest to Milan present a greater frequency of daily passes (more than 55 per cent).

A variety of sources of information were used in the case study research, especially participant observation and quantitative data in particular. A three-year database was set up for each ski corporation containing the following data:

- turnover;
- first entries (first use of ski passes); and
- passages (total ski-pass use) broken down by type of ski-pass sold, by type of sales channel and by type of customer.

For the whole sample, daily figures are available. Thanks to this availability, it is possible to analyse in detail the *seasonality* of the destinations. It was necessary, on the contrary, to exclude Madesimo for the lack of quantitative information on the ski corporations.

The databases are not completely homogeneous in consideration of the differences in the information systems adopted by the corporations.

Ski services figures were provided directly either by the corporations or the ski pass associations, if any. Figures for hotels and accommodation included in the sample were provided by Sondrio APT (local tourism office). Empirical evidence is based on the winter season, as in summer the ski services are not fully utilized (in some destinations ski corporations are closed during the summer).

Qualitative data was collected primarily using participant observation. The author was in charge of a research project called ''Skipassion'', aimed at creating a common skip ass in the Valtellina region. Interviews with entrepreneurs of ski corporations, local DMOs and hotel firms were conducted, using a semi-structured questionnaire, focused on destination strategic positioning and firms' performance. Furthermore the main quantitative results proposed in this paper were discussed with these actors.

4. Results

The results of the analysis undertaken demonstrate the differences between the strategic positioning of the sample considered and the influence this has on the performance of the local businesses and on the relations established between ski corporations and the hospitality businesses. It was then immediately obvious that it would be of assistance to draw up a map showing strategic segmentation (Caves and Porter, 1977; Porter, 1976, 1979, 1980) as a means of classifying the winter destinations involved and to assist interpretation in the analysis of the different indicators proposed (section 4.1).

The importance of the positioning decisions made by the destinations were then analysed in relation to their effect on:

- *H1*, focused on the correlation between ski corporation and hotel flows (section 4.2);
- *H2.*, which explores the competitive results of ski corporations (section 4.3); and
- *H3*, focused on the performance of accommodation businesses (section 4.4).

4.1 Strategic positioning of the winter destinations

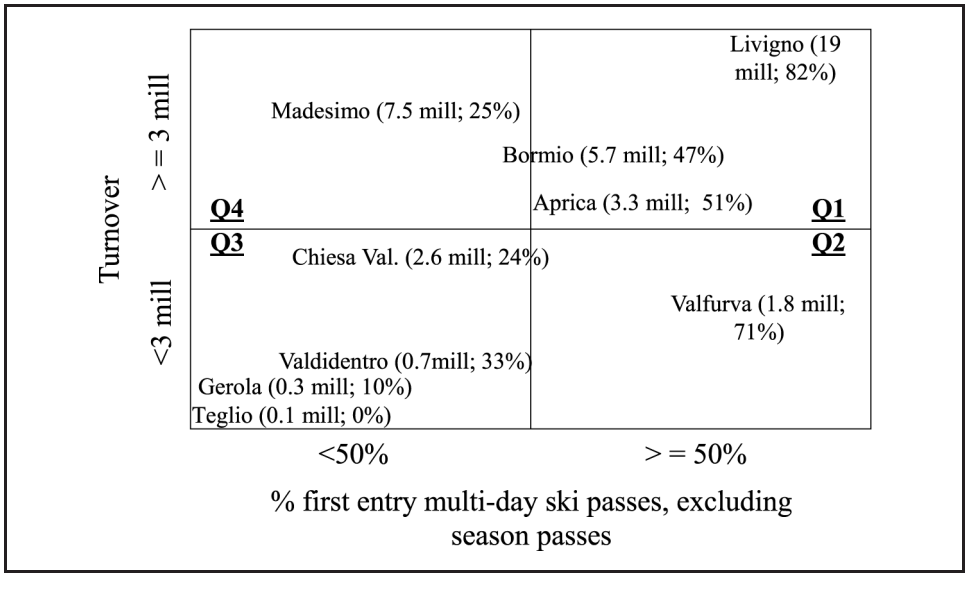
Anticipating the conclusions to be set out in greater detail later in this paper, the empirical research suggests that the size of the ski corporation and the proportionate weight of long-stay customers are factors of central importance in determining the positioning for winter destinations. Using these two figures it is possible to construct a matrix detailing four different levels of positioning (Figure 1).

The destinations within the first square (Q1 in Figure 1) dispose of what is in some respects, an optimum strategy. They are able to offer extensive supply in terms of skiing capable of attracting prevalently long-stay customers, generating the most important part of the local ski corporations' turnover, passages and first entries. With regard to the sample examined here, Livigno is clearly within this square while Bormio and Aprica, although coming within the same square, are nearer the border with the fourth square.

Those destinations coming within the second square (Q2 in Figure 1) are characterised by reduced resources in terms of ski plant but have still managed to find a position in the long-stay market. This means that the ''white week'' customer segment does not have to be the sole preserve of those resorts with an extensive range of ski plant. This positioning can be sustained by factors identified as competitive advantages:

- a particularly attractive price system;
- the development of networking with nearby ski resorts so customers are able to use other runs;
- clear positioning on the beginners' market (not sensitive to the range of slopes available) or on customers not interested solely in skiing; and
- a particularly beautiful natural environment, which may compensate the repetitive nature of the slopes for long-stay customers.

Figure 1 Strategic positioning of Valtellina's winter destinations



The third square (Q3 in Figure 1) identifies the most fragile strategic positioning – these are the destinations with limited skiing aimed primarily at day-trip customers. Their competitive advantage is often based on their proximity to important demand catchment areas with a consequential increase in day trips. The resulting flow model is highly seasonal in nature with peaks on holidays and in good weather and reduced volumes on weekdays and in bad weather. The high degree of variation in skiing days then reduces the beneficial effects both for the accommodation sector and more generally for all the collateral activities present in the destination (the LTOs).

Finally, the fourth square (Q4 in Figure 1) includes those destinations which, while able to offer a wide range of skiing, have an unbalanced customer mix with an overly large day-trip component. In this case too there is a high degree of variation in flows between holidays and weekdays with effects of limited benefit on the accommodation sector and the other services collateral to skiing.

4.2 Hypothesis 1: accommodation and plant

A correlation was made for all destinations for which detailed information was available, between the theoretical numbers of skiing days (multiplying the number of ski passes issued by their duration) and the number of hotel guests. The data, set out in Table III, demonstrate the high degree of correlation (index equal to, or greater than, +0.6) existing on average between skiing days and hotel guests. This means that there is an overlap between skiers and hotel guests.

However, the correlation is weak and insignificant in those destinations positioned in the third square of the matrix (Q3), i.e. Teglio (0.11), Gerola (0.27) and Chiesa V. (−0.13). As far as the other resorts are concerned, the values are very high for those within the first (Q1) and second (Q2) squares, i.e. Livigno (0.98), Aprica (0.68) and Valfurva (0.90). Bormio, being placed close to the edge of the first (Q1) and fourth (Q4) squares, also has a high value (0.94). Valdidentro is the only resort in the third square (Q3) that has a high and significant value (0.74). This is indeed not surprising in that the proportion of multi-day first entries in this resort is 33 per cent. All the other destinations included in this group have much lower values.

At this point the correlation analyses were repeated, dividing up first entries according to their duration, distinguishing between ski passes of less than two days, passes equal to or greater than two days, and seasonal passes (Table IV). Chiesa in Valmalenco was excluded because data was not available detailing the type of pass – the information from which the duration can be established.

Turning our attention to ski-passes of more than two days, there is a positive correlation in *all* resorts in the sample, which is both high and significant. This means that when the destination's mix is clearly positioned on the multi-day market, there are extensive synergies to be gained between the accommodation sector and the ski corporations. It is interesting to note that even in those resorts positioned in Q3 the correlation indices are extremely high and significant, i.e. Gerola (0.72) and Valdidentro (0.90).

Given the importance of this market, the longer-stay flows were broken down further in order to distinguish between the individual and agency (tour operator) customer (Table V).

One of the first characteristics to emerge from this analysis is that all the main sample resorts are prevalently positioned on the individual longer-stay customer with the exception of Valdidentro (where the proportion of organised tourism is 50 per cent) and Aprica (63 per cent).

The correlation values are on average very high for both channels although there are still a number of important differences. The figures indeed indicate that hotels in some destinations have very different attitudes to co-operation with organised tourism.

Thus Bormio has a very high value for individual multi-day passes (0.93) while the figure for the organised channel is less but still significant (0.63). The difference can be explained by the tendency by agencies to use flats owned by local residents rather than hotels which are

Table III Correlation between monthly overnight stays and monthly skiing data

	Teglio (2003-2005)	*Gerola (2003-2005)*	*Chiesa V. (2003-2005)*	*Valdidentro (2002-2005)*	*Madesimo (2003-2005)*	*Bormio (2002-2005)*	*Aprica (2004-2005)*	*Livigno (2002-2005)*	*Valfurva (2002-2005)*
First entries	0.11*	0.27*		0.74	–	0.95	0.68*	0.98	0.90
Passages			−0.13*		–				

Note: *Pairwise correlations: $p > 0.05$

Table IV Correlation between monthly overnight stays and monthly skiing data by length of stay

	Gerola (2003-2005)	*Valdidentro (2002-2005)*	*Bormio (2002-2005)*	*Aprica (2004-2005)*	*Livigno (2002-2005)*	*Valfurva (2002-2005)*
Correlations						
<2 days	0.41*	0.43*	0.78	0.56*	0.72	0.69
Season tickets	−0.51*	0.71	0.75	−0.90*	0.84	0.90
≥2 days	0.72	0.90	0.91	0.99	0.97	0.86
First entry mix (per cent)						
<2 days	66	34	24	34	12	7
Season tickets	25	35	28	15	7	26
≥2 days	9	31	48	51	81	68

Note: *Pairwise correlations: $p > 0.05$

Table V Correlation between monthly overnight stays and monthly skiing data by channel

	Gerola (2003-2005)	*Valdidentro (2002-2005)*	*Bormio (2002-2005)*	*Aprica (2004-2005)*	*Livigno (2002-2005)*	*Valfurva (2002-2005)*
Correlations						
≥2 days individuals	0.475	0.72	0.93	0.63*	0.94	0.90
≥2 days agencies	–	0.90	0.63	0.98	0.96	0.63
First entry mix						
≥2 days individuals (per cent)	100	50	69	37	68	59
≥2 days agencies (per cent)	0	50	31	63	32	41
Total (per cent)	100	100	100	100	100	100

Note: *Pairwise correlations: $p > 0.05$

generally unhappy about collaborating with flows negotiated by tour operators because leading to a reduction of average prices with respect to individual customers. The case of Valfurva is similar where a high level of resistance to organised tourism can be demonstrated (correlation index of 0.63).

The cases of Valdidentro (Q3) and Aprica (Q1) show behaviour which is exactly the opposite of the above. Agencies and tour operators collaborate for the most part with hotels (indices of 0.90 and 0.98, respectively) while ski days of individual tourism are of less importance (0.72 and 0.63), not relevant for Aprica.

Finally, in Livigno there does not seem on average to be much difference in the acceptance rates of individual and organised tourism. The correlation indices are very high in both cases (0.94 and 0.96). This means that the customer mix served by the hotels is in line with that served by the plant – 68 per cent individual customers and 32 per cent organised customers.

The figures clearly suggest, both in detail and taken as a whole, that it is above all the strategic positioning sought by the destination (deliberate or emergent) that creates a high degree of synergy or, on the contrary, leads to a degree of dislocation, between the accommodation sector and ski corporations. In this positioning the segmentation of flows according to length of stay remains of primary importance, even if not the only factor. This then confirms the first hypothesis.

4.3 Hypothesis 2: destination positioning and ski corporation performances

A number of indicators were taken into consideration in order to measure the seasonality of flows:

- the incidence of flows originating during the Christmas period compared with the seasonal total;

- the percentage of flows (first entry or passages) on weekdays (Monday to Friday inclusive) and on weekends (Saturday and Sunday) throughout the winter, with the exception of the Christmas period;
- volume distribution (first entries or turnover) achieved in each month; and
- volume distribution (first entries or turnover) achieved on each day (Table VI).

The various indicators clearly show the impact that strategic positioning of a destination has on seasonality. The destinations included in Q1 and Q2 show, on average, less seasonality, considering the different indices, than those destinations included in Q3 and Q4. The seasonal profiles of destinations in Q3 show higher concentrations, with extremely high flow figures recorded at weekends, and thus high daily, weekly and monthly variance. Flows originating during Christmas oscillate between 18 per cent (Gerola and Chiesa V.) and 55 per cent (Teglio), while the figures for destinations included in squares Q1 and Q2 vary from 11 per cent (Livigno) to 19 per cent (Aprica).

One can therefore conclude that the second hypothesis is true: the positioning of the destination has a significant influence on the competitive performance of ski corporations.

4.4 Hypothesis 3: destination positioning and hotel performance

Hotel performance was analysed using only information relating to occupancy flows. It was not possible to measure economic performance above all because of the large number of businesses not required to file their financial statements.

Even though constrained by this simplification of the data, the results set out in Table VII allow a number of conclusions to be drawn in relation to:

- the size of the sector (number of bed-spaces and flow size);
- the extent of use of productive capacity (occupancy); and
- the ratio between first entries and bed-spaces.

Dealing first with *size*, the smallest resorts in terms of hotel bed-spaces are those in Q3, with an average unit size of 754 beds. As one would expect, this is followed by Q2 (1,916 beds). These resorts are those concentrating on longer-stay customers but with a limited range of skiing facilities. Q4 has an average size of 2,706 beds. It is interesting to note that the decidedly greater length of ski-lifts available to resorts in Q4 in comparison to Q2 is not reflected in the increased number of hotel beds. This asymmetry can be explained by the prevalent positioning on shorter-stay customers. Finally, Q1 has the highest average number with 3,082 beds.

Two conclusions can thus be drawn with reference to size:

1. those resorts which have more extensive skiing facilities (Q4 and Q1) have a larger number of hotel beds available; and
2. those resorts with a customer mix weighted most heavily towards longer-stay customers (Q1 and Q2) have greater hotel facilities.

This means that when the skiing facilities in different destinations are the same, greater benefits can be obtained from them by the hotel sector when concentration is focussed on longer-stay customers. This provides further confirmation of the first hypothesis.

Occupancy levels too show behaviour in line with what has already been observed with regard to beds. The lowest rates are those of the third square (Q3, 26.8 per cent). This is followed by the resorts in the fourth (Q4, 38.5 per cent), second (Q2, 33.8 per cent) and first (Q1, 58.3 per cent) squares.

The third indicator clearly shows the strategic link between three factors:

1. plant extension;
2. hotel beds; and
3. the resort's positioning on longer-stay customers.

Table VI Seasonality of first entry

	Teglio (2003-2005)	*Gerola (2003-2005)*	*Chiesa V. (2003-2005)*[a]	*Valdidentro (2002-2005)*	*Bormio (2002-2005)*	*Aprica (2004-2005)*	*Livigno (2002-2005)*	*Valfurva (2002-2005)*
Christmas influence								
Christmas[b] (%)	55	18	18	26	19	19	11	15
Other periods (%)	45	82	82	74	81	81	89	85
Total (%)	100	100	100	100	100	100	100	100
Weekend influence								
Weekend[c] (%)	82	63	52	47	38	36	26	35
Midweek[c] (%)	18	37	48	53	62	64	74	65
Total (%)	100	100	100	100	100	100	100	100
Seasonality month								
Monthly average (/000)	1	4	334	19	66	481	190	22
Monthly variance (/000)	1	2	175	8	24	286	67	8
Variance/average	0.90	0.61	0.53	0.44	0.36	0.60	0.35	0.36
Seasonality day								
Daily average (/000)	37	147	11,793	771	2,118	15,184	6,089	790
Daily variation (/000)	75	190	10,651	597	1,097	12,097	3,290	420
Variance/average	2.03	1.29	0.90	0.77	0.52	0.80	0.54	0.53

Notes: [a]Figures relate to passage rather than first entry. [b]Christmas always from 25 December to 6 January. [c]Excluding Christmas period

Table VII Destination positioning and hotels' competitive performance

Average 2002-2005	*Teglio*	*Gerola*	*Chiesa V.*	*Valdidentro*	*Av. Q3*	*Madesimo*[a]	*Bormio*[b]	*Av. Q4*	*Aprica*	*Livigno*	*Av. Q1*	*Valfurva*	*Av. Q2*	*Valtellina*
Size														
Arrivals	1,410	647	15,653	13,681	7,848	24,709	47,362	36,036	16,811	81,933	49,372	21,822	21,822	246,089
Length of stays	1.9	3.3	4.1	3.8	3.9	4.2	4.4	4.4	4.5	5.7	5.5	5.2	5.2	4.7
Overnight stays	2,635	2,153	64,804	52,502	30.523	104,157	210,138	157,148	75,432	466,432	271,198	112,952	112,962	1,166,454
Hotel beds	376	130	1,533	978	754	1,655	3,756	2,706	1,227	4,938	3,082	1,916	1,916	18,052
Occupancy														
Occupancy (151 days) (%)	4.6	11.0	28.0	35.5	26.8	41.7	37.1	38.5	40.7	62.6	58.3	39.0	39.0	43.8
Hotels – ski corporation														
First entries ≥2 days 2005 (A)	0	2,133	41,336	21,020	16,122	N/A	156,708	156,708	100,007	756.179	428,093	75,496	75,496	1,152,879
Hotel beds 2005 (B)	370	130	1,458	1,072	758	1,712	3,649	2,680	1,230	5,025	3,128	1,894	1,894	18,084
Ratio (A/B)	–	16.4	28.4	19.6	21.3	N/A	43.0	58.5	81.3	150.5	136.9	39.9	39.9	63.8

Notes: [a]Madesimo and Campodolcino; [b]Bormio and Valdisotto

The ratio between multi-day first entries and bed numbers provides a summary measure of these three factors. Resorts in the third square have low levels (Q3, 21.3 first entries for each hotel bed). The values are higher in the second square (Q2, 39.9) and again in the fourth square (Q4, 58.5), with the highest figures being achieved in the first square (Q1, 136.9).

It can thus be concluded that decisions made with reference to commercial positioning (customer mix) at a destination level also have an objective impact on the size of the accommodation sector and its occupancy rate. In particular, if it is desired to increase hotel beds and increase occupation rates it is necessary to look for a growth in longer-stay skiing days and *vice versa*. This thus confirms the third hypothesis.

5. Discussion and conclusion

The empirical evidence indicates the need to ensure the involvement of a number of local parties from both the public and private sectors with responsibility for the management of a number of strategic factors capable of having a bearing on the destination positioning.

Local councils are mainly called upon to conduct a dynamic monitoring of the ratio between the hourly capacity of the ski-lifts and bed spaces, giving the greatest possible encouragement to accommodation having a beneficial effect on the ski corporations (high turnover). The most common error is that of encouraging the demand for second homes (flats not owned by residents) which tend to generate high, one-off, short-term income (the capital gains obtained from the sale of land or flats) but which significantly reduce medium- and long-term benefits for the resort.

DMOs are normally the agencies with responsibility for the destination strategy, the management of communication and the development of new products. It is important that the resort marketing strategy should look primarily for longer-stay customers to consolidate the positive and reciprocal benefits to be gained from this by both the accommodation and ski sectors. Such dual development can give rise to interesting openings for other LTOs. The development of new products must also be directed as much as possible towards the resolution of specific occupancy problems and the consolidation and development of the destination brand in the eyes of the market and the target customer groups.

The role of the *ski corporations* is of key importance since they are responsible for the content of the central service for winter holidays. To be able to attract the longer-stay customers it is necessary to give particular attention to plant and slope maintenance as well as to collateral services. They need to put pressure on local councils and DMOs for the creation of the right infrastructural balances and the adoption of the appropriate destination marketing techniques. Where this is possible it is important to increase resources to offer their customers an extensive choice of plant and ski runs. They must also give thought to the co-habitation of different target groups, particularly long-stay customers and day-trippers. The overlapping of these groups must be assessed with care in order to avoid over-crowding on ski runs and ski lifts, which is often not tolerated well by longer-stay customers. Equal care must be given to the management of the marketing produced by these companies. It is important that advertising is aimed at the longer-stay market, and it should be co-ordinated and integrated so far as possible with the initiatives undertaken by the DMOs in order to avoid duplication, contradictions in the messages transmitted, and fragmentation.

Finally, the *accommodation sector* has a direct effect on the destination's commercial mix, above all when deciding which customer segment to target. Thus the knock-on effect for the ski corporations of giving priority to weekend custom will be very different from the effects of favouring longer-term guests. The customer's main requirement in visiting will also have a significant effect on the skiing facilities. The effects will be particularly strong if the accommodation sector attracts ''pure'' skiers, less noticeable if the guests are only occasional skiers, and virtually non-existent if they are interested in other sports. The degree to which organised tourism is accepted or rejected is also very important. From the destination's point of view there is no doubt that the best commercial mix is one that is neither concentrated exclusively on the individual customer nor on organised holidays.

The destination strategy is the result of the complex interaction and overlapping of the decisions made by the different players described above. Where there is no clear positioning towards the longer-stay customer the destination tends not to optimise relations between plant and the accommodation sector, increasing seasonality and with negative knock-on effects on operational and staff management (Ismert and Petrick, 2004), reducing the size of the hotel sector, its occupancy rate and the competitive and economic-financial performance of the plant (Weaver, 2000). It is therefore important that attention should be given to the formulation and implementation of a destination strategy at the local level (Middleton, 1994, 1998).

6. Limitations and further research

The importance of the empirical evidences for the formulation, implementation and monitoring of the strategy of winter destinations, requires an in-depth examination along three main directions.

First, it is important to extend the analysis to other winter resorts in order to generalize the results proposed in this paper, with reference to the significance of the segmentation variables and the checking of the hypothesis. The evidence used in the present study has some several limitations. The sample is small: one destination (Livigno) has a very high relative weight and the time series is limited to two years. Performance is measured only considering operative indicators principally based on quantitative data.

Second, it would be interesting to study a district with ski connections between the different resorts, in order to verify the existence of a ''regional strategy'' and its impact on the strategic choices of the single destinations.

Finally, the empirical evidence can be analysed in a destination management perspective, with the aim to identify the levers that public (municipality and DMOs, *in primis*) and private (ski corporations, hotels, LTOs) actors can use to build, dynamically, a sustainable competitive advantage.

Further research will be carried out in these three directions.

References

Agnew, M. and Viner, D. (2001), ''Potential impact of climate change on international tourism'', *Tourism and Hospitality Research*, Vol. 3, pp. 37-60.

Beedie, P. and Hudson, S. (2003), ''Emergence of mountain-based adventure tourism'', *Annals of Tourism Research*, Vol. 30 No. 3, pp. 625-43.

Bieger, T. (1997), *Management von Destinationen und Tourismusorganisationen*, 3rd ed., Oldenburg, München/Wien.

Bieger, T. (1998), ''Reengineering destination marketing organisations – the case of Switzerland'', *The Tourist Review*, Vol. 3, pp. 4-17.

Blain, C., Levy, S.E. and Ritchie, J.R.B. (2005), ''Destination branding: insights and practices from destination management organizations'', *Journal of Travel Research*, Vol. 43 No. 4, pp. 328-38.

Bodega, D., Cioccarelli, G. and Denicolai, S. (2004), ''New inter-organizational forms: evolution of relationship structures in mountain tourism'', *Tourism Review*, Vol. 59 No. 3, pp. 13-19.

Buhalis, D. (2000), ''Marketing the competitive destination of the future'', *Tourism Management*, Vol. 21, Special Issue, pp. 97-116.

Burkart, A.J. and Medlik, S. (1974), *Tourism: Past, Present and Future*, Heinemann, London.

Caves, R.E. and Porter, M.E. (1977), ''From entry barriers to mobility barriers: conjectural decision and contrived deterrence to new competition'', *Quarterly Journal of Economics*, Vol. 91 No. 2, pp. 241-62.

Cockerell, N. (1994), ''Market segments: the international ski market in Europe'', *EIU Travel and Tourism Analyst*, Vol. 3, pp. 34-55.

Cockerell, N. (1998), ''Skiing in Europe – potential and problems'', *EIU Travel and Tourism Analyst*, Vol. 5, pp. 66-81.

Crompton, L.J. (1959), ''What is a tourist?'', Development Notes, Bureau of Business Research, University of Colorado, Boulder, CO.

Dredge, D. (1999), ''Destination place planning and design'', *Annals of Tourism Research*, Vol. 26 No. 4, pp. 772-91.

Dredge, D. (2006), ''Policy networks and the local organization of tourism'', *Tourism Management*, Vol. 27 No. 2, pp. 269-80.

Eisenhardt, K.M. (1989), ''Building theories from case study research'', *Academy of Management Review*, Vol. 14 No. 4, pp. 532-50.

Flagestad, A. and Hope, C.A. (2001), ''Strategic success in winter sports destinations: a sustainable value creation perspective'', *Tourism Management*, Vol. 22 No. 5, pp. 445-61.

Fredman, P. and Heberlein, T.A. (2003), ''Changes in skiing and snowmobiling in Swedish mountains'', *Annals of Tourism Research*, Vol. 30 No. 2, pp. 485-8.

Gaido, L. (1998), ''Les stations de neige de l'avenir'', *Revue de Tourisme*, Vol. 2, pp. 29-37.

Go, F.M. and Govers, R. (2000), ''Integrated quality management for tourist destinations: a European perspective on achieving competitiveness'', *Tourism Management*, Vol. 21 No. 1, pp. 79-88.

Godde, P.M., Price, M.F. and Zimmermann, F.M. (2000), ''Tourism and development in mountain regions: moving forward into the new millennium'', in Godde, P.M., Price, M.F. and Zimmermann, F.M. (Eds), *Tourism and Development in Mountain Regions*, CABI, New York, NY, pp. 1-25.

Gunn, C. (1972), *Vacationscape: Designing Tourist Regions*, University of Texas, Austin, TX.

Gunn, C. (1988), *Tourism Planning*, 2nd ed., Taylor & Francis, New York, NY.

Hudson, S. (2000), *Snow Business. A Study of the International Ski Industry*, Cassell, London.

Hudson, S. and Miller, G.A. (2005), ''The responsible marketing of tourism: the case of Canadian Mountain Holidays'', *Tourism Management*, Vol. 26 No. 2, pp. 133-42.

Hunt, J.D. and Layne, D. (1991), ''Evolution of travel and tourism terminology and definitions'', *Journal of Travel Research*, Vol. 29 No. 4, pp. 7-11.

Inskeep, E. (1991), *Tourism Planning: An Integrated and Sustainable Approach*, Van Nostrand Reinhold, New York, NY.

Inskeep, E. (1994), *National and Regional Tourism Planning*, Routledge, London.

Ismert, M. and Petrick, J.F. (2004), ''Indicators and standards of quality related to seasonal employment in the ski industry'', *Journal of Travel Research*, Vol. 43 No. 1, pp. 46-56.

Jick, T.D. (1979), ''Mixing qualitative and quantitative methods: triangulation in action'', *Administrative Science Quarterly*, Vol. 24 No. 2, pp. 602-11.

Kaspar, C. (1995), *Management im Tourismus. Eine Grundlage für das Management von Tourismusunternehmungen und organisationen*, 2nd ed., Vol. 13, Haupt, Bern.

Langley, A. (1999), ''Strategies for theorizing from process data'', *Academy of Management Review*, Vol. 24 No. 4, pp. 691-710.

Leiper, N. (1979), ''The framework of tourism'', *Annals of Tourism Research*, Vol. 6, October-December, pp. 390-407.

Leiper, N. (1990), ''Partial industrialization of tourism systems'', *Annals of Tourism Research*, Vol. 17, pp. 600-5.

Leiper, N. (1995), *Tourism Management*, RMIT Press, Melbourne.

Middleton, V.T.C. (1994), ''The marketing and management of tourism destinations: research directions for the next decade'', in Keller, P. and Bieger, T. (Eds), *Tourism Research: Achievements, Failures and Unresolved Puzzles*, Vol. 36, AIEST Publications, St Gallen, pp. 115-65.

Middleton, V.T.C. (1998), *Sustainable Tourism. A Marketing Perspective*, Heinemann, Oxford.

Mintzberg, H. (1978), ''Patterns in strategy formulation'', *Journal of the Institute of Management Science*, Vol. 9 No. 5, pp. 934-48.

Mintzberg, H. and Waters, J.A. (1985), ''Of strategies, deliberate and emergent'', *Strategic Management Journal*, Vol. 6 No. 3, pp. 257-72.

Mitchell, R.G. (1983), *Mountain Experience: The Psychology and Sociology of Adventure*, University of Chicago Press, Chicago, IL.

Molteni, M. and Sainaghi, R. (1997), ''Management di un distretto turistico'', *Economia & Management*, Vol. 6, pp. 93-104.

Murphy, P.E. (1985), *Tourism: A Community Approach*, Routledge, New York, NY.

Needham, M.D. and Rollins, R.B. (2005), ''Interest group standards for recreation and tourism impact at ski areas in the summer'', *Tourism Management*, Vol. 26 No. 1, pp. 1-13.

Normann, R. (1984), *Service Management. Strategy and Leadership in Service Businesses*, Wiley, New York, NY.

Nyaupane, G.P., Morais, D.B. and Dowler, L. (2006), ''The role of community involvement and number/type of visitors on tourism impacts: a controlled comparison of Annapurna, Nepal and Northwest Yunnan, China'', *Tourism Management*, Vol. 27 No. 6, pp. 1373-85.

Perry, A. (2000), ''Tourism and recreation'', in Perry, M. (Ed.), *Assessment of Potential Effects and Adaptations for Climate Change in Europe*, Jackson Environment Institute, University of East Anglia, Norwich, pp. 217-26.

Peters, M. and Pikkemar, B. (2005), ''Crisis management in Alpine winter sports resorts – the 1999 avalanche disaster in Tyrol'', *Journal of Travel and Tourism Marketing*, Vol. 19 Nos 2/3, pp. 9-20.

Pomfret, G. (2006), ''Mountaineering adventure tourists: a conceptual framework for research'', *Tourism Management*, Vol. 27 No. 1, pp. 113-23.

Porter, M.E. (1976), ''Interbrand choice, media mix and market performance'', *The American Economic Review*, Vol. 66 No. 2, pp. 398-406.

Porter, M.E. (1979), ''The structure within industries and companies' performance'', *The Review of Economics and Statistics*, Vol. 61 No. 2, pp. 214-27.

Porter, M.E. (1980), *Competitive Strategy – Techniques for Analyzing Industries and Competitors*, The Free Press, New York, NY.

Porter, M.E. (1985), *Competitive Advantage*, The Free Press, New York, NY.

Porter, M.E. (1991), ''Towards a dynamic theory of strategy'', *Strategic Management Journal*, Vol. 12, Special Issue, pp. 95-117.

Price, M.F., Moss, L.A.G. and Williams, P.W. (1997), ''Tourism and amenity migration'', in Messerli, B. and Ives, J.D. (Eds), *Mountains of the World: A Global Priority*, Parthenon Press, London/New York, NY, pp. 249-80.

Ritchie, J.R.B. and Crouch, G.I. (2000), ''The competitive destination: a sustainable perspective'', *Tourism Management*, Vol. 21 No. 1, pp. 1-7.

Ritchie, J.R.B. and Ritchie, R.J.B. (1999), ''The branding of Alpine ski resorts: a new lift from an old concept'', in Fuchs, M., Peters, M, Pikkemar, B. and Reiger, E. (Eds), *Tourismus in den Alpen*, Studia Universitätverlag, Innsbruck, pp. 141-52.

Sainaghi, R. (2003), *Destination Management: A Process Based View*, Difo-Druck GmbH, Bamberg.

Sainaghi, R. (2004), *La gestione strategica dei distretti turistici*, Egea, Milan.

Sainaghi, R. (2006), ''From contents to processes: versus a dynamic destination management model (DDMM)'', *Tourism Management*, Vol. 27 No. 6, pp. 1053-63.

Scott, D., McBoyle, G. and Mills, B. (2003), ''Climate change and the skiing industry in Southern Ontario (Canada): exploring the importance of snowmaking as a technical adaptation'', *Climate Research*, Vol. 23, pp. 171-81.

Scott, D., McBoyle, G. and Mills, B. (2005), ''Tracing the development of the climate change issue in the tourism sector'', in Hall, C.M. and Higham, J. (Eds), *Tourism, Recreation and Climate Change*, Channel View Publications, Clevedon, pp. 44-60.

Scott, D., Jones, B., Lemieux, C., McBoyle, G., Mills, B., Svenson, S. and Wall, G. (2002), ''The vulnerability of winter recreation to climate change in Ontario's Lakelands tourism region'', Occasional Paper No. 18, Department of Geography Publication Series, University of Waterloo, Waterloo.

Sheehan, L.R. and Ritchie, J.R.B. (2005), ''Destination stakeholders. Exploring identity and salience'', *Annals of Tourism Research*, Vol. 32 No. 3, pp. 711-34.

Simmons, D.G. (1994), ''Community participation in tourism planning'', *Tourism Management*, Vol. 15 No. 2, pp. 98-108.

Smith, S.L.J. (1988), ''Defining tourism – a supply-side view'', *Annals of Tourism Research*, Vol. 15, pp. 179-90.

Smith, S.L.J. (1991), ''The supply-side definition of tourism: reply to Leiper'', *Annals of Tourism Research*, Vol. 18, pp. 312-18.

Smith, S.L.J. (1998), ''Tourism as an industry: debates and concepts'', in Ioannides, D. and Debbage, K. (Eds), *The Economic Geography of the Tourism Industry*, Routledge, London, pp. 31-52.

Smith, S.L.J. (1999), ''How far is enough? Operationalizing the concept of 'usual environment' in tourism definitions'', *Tourism Analysis*, Vol. 4, pp. 137-43.

Spring, J. (1998), ''Subtle but important shifts in customers'', *Ski Area Management*, Vol. 37 No. 5, pp. 57-8.

Van Horne, H.C. (1968), *Financial Management and Policy*, Prentice-Hall, Englewood Cliffs, NJ.

Wall, G. (1992), ''Tourism alternatives in an era of global climate change'', in Smith, V. and Eadington, W. (Eds), *Tourism Alternatives*, University of Pennsylvania Press, Philadelphia, PA, pp. 194-236.

Weaver, D.B. (2000), ''A broad context model of destination scenarios'', *Tourism Management*, Vol. 21 No. 3, pp. 217-24.

Weston, J.F. and Brigham, E.F. (1971), *Managerial Finance*, Rinehart and Winston, New York, NY.

Williams, P. and Dossa, K.B. (1998), ''Ski channel users: a discriminating perspective'', *Journal of Travel and Tourism Marketing*, Vol. 7 No. 2, pp. 1-29.

Williams, P. and Gill, A. (1991), *Carrying Capacity Management in Tourism Settings: A Tourism Growth Management Process*, Centre for Tourism and Policy Research, Simon Fraser University, Burnaby.

Williams, P.W., Gill, A.M. and Chura, N. (2004), ''Branding mountain destinations: the battle for 'placefulness''', *Tourism Review*, Vol. 59 No. 1, pp. 6-15.

Yin, R. (1981), ''The case study crisis: some answers'', *Administrative Science Quarterly*, Vol. 26 No. 1, pp. 58-65.

Yin, R. (1984), *Case Study Research*, 1st ed., Sage Publications, London.

Further reading

Freyer, W. (1993), *Tourismus – Einführung und die Fremdenverkehrsökonomie*, Wien, München.

Williams, P. and Gill, A. (1998), ''Tourism carrying capacity management issues'', in Theobald, W.F. (Ed.), *Global Tourism*, Butterworth-Heinemann, Oxford, pp. 231-46.

Corresponding author

Ruggero Sainaghi can be contacted at: ruggero.sainaghi@iulm.it